Stakeholders’ influence on environmental sustainability in the Australian hotel industry

This is the Published version of the following publication

Khatter, Ajay, White, Leanne, Pyke, Joanne and McGrath, Michael (2021) Stakeholders’ influence on environmental sustainability in the Australian hotel industry. Sustainability (Switzerland), 13 (3). pp. 1-17. ISSN 2071-1050

The publisher’s official version can be found at https://www.mdpi.com/2071-1050/13/3/1351
Note that access to this version may require subscription.

Downloaded from VU Research Repository https://vuir.vu.edu.au/43101/
Stakeholders’ Influence on Environmental Sustainability in the Australian Hotel Industry

Ajay Khatter 1,*, Leanne White 2, Joanne Pyke 3 and Michael McGrath 4

Abstract: Hotels are a key element of the tourism industry. Hotels are the most common form of accommodation for tourists and the hotel industry is intricately to tourism. A review of the academic literature indicates that existing research is primarily focused on sustainability in tourism, but very few studies have analysed the environmental dimension of sustainability in hotels in Australia, an important facet of the Australian tourism industry. The paper presents the findings of the influence of stakeholders on environmentally sustainable policies and practices (ESPPs) in the Australian hotel industry. One-on-one interviews were conducted with hotel managers as a representative sample of Australian hotels in Melbourne, Australia. The sample size ensured representation by different segments of the hotel industry to include international chain-affiliated hotels, Australian chain-affiliated hotels and independent hotels. An analysis of the findings suggests that owners and shareholders are the biggest influencers as their investment takes primary importance. Other key stakeholders such as guests generally play a secondary role in influencing the ESPPs of hotels. ESPPs should lead to well-intentioned initiatives and practices that are undertaken by stakeholders to create drivers for change to contribute to environmental sustainability.

Keywords: sustainability; environment; stakeholders; hotels

1. Introduction

Climate change is expected to have a dramatic effect on the environment, which in turn will have a significant effect on the tourism and hospitality industries, both of which have a vested interest in sustainability. These industries are impacted both directly and indirectly due to factors such as increased costs of insurance, safety concerns, damage to attractions and destinations, disruptions to cultural and natural heritage, and reduced travel due to reduced attractiveness of destinations [1]. In order to define and analyse environmental sustainability concerns in the hotel industry, it is crucial to examine the environmental sustainability policies and practices of the hotel industry as a significant component of broader tourism systems. Environmentally sustainable policies and practices (ESPPs) are the basic principles, guidelines and practices formulated to assist an organisation in pursuit of its environmental management goals [2]. There are significant facets of hotel industry operations that have an influence on the environment. However, the extent to which Australian hotels are responding to the effects of environmental degradation has not previously been examined.

The emergence of the new green economy strategy involves an innovative approach to environmental sustainability, which emphasises decarbonisation, efficient use of natural resources and management of environmental impacts [3,4] and this green economy also
has to be embraced by the tourism and hotel industries. Australia is a popular tourist
destination, and its tourism and hotel industry is projected to grow dramatically in the
future [5]. Exploring and understanding how this growth can occur in a sustainable manner
is a worthy and valuable area of research.

This focus on environmental management and sustainability practice has also attracted
increasing attention within the tourism and hospitality industry [6,7]. According to the
University of Cambridge (2014), emissions generated by the tourism industry are forecast
to grow by 130% between 2005 and 2035. As a result, the tourism and travel industries
are facing increasing pressure to contribute to climate change mitigation among stakeholders.
Hotel stakeholders are faced with environmental sustainability challenges and the long-
term implications of this serious issue are not yet fully understood [8–11]. Some hotel
managers may still not be aware of the impact their decision-making has on the local and
global eco-system [12–15].

As an integral component of the travel and tourism industry, the hotel industry sup-
ports social and economic development, but this often results in environmental degradation.
Hotels and environmental sustainability can frequently be incompatible unless a conscious
effort is made for them to exist together, as there is an impact of increased consumption of
electricity, water and waste generation [16,17]. Hotels have the opportunity to demonstrate
sustainability in action and for this to happen there has to be formal ESPPs as part of daily
operations. This requires a vision, mission, goals, objectives, targets, and strategy as these
display that hotel management is invested in environmental management and wishes to
lead by example in this area [18].

The travel, tourism and hotel industries have had outstanding economic growth over
the last few decades and had positive predictions for additional growth over coming
decades prior to the onset of the COVID-19 pandemic [19]. Moreover, much of the growth
in the world, including that of the hotel industry, has been achieved at the expense of the
environment [20]. There is a challenge posed when one looks at the concept of environ-
mental sustainability in the hotel industry. On one hand, hotels generally promise comfort,
style, luxurious and memorable experiences to their guests. On the other hand, they may
try to market themselves as environmentally friendly, which can be perceived as encom-
passing decreased luxury, cost cutting and inconvenience [21]. Keeping these challenges in
mind, this research will explore how the ESPPs of the Australian hotel industry and their
stakeholders address or are planning to address these barriers. The application of stake-
holder theory in hotel environmental sustainability practices from a hotel management’s
perspective remains limited, particularly in Australia.

The outlook for the industry suggests that tourism providers, including hotels, must
find ways to operate in a way that is sensitive to the needs and interests of all partici-
pants; and stakeholder theory provides hotels and their management with a conceptual
framework for addressing new challenges. Many professionals have embraced stakeholder
inclusion in the tourism development process, but it has not been fully realised. The
role of stakeholders is becoming more prominent in academia and industry; hence, the
stakeholder theory lens is an appropriate means to explore sustainability [22,23].

The aim of the research has been to generate insights into the motives for the imple-
mentation of ESPPs in the hotel industry in Australia, and importantly, how stakeholders’
influence is reflected in the decisions of Australian hotel organisations. Australia is a
popular tourist destination and its tourism and hotel industry was expected to grow expon-
entially in the future, but the effect of the COVID-19 has rendered this in doubt in at least
the short term. Given the importance of the tourism and hotel industry to the Australian
economy, it is important to research ESPPs, how they are being implemented, how they
will be implemented in the future, and the stakeholder challenges the industry faces in
formulating and implementing them.

This study addresses a gap in the existing research, given that little data exist on
the perspectives of managers on stakeholders’ influence on ESPPs in the hotel industry
in Australia. There is widespread investigation in the area of sustainability worldwide,
in different types of business. The objective of this research is to look at the Australian hotel industry where there has been no previous investigation into ESPPs. Hotel manager perceptions and interpretations are the focus of this research, as they have to deliver on ESPPs with the support of the stakeholders if they are to make a significant contribution to environmental sustainability in the industry.

It should be noted from the outset that this paper is based on research undertaken prior to the onset of the COVID-19 pandemic, which has fundamentally changed the tourism and hotel industry. The research, however, was undertaken during the period of 2019 and reflects the state of the world during that time. The COVID-19 pandemic has triggered an unprecedented crisis in the tourism and hotel industry. As the tourism industry transitions through to the recovery phase, the considerations and policies of the stakeholders of the industry will change. In order to recover and thrive in the future, stakeholders will need to work more closely with each other as this will be critical for a robust recovery. This could be an interesting and worthy area for future research.

2. Literature Review

Important early work on the concept of sustainability emerged in the 1980s from the Brundtland Report, which was named after the Chairperson of the World Commission on Environment and Development; Gro Harlem Brundtland, the former Prime Minister of Norway. The Brundtland Report states that “sustainable development is development that meets the needs of the present without comprising the ability of the future generations to meet their own needs” [24]. The definition of the term ‘sustainable development’ comprises three parts: sustainable development, needs of the present and concern for future generations. Decreasing necessary outputs, eliminating unnecessary outputs, reducing consumption, and minimising negative impacts on the natural environment are the fundamental actions required to achieve sustainability [25,26].

Broadly, sustainability encompasses the dimensions of economic, social, and environmental sustainability and these dimensions have been treated independently of each other to suit different interests. Economic sustainability refers to stable levels of employment and economic growth, social sustainability refers to recognising the needs of populations and social progress, while environmental sustainability refers to the responsible use of natural resources and effective protection of the environment [27–29]. There has been a need for more resources to support global population growth and this in turn has led to more industrial and economic activity around the world. Increased industrial and economic activity over the last few decades has occurred without much consideration for the environment, resulting in environmental degradation [30,31].

Organisations have generated a positive impact on the social dimension of sustainability by creating jobs, skilling and educating the workforce, improving working conditions and contributing to other social initiatives [4]. The economic dimension of sustainability has been highlighted by an increase in economic activity. This dimension has had the most focus, as the consumption of services and material goods has contributed to society’s happiness, wellbeing and to social welfare for an enhanced quality of life [25]. This has resulted in investment of capital in infrastructure, manufacturing, plant and machinery; in turn, fulfilling the primary business objective of maximisation of profits for owners and shareholders [25]. Economic activity has assisted social sustainability by creating a skilled workforce and increased employment. For the growth of economic and social sustainability, humankind has consumed natural resources and emitted waste polluting the planet and its air, in turn affecting the delicate climate on which life depends [4]. We are now paying a price for not balancing the three pillars of sustainability and letting them co-exist together [32]. Not balancing the three dimensions of sustainability has led to climate change, rising sea levels, unpredictable weather patterns, deforestation, loss of biodiversity, depletion of resources, creation of toxins and long-term waste, higher levels of pollution, global warming, and the loss of environmental habitats. There was largely an accepted view that preserving the planet and growing the economy are mutually
exclusive [33]. However, there has to be a focus on environmental sustainability ahead of economic and social sustainability if the effects of climate change and greenhouse gases are to be mitigated [32,33]. The collaboration and interdependence of these three dimensions is essential to achieve and maintain sustainability and there is a necessity to achieve sustainability in each of these three dimensions to attain overall sustainability [32,34,35].

Modern industrialised society has had a significantly negative impact on the environment, mainly in the form of climate change, air, soil, and water pollution. The trapping of greenhouse gases in the atmosphere has led to global warming and climate change, which is profoundly affecting human society and the natural environment. Research by the scientific community has shown that the climate of the planet is changing. The trend of global warming and climate change is undisputable over the past century based on analysis of stored historical data. Climate change has resulted in rising global temperatures, increased severity and duration of heat waves and more extreme droughts. The impact of climate change, however, extends well beyond just an increase in temperature.

Environmental sustainability has assumed increased importance in environmental agendas around the world, including the growing recognition of the role of good environmental management practices by both tourism businesses and consumers [1,36]. Global tourism industry emissions are forecast to grow rapidly despite the effects of COVID-19, and this significant growth raises concerns about how industry can mitigate its environmental and carbon footprint by reducing energy and water consumption, along with reusing and recycling wherever possible [37]. Similarly, the consumption of resources such as energy and water in the hotel sector has continued to increase as hotels develop properties in new locations to meet the demand of tourism growth, customers’ increasing expectations, and to maintain and increase their share of the market [38].

Environmental sustainability is of significant importance to the travel and tourism industry. According to the World Travel and Tourism Council’s data, the tourism industry’s significant contribution to global gross domestic product (GDP) (9.6%) and employment (>272 million jobs) attests to its high impact on the economic and social settings worldwide [39]. Under the green economy framework, tourism, including its hotel sector, is one of the key economic sectors that is expected to take a leadership role in the transformation to a green economy [40–42].

The tourism and hotel industries are closely related [43] because when tourists travel they require accommodation, food, beverages, recreation, leisure and other hotel-related services [44]. In the tourism industry, hotels account for a significant amount of carbon generated and released into the atmosphere [7]. According to “Climate Change: Implications for Tourism (2014)”, a University of Cambridge report based on the 2014 Intergovernmental Panel on Climate Change (IPCC), the tourism industry accounts for a lower percentage of global greenhouse gas (GHG) emissions (5%) than its percentage contribution of global GDP (9%) [37]. It is estimated that the accommodation sector accounts for 21% of tourism’s total contribution to the world’s GHG emissions, with 75% from transportation and 4% from other tourism activities [41,45]. It is important that the tourism and hotel industry, being one of the biggest industries in the world, shares the responsibility for environmental sustainability and decouples its growth from excessive resource use and carbon emissions.

Stakeholder theory has commonly been applied in sustainability management research to understand corporate environmental and social behaviour and CSR motivations and drivers [46,47]. It emphasises the accountability of an organisation as well as the rights of the stakeholders: an organisation has to meet the expectations of all stakeholders rather than only those of shareholders [48,49]. Stakeholder theory was first proposed and discussed by Freeman in 1983 (Freeman and Reed, 1983). Stakeholder theory is a theory of organisational management and business ethics that addresses morals and values in managing an organisation, in such a manner so that the norms and standards of society are preserved by introducing ethical considerations based on stakeholder obligations and interests [50].
It is no secret that long-term success in addressing a problem can be achieved by working closely with all key stakeholders [49]. At times there are limitations to working with stakeholders to address this issue but the hotel industry and its management should think creatively and work with stakeholders in addressing a pressing problem: that the hotel industry is not sufficiently environmentally friendly [15]. There is increasing pressure on the travel and tourism industry from its stakeholders to move towards green growth [7]: determining the influence of stakeholders and how the growth of the Australian hotel industry can be achieved in an environmentally sustainable manner is therefore a critical issue.

Even though hotels look for financial benefits as well as social benefits when adopting and implementing environmental management activities, they are more motivated by economic benefits than social benefits [8, 51, 52]. Stakeholders exert pressure to improve environmental management activities more to ensure better economic performance than for any other reason. When stakeholders pay attention to environmentally sustainable activities but do not exert pressure on hotels, the response from a hotel tends to concentrate on the adoption of implicit environment management. When the pressure from stakeholders refers to specific activities, hotels are more likely to adopt concrete practices, thus revealing a growing organisational commitment to the environment [53].

Given the importance of the tourism and hotel industry to the Australian economy, it is key to research ESPPs, how they are being implemented, how they will be implemented in the future and the stakeholder influences the industry faces in formulating and implementing them. According to the Australian Trade and Investment Commission (Austrade) at the time this research was conducted, the Australian hotel industry was projected to grow by 53,227 rooms by the year 2028 [54]. Inbound tourist arrivals were forecast to increase to 9.6 million by 2022 from 6.6 million in 2013 and domestic visitors’ total room nights (room night is a measure of occupancy of a hotel, one room night is one room sold) were predicted to increase to 308 million in 2022 from 288 million in 2013 [55]. The tourism and hotel industries were growing rapidly in Australia at the time of this research and have the potential to grow at an even more exponential rate should the effects of COVID-19 recede. Businesses need to look beyond making short-term gains and look at the long-term impact they are having on the natural world. Hence, it is important for Australian hotels to embark on environmentally sustainable measures to limit their environmental footprint whilst at the same time providing satisfactory customer service, ensuring customer satisfaction and management of their obligations to other stakeholders.

3. Methodology

There is a need for this research in order to gain real-world practical understanding and information on ESPPs. This research seeks beneficial and actionable solutions for environmental sustainability; therefore, a practical and adaptive approach of pragmatism philosophy is useful, as this approach may assist in opening up new opportunities for managing environmental sustainability in the hotel industry [56]. Extending the focus beyond chain hotels, this research also involved a range of hotels with different profiles and sizes and varying environmental policies and practices. This approach has offered a perspective on the influence of stakeholders on the implementation of environmentally sustainable practices of non-chain hotel operations, as well as that of chain hotels [57]. The aim of the sample and the sample size was to ensure representation by different segments of the hotel industry so that all sectors of the hotel industry could be covered.

The sample for this study included international chain affiliated hotels, Australian chain affiliated hotels and independent two-, three- and four-star hotels. Melbourne hotels were analysed for practical and logistical reasons. Furthermore, hotel ownership arrangements, management structures and hotel operations that apply to Melbourne hotels can be reasonably said to apply to hotels all over Australia and the world [58]. The study involved the conduct of semi-structured, in-depth, face-to-face interviews with selected hotel managers. The purpose of the interviews was to understand the hotel manager’s perspective
on barriers and drivers for environmental sustainability. The selected sample the research included eight hotels and covered all sectors of the hotel industry, i.e., international chain affiliated hotels, Australian chain affiliated hotels, independent four, three and two star hotels. It should be noted that hotel managers sometimes manage multiple properties including the one that they are based at. The selected sample for the research comprised eight hotel managers who manage around 60 hotels amongst themselves and do so based at a hotel property as a manager. One of these international chains has more than 400 hotels in Australia. The second chain has 15 hotels in Australia and the third has two hotels in Australia. Managers of two Australian chain affiliated hotels were involved in this study. One of these Australian chains has 70 hotels in Australia and the other has six hotels in Australia. Managers of three independent hotels were also interviewed. When requests were made for in-depth interviews, 10 independent hotels declined to be interviewed for this study, stating that they do not carry out any environmentally sustainable activities and do not plan to do so in the future. For better understanding and to give equal weight to responses, every manager interviewed has been linked and counted as the manager of one hotel for this study. Face-to-face interviews are used extensively for exploratory research, where an in-depth investigation of a phenomenon is required [59] One of the advantages of this method is that it allows the researcher to obtain a holistic view and understand real life situations [60]. Furthermore, data from interviews can be converted and presented in a quantitative format for better interpretation if need be [61]. However, by utilising this method, the research was able to go beyond quantitative statistical results and understand the behavioural conditions through the participants’ viewpoints.

There are disadvantages associated with in-depth interviews; a significant one being that it is time-consuming. Another challenge for the researcher and the interviewee is that an in-depth interview approach can be taxing and attention must be paid to unequal control dynamics between the interviewee and the interviewer as the flow of data is in the direction of the interviewer [59].

Once ethics approval was granted, the interview questions were tested with a selection of academics to ensure their reliability and suitability in gathering the information needed. This pilot testing of the interview questions removed ambiguous questions and ensured efficient collection of data right from the outset. Additionally, this process ensured that all questions asked during the interviews were essential, the structure of the question did not create excessive demands, there were no leading questions, and the questions were easy to encourage answers that did justice to the exploratory research.

The data collected through in-depth interviews was transcribed, coded, and analysed with NVIVO (NVivo 11, QSR International, Melbourne, Australia), a computer-aided qualitative data analysis software program. NVIVO is not a method of analysis but a data management tool to organise the data, hence effective and systematic coding is necessary to draw information for this investigation [62]. NVIVO assisted in organising the interview transcripts for the development of analysis. A computerised analysis system can then more easily be utilised for future additional research [63]. Once the coding has been set up, and the transcripts coded, more analysis can be undertaken relatively quickly, resulting in a better quality output than possible with manual methods. NVIVO was used, in particular, to assist with the derivation of emergent themes during analysis and to aid in establishing relationships between themes [64].

To obtain a hotel management perspective of the stakeholders’ influence, the questions and discussions during the interviews included the following:

- Tell me about your hotel’s environmental sustainability policy (green policy).
- Is it a written formal policy? Is the policy accessible to the public? Does someone in the hotel or head office/corporate office have the responsibility for environmental sustainability policy or practices? What areas are the priorities of this policy? Tell me about who is responsible for implementing this policy.
Tell me about the environment sustainable practices in your hotel. Does someone have responsibility for this at the hotel or at head office/the-corporate office? Tell me about who is responsible for implementing these practices.

Which stakeholders influence the ESPPs of your hotel? To what extent do the different stakeholders agree or disagree on the implementation and value of these ESPPs? What are current levels of execution, patterns/trends, gaps, issues, challenges, opportunities, barriers and motivations in the implementation of environmentally sustainability policies and practices?

To what extent do the varying views of different stakeholders present opportunities in the development of future ESPPs? How do different stakeholders play a role in shaping these patterns and trends? How do they interact among themselves to create opportunities/ drivers and barriers?

4. Findings and Discussion

Figure 1 is a summary of the responses of hotel managers when asked “Which stakeholders influence the ESPPs of your hotel?”. The discussion is based on the responses of the interviewees, data collected, findings and engagement with literature. The focus of this article is only on the influence of stakeholders on ESPPs, hence, data on the responses of the other questions have not been presented and discussed in this section.

Managers of seven of the eight hotels that formed this research sample mentioned owners and shareholders of the hotels and head office/corporate office/senior management of the hotels as having a major influence on their ESPPs. It is evident that head office/corporate office/senior managers have a major influence on the ESPPs of a hotel as their policy on environmental sustainability is formulated at a corporate level. For independent hotels, senior management channel the owners’ wishes to hotel managers. Almost all managers interviewed mentioned that guests also have a major influence on ESPPs. From Figure 1 above, it can be observed that employees and hotel managers themselves also have a degree of influence on ESPPs in their properties.

When it comes to owners of hotels, especially in the case of independent hotels, there can be multiple owners and hence it is a challenge for hotel management to deal with multiple owners who may all have different perspectives and directives for them. It can be seen from Figure 1 that staff can have significant influence on ESPPs. It is important to involve staff as they are the front-line employees and deal with operational elements that can contribute to environmental sustainability. Hence educating them on the importance of this concept can provide an important framework for implementing environmentally sustainable practices successfully [65,66].

Owners of hotels usually deal with the operational managers of hotels through senior management. Senior managers appear to pass directives received from owners and
shareholders down to the managers of the hotel at an operational level. The managers of a hotel have multiple reporting lines including owners, corporate offices, guests, and their expectations as well as staff. He or she has ultimate responsibility for the success of hotel operations and hence has a significant influence on ESPPs, albeit more on practices than on policy.

Owners influence the ESPPs of hotels, as they want to ensure resources utilised for ESPPs assist in making financial gains. There is a close link between owners influencing the ESPPs of hotels and improved financial returns. To better understand the influence of owners, shareholders, senior management, and the corporate head office; it is helpful to understand the ownership structure of the hotel industry for chain branded hotels. There are hotels that are franchisees where the owner and operator of the hotel has gained the right to affiliate themselves with a hotel brand, use the franchisor logos and have access to their channels of distribution and marketing. Even though the franchisor is not involved in managing the hotel, the owner of the franchise must ensure that minimum brand standards are met. In most chain-affiliated hotels, the hotel chain manages the hotel for the owner with its own brand and for a management fee. A management company manages and operates a hotel with its own hotel brand (for example, Hilton and Hyatt), operational policies and procedures and that includes ESPPs. Another operational structure is where a party/operator leases a hotel from its owner and operates it as an independent hotel or offers it to a management company or becomes a franchisee. In this case, to introduce environmentally sustainable practices the lessee may have to deal with the owner of the hotel or the management company. Thus, the various complex ownership and operational structures of hotels, different categories of owners and shareholders as stakeholders, can make it difficult to formulate and implement ESPPs. Understandably, owners and shareholders are the biggest influencers as stakeholders as their investment takes primary importance and other stakeholders have a secondary role in influencing the ESPPs of hotels [67,68]. As noted in the literature, organisations try to satisfy multiple and conflicting stakeholder interests and thus strategies of partial conformity to comply with pressures and influences from stakeholders may well be expected [68,69].

The owners of a business largely determine the direction of the business, including the ESPPs, and hotel managers must act in the interest of the owners and shareholders. In independent hotels, owners can have a direct influence on hotel management [70,71]. In hotels managed by a hotel management company, the owners and shareholders influence the management of the hotel through the corporate head office and the senior management team [72,73]. Based on the responses of the interviewees, it can be inferred that independent hotels have an ad hoc approach towards sustainability initiatives and practices and implement them primarily for financial reasons. It is only the international chain hotels that have a dedicated person to manage and guide sustainability practices through a formal written policy.

Decision-makers such as hotel managers may be uncomfortable working directly with owner stakeholders because it could lead to a radical shift in operations and decision-making processes, but this has to be maintained for better inputs and support to address issues of environmental sustainability [66,74,75]. There is an additional challenge for a hotel manager when dealing with senior hotel management and their corporate office. Owners and the corporate office see the operations of a hotel from a macro level whereas the hotel manager who is involved in the day to running of the hotel sees and manages the hotel on a more micro level. This includes interacting with another key stakeholder of a hotel, its guests. Owners of hotels influence and provide direction to the hotel manager by devising policies and this can include policies on environmental sustainability [71]. Interests of the various stakeholders may be in conflict at times and whenever there is a conflict, the influence of the most significant stakeholder prevails. The most important stakeholder for a business are its owners and shareholders and their motive for running a business is generally financial returns or profits, or returns on investment [76,77]. If other
Implementing environmental sustainability in the hotel industry is a complex task due to the presence of many stakeholders with differing agendas and objectives. It is sometimes difficult to find a balance due to conflict between the standards and operating policies of a hotel or chain and the financial goals of the owners and shareholders [73,79]. There is a need to educate and communicate to all hotel stakeholders the challenges posed by environmental degradation and why the hotel industry should do its part in minimising its impact. The hotel brand or chain may want to implement an energy efficient air conditioning system, but hotel owners may be unwilling to proceed if they decide that the present system is functioning sufficiently and there is no need to invest in what they perceive to be an unnecessary and expensive new system. A hotel owner may not recognise or may be unwilling to recognise the fact that energy costs saved by the investment in a new and efficient air conditioner system will provide a return on the cost of the new system as well as making an added contribution to environmental sustainability. Educating the owners of hotels on how ESPPs can work to their financial advantage as well as that of the environment can lead to mutual benefits [71,80], although independent and lower star-rated hotels are more sensitive to this approach [77].

Only three out of eight interviewed managers named legislation as an influence on ESPPs. There is no major legislation regulating the hospitality and tourism industry that may require hotel management to implement ESPPs. From the responses it can be ascertained that the major political parties (in Australia) have to work together in order to address the management of environmental sustainability. If the Australian government is committed, it may need to introduce legislation to compel businesses including hotels to become more environmentally sustainable. The Australian government may refer to the Environment Protection and Bio-diversity Conservation Act of 1999 in seeking a precedent, which provides a legal framework that covers important fauna, flora, places of heritage and ecological communities that are of national environmental significance. However, this act does not cover hotels and many tourism destinations in its scope. Another relevant act of significance is the Environmental Protection Act of 1997. Every state has its own version of this Commonwealth Act. The objective of this Act is to protect the environment by placing checks on pollution, advocating for clean production technology, adopting re-use, and recycling of materials and initiating waste minimisation programs. The codes of these acts are quite basic and largely incorporated into the daily operations of a hotel. These acts in their present form approach environmental sustainability at a macro level. There is also a need for legislation on environmental sustainability that is adhered to at a micro level to make a significant impact.

The current environmental regulations applicable to the hotel industry are mainly focused on waste and hazardous waste management, which are standard practices in hotel operations. There appears to be a growing need for new legislation that supports sustainability in the hotel industry amongst others. Being compliant with existing legislation does not seem adequate as it is not currently advancing the cause of environmental sustainability, at a time that environmental degradation is accelerating [81,82]. An approach similar to extended producer responsibility (EPR) policy to manage waste would be a positive contribution to environmental sustainability. The concept of EPR was developed by the Organisation for Economic Co-operation and Development (OECD) to require the producers of goods to be responsible for the management of post-consumer waste and remove the primary onus from local municipalities [83]. This was developed to encourage manufacturers to produce goods that result in more environmentally friendly post-consumer waste. A similar approach to encourage hotels to support sustainability would be to offer incentives to encourage them in this direction. One government initiative could be supporting the installation of biogas generators at a hotel property or hotels sending food waste to third-party bio renewable facilities. These practices can utilise to produce low emission energy stakeholders of the business can assist in meeting these objectives then they can work harmoniously for all stakeholders [77,78].
and assist in reducing and reusing food waste. Further initiatives could entail integrating green specifications into hotel building codes and operating regulations [84].

Hotel associations can be a key stakeholder in educating the hotel industry and its members on the importance of environmental sustainability and providing support to hotels that lack expertise in this area. None of the hotel managers interviewed in this research mentioned the industry body, the Australian Hotel Association (accommodation division) a stakeholder for influencing ESPPs. It appears from the responses of these hotel managers that hotel associations can be an important stakeholder in guiding environmental sustainability in the hotel industry in Australia. The main hotel association in Australia is active with hotels but tends to operate with a focus on commercial activities. The major role of hotel associations is to progress the interests of their members and the industry in general and can be a catalyst for developing standards or a certification program to lead the industry forward in terms of environmental sustainability [85]. As a peak body, the hotel association is well placed to understand hotel operations and can assist the hotel industry to contribute to sustainability by developing a hotel industry focused environmentally sustainable certification program. Hotel associations are an important stakeholder of the hotel industry and can play a major role in driving environmental sustainability certification programs in it. Environmental certification gives a strong indication to guests and consumers that a hotel is environmentally conscious [86]. Hotel associations can assist in framing a certification program tailored to the needs of the industry. Hotel associations can then assume the role of the awarding body for the certification program and issue an Eco label. A peak body awarding certification gives assurance to both consumers and the industry in general. A key objective of the hotel association can be to develop a sustainable hotel industry for Australia and drive the adoption of green practices, technologies, design practices and operations of green hotels. Independent hotels, in particular, could benefit from such initiatives by hotel associations in Australia.

5. Educate Stakeholders to Work Together on Environmental Sustainability

It is highly likely that in a world greatly consumed by the debate over climate change and the closely related issue of environmental sustainability that stakeholders keep abreast of these as a focus area of national governments and international agencies. Hotels can build on the information stakeholders already have through education and a hotel manager can play a significant part in facilitating this. The importance of educating customers on a hotel’s environmental sustainability initiatives and how they can also contribute to them during their stay will assist in promoting the benefits of these alongside stakeholders including owners, staff and shareholders [87]. This will assist in reconciling the commercial and the social perspectives that can be achieved through having a formal policy on environmental sustainability.

It can be observed from this research that engaging all stakeholders of the hotel industry on environmental sustainability is challenging as the concept of environmental sustainability is complex and all stakeholders have diverse attitudes to it. This research has also found that some stakeholders are recognised to be more important than some that may be perceived to have less value or importance and whose absence from the decision-making process may result in their inability to contribute equally. There is a need to have a systematic approach to engaging all stakeholders and a hotel manager appears to be the logical party to drive this. A hotel manager is also best placed to understand the varied perspectives of all hotel stakeholders and hence ESPPs should be coordinated and formulated by the manager of a hotel. Hotel managers leading the creation of the policy in consultation with all stakeholders will enable the implementation of sustainable practices as a result of a better understanding of all stakeholders and their objectives. Hotel managers can in turn be guided by hotel associations and peak bodies. Hotel associations, a key stakeholder, are best placed to understand the hotel industry and are well positioned to take a leadership role in educating the hotel industry. Hotel associations can play an important part in educating the hotel industry and its members on the importance of
environmental sustainability and how to manage and involve all stakeholders of the hotel, but it appears that this is not yet a priority for them. These associations are best placed to understand hotel operations and are well positioned to formulate hotel industry-focused certification programs that contribute to sustainability and raise awareness of the concept.

Hotel managers can educate stakeholders of the marketing advantages and benefits that result from a firm and public commitment to ESPPs, while also demonstrating tangible profit results from the implementation of these policies. Environmentally sustainable practices can result in more efficient operations, with this in turn helping to conserve hotel resources and reducing costs by limiting the use of energy and water; significant costs that can potentially result in higher margins [88].

An undertaking to educate and align all stakeholders requires a formal written policy to create vision and value and support procedures developed by hotel managers in consultation with all stakeholders of the business. This creates a clear strategy for all stakeholders and to understand what is required to make a real and valuable contribution to environmental sustainability. This will also show that the hotel is striving to make a difference. A written policy on environment sustainability and embedding it in the culture of the hotel organisation will reflect its values. As education and guidance principles of a hotel organisation, these will demonstrate an ongoing commitment to environmental sustainability through formal policies and procedures. Correctly implemented and supported, these will strengthen the resolve of stakeholders to work together in supporting and contributing to environmental sustainability. Such guidelines for these policies will also assist in training and guiding employees and further assist them to embrace them. It can also strengthen the business relationship between all stakeholders. Hotel associations can work with hotels to collectively develop more innovative initiatives such as vocationally based training and certification on environmental sustainability for future implementation. Guests are one of the most important stakeholders of a hotel as the prime focus of the services that a hotel provides. Sharing with customers a hotel’s environmental sustainability values through hotel websites and in-hotel and in-room information offers advantages in being able to educate them on why a hotel has chosen to take such initiatives in a one to one setting. Such endeavours not only can build rapport with guests who are more likely to share environmentally sustainable values if they understand the reasons for them, but can also be effective in building a strong base of guests who are return visitors because they share the aforementioned values [73].

A formal written policy on environmental sustainability can be an effective communication tool for educating and aligning stakeholders on environmental sustainability as policies can been seen by all stakeholder as not only part of a business strategy but also a framework for decision making and to provide concrete evidence of commitment and intended practices. Implementation of ad hoc sustainable practices is not sufficient to ensure stakeholders work together and to educate them on the value of contributing to environmental sustainability, whereas formal policies can assist in clarifying the purpose and ambitions of the organisation. There is an inherent need to explore and connect the positive links that exist between stakeholder interests. However, there is also an opportunity to expand the scope of stakeholder theory to offer a broader purpose in creating equal value for all stakeholders in order to benefit society and the environment. This requires a shift from short-term economic benefits or accounting-based profit for the broader benefits of society and the environment.

6. Conclusions

The public in general along with stakeholders are aware of and have been exposed to environmental issues for a significant period of time and with that increased knowledge comes the need to adapt environmental management practices [68,89]. Stakeholder theory views both internal and external stakeholders as an important element that influence organisations to adapt environmental management policies and practices, and this includes hotels [31,49,89,90]. Globalisation and improved communication technology have caused
a drift from traditional owner and shareholders hierarchies of power and control to an era in which other stakeholders are increasingly playing an important role [31,91,92]. Stakeholders are acknowledged as having significant influence on company decisions and performance [93]. It is important to consider that the behaviour of an organisation is subject to diverse parties residing within its environment [33,89], and without the support of stakeholders, the organisation will struggle to implement such strategies and initiatives [33,89,94,95].

The major stakeholders that influence the ESPPs of hotels are owners and shareholders, head office/corporate office/senior managers and guests of the hotels. The owners and shareholders have the biggest influence on policies and practices due to their financial interest in the hotel, and the business’ profit objectives. Hotel managers themselves also have some influence on the ESPPs. As environmental problems are increasingly recognised as persistent, global, and directly connected to a wide range of human stakeholders, businesses adopting stakeholder management initiatives will need to view the non-human stakeholder—the natural environment—as the most important organisational stakeholder. Strong collaboration amongst stakeholders is required going forward to achieve environmental sustainability [96,97]. Amongst all hotel stakeholders, hotels themselves and more so hotel chains are best placed to engage with and implement environmental sustainability policies and practices due to their organisational scale; specifically, their training and operational resources.

Based on the responses of the interviewees, this research has noticed that some stakeholders are much more important or are primary stakeholders, and that others are less important stakeholders or are secondary stakeholders. This notion should be challenged with all stakeholders being considered as primary stakeholders to drive momentum in the area of sustainability by removing the varying levels of importance [25,98]. It will be beneficial if barriers between primary and secondary stakeholders are removed and all stakeholders engage on an equal footing. Stakeholder theory is far from a simple concept and the views of shareholders and owners are no longer sufficient [68]; rather a synergy of all stakeholders is required in the context of the hotel industry. Environmental sustainability can be more effectively achieved by making all stakeholders of a hotel equitable. However, stakeholders now have an obligation to engage on a multitude of social and environmental outcomes rather than just commercial objectives [99]. Managing the inherent conflict between ethical and environmental responsibility, and commercial outcomes can only be achieved by all stakeholders working together. Stakeholder theory is critical to understanding and formulating an effective strategy, and developing common ground to achieve environmental sustainability. A diversity of stakeholder perspectives and influences is required to assist in enhancing the value of a concept, and in the case of this research, the concept of environmental sustainability in the hotel industry, as without the guidance of the stakeholders optimal outcomes and value cannot be obtained [29].

6.1. Theoretical Implications

The role of stakeholders is becoming more prominent in academia and industry; hence, the stakeholder theory lens is an appropriate means to explore sustainability [22,23]. Based on the findings and discussion, this study can modify stakeholder theory to a degree and argue that stakeholders need to co-operate further to drive sustainability, especially stakeholders that interact more frequently in the day-to-day running of hotels, i.e., owners, hotel managers, guests and staff. The ethical implications for a business should not be considered separately but rather linked to the core business of an organisation. This reconceptualises stakeholder theory so that the creation of value for a hotel is undertaken in a responsible and suitable manner. These major stakeholders of the hotel industry can be challenged to understand that environmental sustainability is not necessarily about environmental commitment, nor is it about philanthropy and asking them to forgo profits. Hotels should be challenged by their stakeholders to integrate environmental sustainability as a core business value. It is essential to create synergy between the different values of
the business and this should also include a contribution to environmental sustainability to make this a core challenge for all stakeholders with a mutually beneficial outcome for all concerned.

6.2. Practical Implications

Stakeholder theory remains open to the outcomes of interactions between stakeholders, with these interactions requiring further focus on a contribution to the environment and society. It should be noted that this change in thinking and focus is unlikely to occur within a short timeframe in organisations, although with the growing importance and time pressures on the challenges presented by the need to address environmental sustainability levels; one way to mitigate these pressures is to reconfigure the attitudes of stakeholders. The focus needs to be on engagement, finding common ground and mutual benefits to serve the interests of each other whilst also addressing environment concerns. Stakeholder engagement with each other should become a crucial part of environmental sustainability if it is to gain more influence in Australia’s growing hotel industry. Hotel management and stakeholders must have a strong and clear understanding of the issues surrounding global warming, climate change and other issues related to environmental sustainability.

6.3. Limitations and Future Research

There were several limitations of this study. A major limitation is that a significant number of independent hotels did not want to be interviewed for this research. Hence, the findings of the study are tentative and confined to a point in time. They need to be replicated and triangulated with other research methodologies. Furthermore, there is a need to obtain the views of all hotel stakeholders to obtain a deeper understanding. Finally, this research was undertaken before the COVID-19 pandemic which has fundamentally changed the hotel and tourism industries. At the time of writing, late 2020, the precise nature of these industries is unknown, but whether this causes fundamental changes in the human desire to travel and take holidays remains to be seen. The COVID-19 pandemic has had a huge impact on the tourism and hotel industries due to travel restrictions and a collapse in demand amongst travellers, having created a reluctance to travel. Similar research conducted now may present different outcomes. The researchers are planning to investigate the current major challenges facing the tourism and hotel industry amid the current conditions and what focus areas that the stakeholders in the tourism and hotel industry will be concentrating on.

Author Contributions: Conceptualization, A.K.; data curation, A.K.; methodology, All authors; project administration, A.K.; resources, A.K.; writing, A.K.; review and editing, All Authors. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: This study was conducted following the ethics committee procedures and approved by the review board.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to ethical concerns.

Conflicts of Interest: The authors declare no conflict of interest.

References


Inoue, Y.; Lee, S. Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries. Tour. Manag. 2011, 32, 790–804. [CrossRef]


Orlitzky, M.; Siegel, D.S.; Waldman, D.A. Strategic Corporate Social Responsibility and Environmental Sustainability. Bus. Soc. 2011, 50, 6–27. [CrossRef]


Dief, M.E.; Font, X. The determinants of hotels’ marketing managers’ green marketing behaviour. J. Sustain. Tour. 2010, 18, 157–174. [CrossRef]


84. Hwang, B.G.; Tan, J.S. Green building project management: Obstacles and solutions for sustainable development. *Sustain. Dev.* 2014, 6, 266–276. [CrossRef]

85. Hickle, G.T. Moving beyond the “patchwork:” a review of strategies to promote consistency for extended producer responsibility policy in the US. *J. Clean. Prod.* 2014, 64, 398–419. [CrossRef]

86. Hackett, M. Performance measurement in independent hotels. In *International Hospitality Industry . In* [CrossRef]


90. Freeman, R.E. Managing for stakeholders: Trade-offs or value creation. *J. Bus. Ethics* 2010, 96, 7–9. [CrossRef]


