



Eco-Hotels is the Need of Hour Today

* Mr. Rajasekaran ** Dr. R. Kannan

* Lecture, Department of BBA (Tourism Travel Management) Jawaharlal Nehru Rajkeeya Mahavidyalaya (Govt. College) Port Blair-744101. Andaman and Nicobar Islands (India)

** Associate Professor and Head, Department of Hotel Management and Catering Science, Madurai Kamaraj University College, Madurai-625 002.

ABSTRACT

This paper offers recommendations for the initial development of environmental accounting practices at the hotel enterprise and department level and argues for the importance of developing relevant cost management systems that support environmental strategies and management. Focus is on environmental cost categories and potential classifications and approaches for hospitality management decision-making and control purposes. The research that will be conducted on the sample of Croatian hotels presents water usage in hotels and discusses the possibility of usage of waste water for different purposes. This is the task of environmental management accounting, where the development of the accountant's role will be set within an environmental management context. Environmental management accounting information have to be helpful for hospitality management, in decision making in the range of responses about environmental issues in reviewing their environmental position, developing and implementing policies and strategies to improve that position and in changing management system to ensure ongoing improvement and effective management.

Keywords : Eco-hotels, environmental accounting, business performance, environmental costs.

Introduction

Our environment is the most precious asset that will be passed on to the next generation. Protecting the environment is the task of all the individuals, governments and enterprises. The future of the World is in the protection of the environment, therefore the future of the hotels is in eco-hotels. Hotels use large amounts of water, energy, chemicals, supplies and disposable items. They also generate lots of waste in form of wastewater and solid waste. The prevention of polluting the environment with this waste is of great importance not only to stakeholders and the employees of the hotel, but also tourists who are becoming more concerned for the preservation of the environment.

Eco-hotel or environmental suitable hotel has to follow the basic principles of good housekeeping - based on maximizing benefits and minimizing costs. Those principles are at the same time the main principles of the ecology as a scientific approach and as a global movement aimed at preserving environment and implementing sustainable development concept. Sustainable development is very important concept in hospitality industry because it meets the needs of present tourists and host regions and at the same time protects and enhance the opportunity for the future. Hotels have positive or negative impact on their local area and host communities. Accordingly, eco-hotels act in the way that they keep the environment clean and improve their quality, rise up the level of satisfaction of more sophisticated and ecologically more conscious guests and reduce costs, which, all together helps promoting the concept of tourism sustainable development. Some hotels are developed in the area of eco-tourism, which means conserving natural environment and the well-being of local people through responsible travel.

Environmental costs are impacts that occur in society, enterprise, or individual. They result from activities that affect quality of the environment, and can be expressed in monetary

and non-monetary items. They have to be fully integrated into company's business decisions on long term basis, and only the enterprises that properly account for the true environmental costs of their businesses will be in a better position to meet competitive challenges in the future. In this paper a research will present costs of energy, water and waste in one hotel and the suggestion to turning (reformulating) them into environmental costs. Also, suggestions will be made for the hotel in order to becoming an environment friendly enterprise.

Influences on Business Performance

Influences on business performance can come from inside the enterprise i.e. internal and from outside the enterprise i.e. external. Internal influences for environmental change are the employees who become more environmental conscious. Their strong influence can slowly but surely affect changes inside the enterprise. It is known that first environmental experience form many enterprises have risen from employees initiative who deal with softer aspects of environmentalism (collection of paper for recycling in offices, canteen collection of cans and glass for recycling, requests to undertake tree planting on enterprises land or transport-sharing scheme). Initially small influence had effect of raising awareness among employees and of effectively introducing environmental questions into the enterprise. In raising the profile of the issues, many substantive advantages accrue and environmental awareness as a precursor to real environmental development within an enterprise can successfully infiltrate all aspects of the enterprise. Crucial is, however, the response of the management.

External influences of environmental change are external pressures that come from legislation and other institutional framework (in supervision, financing, taxation, penalties) which are the principal starting point for undertaking environmental changes within enterprises. Other external influences come in form of shocks (unanticipated legislation) and can

derive from other actors in environment businesses. The pressures for change can also emerge from changes in customers' behavior and the eco labeling developments, change in public opinion, initiatives from business community, environmental audit and standards, producer responsibility and ethical investment. These external influences are essential steps for an enterprise to begin the care for the environment. Stakeholders are concerned about the impact of enterprise activities on the environment for the following reasons (Burgos-Jiménez... 2002, 214 - 215):

1) The pressure of legislation. This pressure can be set by different bodies (European Union, state, autonomous regions, city councils etc.) and covers wide and complex range of norms. Legislation differs from territory to territory, and should also be considered a dynamic element, since technological innovation causes ever more efficient use of resources and a reduction in pollution.

Cost rationalization. The increase in efficient use of resources (energy, water, chemical products, food etc.) can lead to a cost saving that improves enterprise productivity and competitiveness. Less evident but not less significant costs are lower risk of possible future responsibilities (from accidents, fines etc.), lower costs in ensuring employee safety, worker motivation waste elimination, etc.

Market action. The market values a respectful attitude to the environment, reflecting the high social preoccupation for preserving the environment.

Due to the above mentioned reasons the environmental performance has the capacity to influence two causes of sustainable competitive advantages: leadership in costs and product and enterprise differentiation which have been recognized in enterprises. Legislation and investments in environmental protection have created the need for environmental accounting information. Legislation and investments in environmental protection have created the need for environmental accounting information. These information are important in decision making process. Management accounting system is designed to satisfy different needs and require different information. Environmental information include costs occurred for environment protection. They help to review their environmental position, developing and implementing policies and strategies, improve their position and adjust management. Environmental accounting is a new view of accounting, involved in national income accounting, in financial accounting or in managerial accounting.

In today's world the existence of an enterprise depend on product and service quality it offers, the demand for these products and services and their ability to be efficient. Successful enterprises maximize outputs with minimized inputs. Market positioning, customer retention and long term business growth in ever changing surrounding also depend on enterprises' environmental protection. The importance of the benefits and losses that arise from relationship between the enterprise and the environment have created the need for enterprise to measure and report on the sustainability of their business performance and operations. The strategic objective for enterprises has become the protection of natural environment and social recognition of this protection. Commitment to defend the environment and the impact of the enterprise on the environment is growing daily. Modern customers are more demanding in terms of quality, but they also consider environmental protection as an integral part of every product or service they buy or use. Business performance therefore lies on environmental issues.

Customers and stakeholders to varying degrees call for increased environmental responsibility on the part of business. Concepts of environmental accounting can be applied to the development of environmental management system, including those consistent with the increasingly prevalent ISO 14000 standards, that enable strategies to answer that call.

As enterprises are enhancing the structure of their systems, environmental accounting is becoming an integral part of their development and capabilities. These systems coordinate data of environmental accounting in order to provide managers with information to better understand the impacts on their decisions. Information on environmental costs can influence on improvement of environmental performance.

Environmental Accounting Information

The quality of information presented to managers is essential for the successful implementation of effective environmental management. Traditional accounting systems do not provide information useful for measuring and evaluating the environmental impacts of enterprises. There is an increase in need for new information and refocusing of existing systems in areas such as energy and wastes. The lack of raw data causes practical difficulties, therefore accounting and financial systems need to be brought more into play to produce better environmental information.

For hospitality management are crucial information primarily focused on the application of environmental accounting as a managerial accounting tool for business decisions. Environmental management accounting has to be connected with the specific activity in hotel management system (EHMS) in all areas of identification, collection, estimation, analysis, internal reporting and use of materials and energy flow information, and preparing of environmental cost and other information for decision making. Environmental hotel management accounting (EHMA) as a part of EHMS made accountants involved and responsible as members of the hotel management team. EHMA has the task to define environmental costs depending on hotel level, and answer to the hotel management demand how it intends to use the information for decision making in different activities or business. The information is prepared in the area of reducing hotel operations and environmental costs. Hotels use various forms of environmental accounting and prepare different reports for internal and external users. Environmental reports come in many shapes and sizes and the debate about the best kind of reporting is open. Every environmental report has to be consistent of goal information on relevant costs, revenue or financial results of actual environmental action. The most important items of every environmental report are cost information, based on Environmental Protection Agency (EPA) or Global Environmental Management Initiative (GEMI) type of classifications.

In this sense, the role of accountants is to identify in existing accounting and financial systems information relevant for environment. They can be traced in area of costing and process of problem resolving. Costing areas are relevant to environmental objectives (waste treatment and disposal, energy, maintenance) because it makes them separately identifiable and more controllable. The role of accountants is to find the way to take into account quantifiable and tangible environmental factors in short term. In medium term accountants need to reorient systems to incorporate environmental improvement targets and their financial implications. In longer terms developments in eco-accounting (natural resource accounting), producing of environmental accounts in order to reflect full cost of production will be introduced. Environmental considerations must be integrated within normal business performance because they cannot stand alone by themselves. Environmental management is essentially about changing management practices and systems in response to the business implication of environmental issues. Gathering information and data on causes of environmental impacts, businesses would gain better understanding of environmental performance issues. This understanding, together with legislation, regulations and new technologies would provide the direction for change in policies and objectives towards environmental friendly enterprises. Enterprises have to understand the activities of the performance "in relation to potential environmental impacts of air, water, land and nature (Gray and Babbington 2003, 44)." This means that besides possible environmental effects of used materials and resources,

wastes and emissions, other business issues arise from legislation and regulatory standards and market activity.

The result of examining environmental impacts can become the basis for identifying areas where enterprises need to improve their performance. This improvement can include forming ideas of objectives, identifying key areas which need to be reflected in policy and strategy for action which is not an easy task. The real commitment lies in setting responsibilities and objectives at business unit and department levels and as a consequence of this will be increasing demands for information on environmental performance.

Enterprises have recognized the importance of environmental management. In 1996, an ISO Standard for Environmental Management Systems (ISO 14001) was introduced (Burgos-Jiménez... 2002, 208). These standards and other guidelines provide a framework for enterprises to develop their own approaches, policies and objectives. The interest in the adoption of environmental management system is increasing, and positive steps need to be taken for environmental performance management to be integrated within other areas of managing business performance. Enterprises need to find the way for their performance to contribute towards environmental protection.

The relation between the enterprise and environment has created the need for measuring and reporting on influencing on sustainability of the business performance. Enterprises are advised to control and plan the consequences on the environment arising from enterprise's performance. Measuring environmental performance is made through two concepts: environmental management and environmental performance. Environmental management is identified as the way of enterprises' implementation of measures for reducing or controlling the impact of its activity on the environment (Graff, Reiskin.. 1998, 2). Its objective is to reduce the environmental impacts which cause enterprises' business performance. The concept of environmental management lies in the actions that enterprises take in order to protect the environment and incorporate those actions in management process. Environmental performance relates to benefits and damage made to the natural surroundings (land, water, air, landscape, plants, human and animal life) that arise from business activities.

Detecting the level to which measures for protection of the environment are applied is the task of environmental management, and the degree to which objectives related to the environment have been achieved belong to environmental

performance. So, if enterprise rises more environmental protection measures, there would be less damage to the environment, and therefore, the greater environmental performance. The ways to measure and monitor progress of enterprise on environmental issues are many for it is impossible to select one general approach for all enterprises. It is important to determine the system which would best satisfy the specifics of each enterprise.

Environmental Costs in Hotels

The impact of the hotel on the environment is significant. No matter what size or where the hotel is situated, its business performance includes using large quantities of water and energy and producing large amounts of wastewater, solid waste that in order to minimize the pollution of the environment need to be managed properly. "Environmental costs are impacts incurred by society, on organization, or an individual resulting from activities that affect environmental quality and those impacts can be expressed in monetary or non-monetary terms" (EPA 1989, GEMI 1994).

The hotel inputs and outputs concerning the environment cost. The connection between them lies in the use of energy which causes lower atmospheric pollution, lower water consumption that causes less wastewater and less distortion of the hydrological cycle, better use of other productive factors which cause less contamination of soil and less land used for rubbish tips. Therefore, it is essential for accounting systems to provide special statements that will meet the needs for presenting the information on environmental costs. It is also essential to apply to those costs the 3 R's of environmental culture - REDUCE, REUSE, RE-CYCLE - where it is possible.

Conclusion

Environmental costs are associated with a product, process, system or facility, attaining such goals as reducing environmental expenses, increasing revenues, improving environmental performance, and include any such cost, direct or less tangible, with short- or long- term financial consequences for the firm. Conventional costs (costs of using raw materials, utilities, capital goods, supplies....) are addressed in accounting, but not usually considered environmentally. However, decreased use and less waste of this resource are environmentally preferable, reducing both environmental degradation and consumption of nonrenewable resources. Moreover, it may not always be clear whether a cost is environmental or not, because some cost fall in a gray zone, or may be classified as partly environmental and partly not. There are many different ways to categorize environmental costs.

REFERENCES

Environmental Protection Agency (EPA) 742-R-94-003A 1993. Report of the Workshop on Accounting and Capital Budgeting for Environmental Costs... supported by U.S Chamber of Commerce and conclusions of the Business Roundtable the American Institute of Certified Public Accountant, the Institute of Management Accountants with AACE International – the Society of Total Cost Management, (5-7 December) | Accounting for the environment in the national accounts, feature Article of AusStats. 2002. | Australian National Accounts, National Income, Expenditure and Product, National Accounts, Article No. 5206.0, (September) | <http://www.abs.gov.au/Ausstats/abs@.nsf/0/5a0a96ef9e45d3b8ca256cae0016e52570...> | Agenda 21 – "Principles for Sustainable Development in the Travel and Tourism Industry", published World Travel and Tourism Council, World Tourism Organization and the Earth Council An Introduction to Environmental Accounting – As a business management tool – Key concepts and terms 1995, EPA 742-R-95-001 -(United States) | Environmental Protection Agency, Office of Pollution Prevention And Toxics (MC 7409) Washington, D.D.20460, Baily,P. 1995. EPA – U.S. | Environmental Protection Agency – Environmental Accounting Case Studies – Green Accounting at AT&T, Approaches to environmental accounting, AT&T Environmental Accounting Glossary, Work Assignment 109, Task 3, Final AT&T Study Contract No. 68-W2-0008, United States | Environmental Protection Agency, Office of Pollution Prevention & Toxics (MC-7409) 20460, EPA#742-R-95-003, Washington D.C., , p. 19 |