

GREEN PRACTICES OF MALAYSIAN HOTELIERS AND THE APPLICATION OF FISCAL INCENTIVES

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ABSTRACT

In recent years, the environmental issues in Malaysia continue with deforestation, climate change and global warming. Intergovernmental Panel on Climate Change (IPCC) (2007) predicted that Malaysia's temperatures will increase by 0.6 to 4.5°C by year 2060. The scenario has attracted the humanity concerns that lead to the creation of eco-friendly consumption, called green consumption. This triggers the researchers to undertake this study on adoption of green practices and application of fiscal incentives among hoteliers, which are regarded as one of the potential industry that contribute to high environmental pollution. For that purpose, data from 99 samples of hoteliers were gathered and analyzed. Results indicate that 50% of the hoteliers under study adopt green practices. Specifically, business hotels, mid-range hotels, 4-star hotels and hotels that operate for 15 years or more are highly committed to the green practices in Malaysia. With regard to the application of fiscal incentives, the interviews provide mix findings where some of the participants did not even aware of the incentives, while others have some ideas. Of those, some have enjoyed the incentives while the remaining has not applied. The findings would provide insightful information about the current adoption of green practices in Malaysia. The fact that many hoteliers are not aware of the fiscal incentives can be overcome if the authority provides more efforts to reach out to the industries involved.

Keywords: Green, environment, hoteliers, fiscal incentives, interview

INTRODUCTION

Pollution is the introduction of contaminants into the natural environment that causes adverse change. The most common pollutions in the world are air pollution, water pollution and waste disposal. In order to control such pollution effect, a rigorous green effort has been launched either by individuals, companies, non-governmental organizations (NGOs) or even governments. These can be evidenced through a number of green-related activities such as recycling, water and

energy conservation, environmental education, waste management and afforestation (the planting of trees). This growing environmental mindfulness can be attributed to government regulation, changing consumer demand, advocacy and initiatives by NGOs and ethics by professional associations (Bramwell & Alletorp, 2001; Forsyth, 1995; Horobin & Long, 1996; Middleton & Hawkins, 1993; Stabler & Goodall, 1997; Vernon et al., 2003).

Such environmental awareness is also shared by the hotel industry which has taken proactive measures within their capacity in order to preserve the environment. In fact, Green Hotels Association (2014) also labels pro-environmental lodging properties that implement various green practices as green hotels. Such branding signifies their commitment towards environmental preservation. In tandem with this, a number of studies have been undertaken to date investigating the green practices of hoteliers. Hence, this study takes further steps to not only focusing on the green practices but also examining the criteria of those hoteliers. Additionally, this study aims to reveal whether or not the fiscal incentives motivate them to engage in green practices.

The second part of the paper provides a review of literature on green practices and fiscal incentives. The third part deals with the methodology used to conduct the study. The fourth part presents the analysis and results. Finally, a conclusion is drawn.

A Review of Green Practices in Hotel Industry

In their effort of preserving the nature, hotels normally follow eco-friendly guidelines and practice environmental management system. This environmental commitment is demonstrated through eco-labels or the green globe logo, and techniques related to best practices in environmental management with experts' help (International Hotels Environmental Initiative, 1993). In particular, the green practices implemented by hoteliers include saving water and energy, reducing the solid waste, and recycling and reusing the durable service items. Saving water/energy is done through activities such as linen reuse program (Mensah, 2006), reclaiming waste water for different purposes and reducing the usage of water, replacing central air-conditioning with room air conditioners/individual wall units, controlling temperature and retrofitting lighting and use of energy-efficient light bulbs. Bohdanowicz, Zientara and Novotna (2011) documented that 70 Hilton properties in Continental Europe were able to reduce energy use per square meter by 15 per cent, reduce water use and CO₂ emissions per guest night by 8 per cent; educate and involved more than 16,000 employees in three years. In the same vein, Marriott International claimed that through its "Spirit to Preserve" program, the company was able to reduce energy consumption by 11 per cent, greenhouse gas emissions by 10.7 per cent and water consumption by 8.2 per cent per available room in two years (Marriott International, 2011).

In order to reduce solid waste, an eco-friendly purchasing policies are put in place. In this instance, non-toxic cleaning supplies are purchased from local suppliers. In addition, some hotels do not offer bathroom toiletries on daily basis for the same guests who stay more than a night. In their effort to promote recycling and reusing, hotels encourage guests to use recycling bins and towels (Green Hotels Association, 2014). Alongside the above-mentioned initiatives, credible certification programs such as Green Seal, Leadership in Energy and Environmental Design (LEED), Green Key, Green Leaf, The Green Tourism Business Scheme (GTBS) are being increasingly espoused by hoteliers to install rigorous environmental practices and signify high standard in environment management (Geerts, 2014).

Most green initiatives require only organizational action; however, hotels often engage both employees and guests in the environmental management process. Signs that remind guests to turn off the lights, reuse towels or linen and use water more conservatively have become common place in hotels. In almost all cases, the signs accompany a cue for environmental concern. While these practices are usually environment friendly, hotels largely benefit from cost-savings, which is evident if not always openly disclosed. An example of such a greenwashing practice is a sign that reads “save the planet: re-use towels”, giving the impression that the hotel is concerned about conserving water, when in reality, it is merely trying to reduce laundry expenses (Garza, 2011).

In addition to the signs, hotels are also marketing their green image through various advertising media and through corporate social responsibility (CSR) claims. However, consumers often cannot verify the credibility of such initiatives and, consequently, view the management as partakers of greenwashing. Indeed, a majority of US travellers (56 per cent) are sceptical of what companies tell them about their green practices (Phocuswright, 2009).

In the case of Malaysia, some hoteliers have taken steps in promoting the green hotel concept in their business operations. In year 2014, 10 Malaysian hotels have been awarded with ASEAN Green Hotel Awards. The ten hotels are Shangri-La’s Tanjung Aru Resort and Spa Kota Kinabalu, Shangri-La’s Rasa Ria Resort Tuaran and Nexus Karambunai Kota Kinabalu (Sabah); Riverside Majestic Hotel Kuching and Miri Marriot Resort and Spa (Sarawak); Mandarin Oriental Hotel, The Shangri-La Hotel and Renaissance Kuala Lumpur (Kuala Lumpur); The Andaman Langkawi (Kedah) and The Shangri-La’s Rasa Sayang Resort and Spa (Penang). Study by Kasimu, Zaiton and Hassan (2012) on sustainable tourism practices revealed the most commonly adopted approach of preserving the environment by Malaysian hotels within Klang Valley. The approaches are the use of occupancy sensor/key card control system as energy saving measures, as well as the use of energy-efficient equipment and products. The results provide support to a number of preliminary studies which indicates the widespread adoption of

energy management among hotels. Adopting these practices has enabled Malaysian hotels to benefit from improved image to the guests and the local communities as well as the enhancement of a safe and healthy environment for hotel guests and employees.

Fiscal Incentives to Hotel Industry

The main environmental law in Malaysia was introduced in 1974 with the Environmental Quality Act 1974. Since then, various regulations were introduced to supplement the Act which covers issues such as control of petrol and diesel properties, scheduled wastes, and its treatment and disposal facilities. In 2002, the National Policy of the Environment was introduced which deals with issues such as the stewardship of the environment, conservation of nature and diversity, continuous improvement in the quality of the environment, and sustainability. Later in 2009, Malaysia introduced the National Green Technology Policy, which deals with using technology as a way to accelerate the Malaysian economy and to promote sustainability.

In respect of environmental tax policy, Malaysia government has introduced major tax incentives to encourage industry to be more environmental friendly. The incentives are:

- Double deduction
- Research expenditure
- Technical services – payment of usage of testing equipment
- Capital allowances
- Accelerated rates for plants
- Plant and machinery for recycling wastes
- Plant and machinery for conservation of energy

As for hotel industry itself, there are a number of incentives offered in order to promote the growth of such industry without compromising the nature. Summary of the incentives are outlined in Table 1 below.

Table 1: Fiscal Incentives Given to Hotel Industry

Incentive	Eligibility	Incentive
Pioneer Status	Eligible to 1 to 5 star hotels	Enjoys a five (5) year partial exemption from the payment of income tax. The company will only have to pay tax on 30% of its statutory income, commencing from its Production day. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.
Investment Tax Allowance (ITA)	Eligible for 4 and 5 star hotels	This is an alternative to pioneer status incentive. A company granted the ITA gets an allowance of 60% on the qualifying capital expenditure incurred within five years from the date on which the first qualifying capital expenditure is incurred. Companies can set off this allowance against 70% of statutory income in the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
Enhanced Incentives for Undertaking New Investment in Hotel	Eligible for 4 and 5 star hotels	<ul style="list-style-type: none"> • Pioneer status, with income tax exemption of 100% of the statutory income for a period of 5 years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company. • Investment tax allowance of 100% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against

			100% of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
Incentives for Reinvestments in Hotels	Eligible to 1 to 5 star hotels		60% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
	Eligible for 4 and 5 star hotels in Sabah and Sarawak		100% on the on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 100% of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
Incentive for Reinvestment in Tourism Projects	Eligible to 1 to 5 star hotels that reinvest in the expansion and modernisation in tourism projects		<ul style="list-style-type: none"> • Pioneer status, with income tax exemption of 70% of the statutory income for a period of 5 years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.
			<ul style="list-style-type: none"> • Investment tax allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Source: Malaysian Investment Development Authority (2018)

In addition to these incentives, hotel operators may also enjoy the green incentives if they meet the required conditions, as set out in Table 2.

Table 2: Green Incentives for Hotel Industry

Incentive	Eligibility	Incentive
Conservation of the environment	Companies undertaking performance contracting service activities to conserve usage of energy	<p>Tax exemption under pioneer status of 100% of statutory income for ten (10) years; or investment tax allowance of 100% of qualifying capital allowance incurred within five (5) years to be offset against 100% of statutory income.</p> <p>Import duty and sales tax exemption on energy conservation equipment not produced locally and sales tax exemption on the purchase of equipment from local manufacturers.</p>
Companies which incur capital expenditure for conserving energy for own consumption.	Nil	<p>Investment tax allowance of 100% of qualifying capital allowance incurred within five (5) years to be offset against 100% of statutory income.</p> <p>Import duty and sales tax exemption on energy conservation equipment not produced locally and sales tax exemption on the purchase of equipment from local manufacturers.</p>
Companies using biomass, hydro power (not exceeding 10 megawatts) or solar power for generation of energy	Nil	<p>Tax exemption under pioneer status of 100% of statutory income for ten (10) years; or investment tax allowance of 100% of qualifying capital allowance incurred within five (5) years to be offset against 100% of statutory income.</p> <p>Import duty and sales tax exemption on equipment used to generate energy from renewable sources not produced locally</p>

		and sales tax exemption on the purchase of equipment from local manufacturers.
Company generating renewable energy for own consumption	Nil	Investment tax allowance of 100% of qualifying capital allowance incurred within five (5) years to be offset against 100% of statutory income.

Source: PricewaterhouseCoopers (2013)

Research Design

This study focuses on hotel industry as it is considered as one of the most harmful hazardous industry to a country (Bohdanowicz, 2006), which contributes 75 per cent of its environmental impact to disproportionate consumption of non-durable goods, energy and water. This study adopts a sequential mixed method approach with survey administration and semi-structured interview. This approach is considered appropriate to answer the objectives of the study. This study was cross sectional in nature, whereby data were collected at a point in time. A cross-sectional design is simple, inexpensive and allows for the collection of data in a relatively short period of time.

Population and Sampling Technique

In Malaysia, there are 4,459 hotels of various ratings in year 2015. The population was furthered narrowed down to 226 hotels rated as four and five star hotels as registered in Lateroom.com. The reason being is that the fiscal incentives offered to four and five star hotels are different than their counterpart. In determining the sample size, Roscoe’s (1975) rule of thumb suggested that sample sizes between 30 and 500 are appropriate for most research. Similarly, Kline (2005) also suggested that a sample size ranging from 100 to 200 was usually a good starting point. Hence, 189 samples were selected according to region as depicted in Table 3.

Table 3: Number of Sample According to Region

Region	Distributed	Collected
Northern	31	30
Central	80	57
Southern	52	7
East Malaysia	26	5
Total	189	99

Data Collection Method and Procedures

Data were collected by distributing questionnaires to the 189 potential hotel operators in Malaysia including East Malaysia. It further utilized a self-administered procedure called the “drop-off and pick-up procedure” (Sekaran, Robert, & Brain, 2001). In addition to the survey, semi-structured interview were also conducted with eight selected hotel operators. The interview sessions were recorded and transcribed. The hotels were Frangipani Hotel and Spa Langkawi, Resort World Hotel Langkawi, Aiman Batang Ai Resort Sarawak, Golden Sand Hotel and Resorts Penang, Lone Pine Hotel Penang, Park Royal Hotel Penang, Riverside Majestic Kuching, and Ranee Hotel Kuching.

Research Instrument

Survey questionnaire is divided into four Parts. Part One deals with company profile which include hotel category, hotel classification, hotel rating, hotel location, hotel ownership, number of rooms and annual occupancy rate. Parts Two, Three and Four sought responses on green practices, green policy and fiscal incentives, respectively. For green practices section, the respondents were requested to respond to seven (7) items namely (i) application of green products and materials; (ii) waste reduction management; (iii) energy management; (iv) water management and conservation; (v) community service; (vi) indoor environmental quality; and (vii) sustainable site planning and management.

Part Three focuses on green practices which are subdivided into (i) internal practices, (ii) environmental impact, and (iii) socio-economy impact, and made up 11 items altogether. Part Four concerns on a number of fiscal incentives enjoyed by the hotel operators, namely investment tax allowance, pioneer status, accelerated capital allowance, and green technology incentive. Ten items were designed to seek the answer for this section, including one open-ended question. Table 4 sets out the summary of the questionnaire.

Table 4: Structure of Questionnaire

Part	Construct	Type of question	Number of items
1	Company Profile	Categorical	12
2	Green Practice	Categorical	7
3	Green Policy	Likert scale	11
4	Fiscal Incentives	Categorical	10

For the interview approach, a set of semi-structured interview question was formulated. The interview questions were divided into two sections, i.e. on fiscal incentive and how green

practices could enhance their business sustainability.

Data Analysis Techniques

Data gathered from questionnaires were analyzed using Statistical Package for Social Sciences (SPSS). Prior to further analysis, reliability and normality of data were tested and verified. Since the data were considered normally distributed, appropriate statistical tools were deployed. Data analysis approaches undertaken were demographic analysis, descriptive analysis, cross tabulation and inferential analysis.

Demographic analysis provides details of the respondents such as hotel category, location, years in business, location etc. This information is important to provide an overall understanding on the respondents prior to further analysis. Descriptive analysis provides the profile of the collected sample, such as mean, median, standard deviation and range of scores as well as information relating to the distribution of scores on continuous variables as well as the frequencies of the categorical variables. For this study, descriptive analysis was used to answer the first objective of the study, i.e. to identify the extent of the adoption of green practices amongst hoteliers. Subsequently, cross tabulation analysis was conducted to compare the green policy practices within different hotel category, hotel classification, hotel rating, which is the second objective of the study. In order to answer the third objective, a descriptive analysis combined with the thematic analysis of the recorded interviews was employed.

RESULTS AND DISCUSSIONS

The demographic information of the sample is set out in Table 5. It demonstrates that more than 50 per cent of the sample are business hotel, 21 per cent are resort hotel. Mostly, the hotels are medium size with 67 per cent and 32 per cent are luxury hotel. Most of the hotels are located in the city centre with 59 per cent, 20 per cent at commercial area and 16 per cent are tourist resort. In terms of years of operation, 37 per cent of hotels have operated 11 to 15 years. In terms of number of staff worked in the hotels, the range is from 50 to 200 staff. More than 57% of hotels do have more 200 staff working in the hotels. In terms of ownership and management structure, 57 per cent are independently owned and self-managed, while 30 per cent are managed through chain. About 40 per cent of the hotels are locally owned and operated, and 25 per cent are partly locally operated chain or group. Most of the hotels (56 per cent) have 101 to 300 rooms and only 30 per cent that have more than 300 hotels. In terms of the occupancy rate, 29 per cent of the hotels are occupied at range 56 to 75 per cent.

Table 5: Demographic Information of the Hotels

Panel A: Hotel Category	Frequency (N=99)
Resort hotel	21
Business hotel	57
Heritage hotel	12
Boutique hotel	9
Panel B: Hotel Classification	
Medium	67
Large	32
Panel C: Hotel Description	
Mid-range	67
Luxury	32
Panel D: Hotel Location	
City centre	59
Commercial centre	20
Tourist resort	16
Along major highway	2
Airport	2
Panel E: Years in Operation	
<= 5 years	17
6 - 10 years	23
11 - 15 years	22
> 15 years	37
Panel F: Number of Staff	
<50 staff	7
50 – 100 staff	11
100– 200 staff	24
>200 staff	57
Panel G: Ownership & Management Structure	
Independently owned, self-managed	57
Independently owned, managed by franchise agreement	5
Independently owned, managed by contract agreement	7
Chain owned, managed through chain	30
Panel H: Type of Property Ownership	
Part of an international chain or group	19
Part of locally operated chain or group	25
Foreign owned and operated	15
Locally owned and operated	40
Panel I: Number of Guestrooms	
<50 rooms	7
50 – 100 rooms	6
101 – 300 rooms	56

> 300 rooms	30
Panel J: Occupancy Rate	
<25%	1
25 - 40%	21
41 – 55%	27
56 – 75%	29
> 76%	21

With regard to the green practices among hoteliers, the results as in Table 6 divide the practices into three (3) sections that are internal practices, environmental impact and socio-economy impact. There are five items analysed under internal practices. Based on the findings, most of the hotels are undecided in terms of hiring external consultants to teach staff on different aspects of environmental management (mean = 2.95; std. dev. = 1.22). However for the other four items measured under the internal green practices, they respondents agreed that they are partially implemented by hotels. This findings outlay that hotels have placed a green information packs in the guest rooms (mean = 3.30; std. dev. = 1.52), having ISO14001 certification in their hotels (mean = 3.85; std. dev. = 1.48), form green team committee and working with NGOs (mean = 3.27, std. dev. = 1.43) and work with government and NGO to create green awareness (mean = 3.20, std. dev. = 1.34).

For the environmental impact, this study found that most hotels partially implement all items under the environmental impact. Highest mean of 3.61 and standard deviation of 1.54 is reported for the environment friendly waste treatment (composite kitchen and garden wastes). This is followed by care for surrounding nature including wildlife, reforestation, organic garden which scored a mean of 3.43, with standard deviation of 1.51; install energy saving devices (mean = 3.39; std. dev. = 1.29) and notices to encourage guests to minimize water usage (mean = 3.36; std. dev. = 1.45).

There are two items being measured under socio-economy impact. Both items are found to be partially implemented by hotels in Malaysia. Hotels do actively cooperate with others and sharing about green practices (mean = 3.40, std. dev. = 1.26) and hotels do conduct educational activities to raise awareness for the local community (mean = 3.25; std. dev. = 1.37).

Overall, the results from this study are consistent with Chan and Hawkins (2010) that green hotels do practice Environmental Management System which meet the international standards requirements and also extends the relationship between the hotel, its guests, the local community and suppliers.

Table 6: Green Practices among Hoteliers

Practices	Highly implement (5)	Partially implement (4)	Undecided (3)	Not really implement (2)	Not implement at all (1)	Mean	Std. Dev.
A: Internal Practices							
Hire external consultants to teach the staff on different aspects of environmental management	14	19	25	24	9	2.95	1.22
Place green information packs in the guest rooms	18	14	12	20	29	3.30	1.52
Have ISO14001 certifications	4	3	5	3	18	3.85	1.48
Form green team or green committee made up of many different departments and levels of personnel	16	14	12	29	21	3.27	1.43
Work with governmental and non-governmental organizations to promote and create awareness about environmental issues	15	15	13	35	14	3.20	1.34
B: Environmental Impact							
Encourage guests to minimize water usage by using notices	15	15	6	31	23	3.36	1.45
Install energy saving devices (motion sensors, solar panels, timers, key card system, inverters) to reduce energy consumption in public areas	34	17	14	25	2	3.39	1.29
Environment friendly waste treatment (Composite kitchen and garden wastes)	10	15	3	13	34	3.61	1.54
Care for surrounding nature (wildlife, reforestation, organic garden)	14	8	7	21	23	3.43	1.51
C: Socio-Economy Impact							
Actively cooperate with others by sharing and educating other hotels and organizations about green practices	11	10	14	37	15	3.40	1.26

Conduct educational activities to raise awareness in the local community about environmental practices by conducting related programs	15	12	12	32	16	3.25	1.37
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In order to understand the criteria of hoteliers which engage in green practices, cross-tabulation analysis was performed. Results in Table 7 demonstrate the green practices policy against hotel category, which showed that business hotels and resort hotels championed in green practices policy for all three aspects. For internal practices, the range of scores for the business hotels was around 11 to 21 per cent for ISO14001 certification, green information in guest rooms, working hand-in-hand with NGOs, green team and hiring external consultants. Whilst environmental impact has a score between 10 to 27 per cent for care for the surrounding nature, water saving, eco-waste treatment and the usage of energy-saving devices. In terms of socio-economy impact, the score were around 11 to 16 per cent for conducting educational activities with other hotels and the locals. Among the three aspects, the findings provide support that the hotels are more inclined towards environmental impact which is easier to adopt and implemented notwithstanding of the costs involved. Results further revealed that heritage hotels were the least implementer of green practices.

Table 7: Green Practices Policy vs. Hotel Category

A: Internal Practices	Category of Hotels	Yes		No	
		N	%	N	%
Hire external consultants to teach the staff on different aspects of environmental management	Resort hotel	7	7.07	14	14.14
	Business hotel	21	21.21	36	36.36
	Heritage hotel	2	2.02	9	9.09
	Boutique hotel	4	4.04	6	6.06
	Total	34	34.34	65	65.66
Place green information packs in the guest rooms	Resort hotel	9	9.09	12	12.12
	Business hotel	14	14.14	43	43.43
	Heritage hotel	3	3.03	8	8.08

	Boutique hotel	6	6.06	4	4.04
	Total	32	32.32	67	67.68
	Resort hotel	4	4.04	17	17.17
	Business hotel	11	11.11	46	46.46
Have ISO14001 certifications	Heritage hotel	1	1.01	10	10.10
	Boutique hotel	5	5.05	5	5.05
	Total	21	21.21	78	78.79
	Resort hotel	9	9.09	12	12.12
Form green team or green committee made up of many different departments and levels of personnel	Business hotel	16	16.16	41	41.41
	Heritage hotel	1	1.01	7	7.07
	Boutique hotel	5	5.05	8	8.08
	Total	31	31.31	68	68.69
	Resort hotel	10	10.10	11	11.11
Work with governmental and non-governmental organizations to promote and create awareness about environmental issues	Business hotel	15	15.15	42	42.42
	Heritage hotel	2	2.02	9	9.09
	Boutique hotel	4	4.04	6	6.06
	Total	31	31.31	68	68.69
B: Environmental Impact					
	Resort hotel	10	10.10	11	11.11
Encourage guests to minimize water usage by using notices	Business hotel	12	12.12	45	45.45
	Heritage hotel	2	2.02	9	9.09
	Boutique hotel	7	7.07	3	3.03
	Total	31	31.31	68	68.69
Install energy saving devices (motion sensors, solar panels, timers, key card system, inverters)	Resort hotel	16	16.16	5	5.05
	Business hotel	27	27.27	30	30.30

to reduce energy consumption in public areas	Heritage hotel	6	6.06	5	5.05
	Boutique hotel	9	9.09	1	1.01
	Total	58	58.59	41	41.41
	Resort hotel	11	11.11	10	10.10
Environment friendly waste treatment (Composite kitchen and garden wastes)	Business hotel	13	13.13	44	44.44
	Heritage hotel	3	3.03	8	8.08
	Boutique hotel	7	7.07	3	3.03
	Total	34	34.34	65	65.66
	Resort hotel	8	8.08	13	13.13
Care for surrounding nature (wildlife, reforestation, organic garden)	Business hotel	10	10.10	46	46.46
	Heritage hotel	5	5.05	6	6.06
	Boutique hotel	6	6.06	4	4.04
	Total	29	29.29	69	69.70
C: Socio-Economy Impact					
Actively cooperate with others by sharing and educating other hotels and organizations about green practices	Resort hotel	7	7.07	14	14.14
	Business hotel	11	11.11	46	46.46
	Heritage hotel	1	1.01	10	10.10
	Boutique hotel	4	4.04	6	6.06
	Total	23	23.23	76	76.77
Conduct educational activities to raise awareness in the local community about environmental practices by conducting related programs	Resort hotel	7	7.07	14	14.14
	Business hotel	16	16.16	41	41.41
	Heritage hotel	2	2.02	9	9.09
	Boutique hotel	4	4.04	6	6.06
	Total	29	29.29	70	70.71

Table 8 explains the green practices policy by hotel description. Hotels are divided into luxury hotels, middle-range hotel and boutique hotels. Mid-range hotels were found to have actively engaged in all three (3) aspects of green practices as compared to other hotel categories. For the internal practices about 26 to 27 per cent of mid-range hotels do actually perform the green practices. The environmental impact has the greatest score of around 24 to 41 per cent of mid-range hotels do support these activities. While around 20 to 22 per cent of mid-range hotels participate for socio-economy activities. Boutique hotel operators appeared to not or minimally adopt green practices in their hotels.

Table 8: Green Practices Policy vs. Hotel Description

A: Internal Practices	Hotel Description	Yes		No	
		N	%	N	%
Hire external consultants to teach the staff on different aspects of environmental management	Luxury	7	7.07	21	21.21
	Mid-range	26	26.26	42	42.42
	Others	1	1.01	2	2.02
	Total	34	34.34	65	65.66
Place green information packs in the guest rooms	Luxury	5	5.05	23	23.23
	Mid-range	27	27.27	41	41.41
	Others	1	1.01	2	2.02
	Total	33	33.33	66	66.67
Have ISO14001 certifications	Luxury	4	4.04	24	24.24
	Mid-range	17	17.17	51	51.52
	Others	0	0.00	3	3.03
	Total	21	21.21	78	78.79
Form green team or green committee made up of many different departments and levels of personnel	Luxury	5	5.05	23	23.23
	Mid-range	26	26.26	42	42.42
	Others	0	0.00	3	3.03
	Total	31	31.31	68	68.69
Work with governmental and non-governmental organizations to promote and create awareness about environmental issues	Luxury	4	4.04	24	24.24
	Mid-range	26	26.26	42	42.42
	Others	0	0.00	3	3.03
	Total	30	30.30	69	69.70
B:Environmental Impact					
Encourage guests to minimize water usage by using notices	Luxury	5	5.05	23	23.23
	Mid-range	25	25.25	43	43.43
	Others	0	0.00	3	3.03

	Total	30	30.30	69	69.70
Install energy saving devices (motion sensors, solar panels, timers, key card system, inverters) to reduce energy consumption in public areas	Luxury	14	14.14	14	14.14
	Mid-range	41	41.41	29	29.29
	Others	1	1.01	0	0.00
	Total	56	56.57	43	43.43
Environment friendly waste treatment (Composite kitchen and garden wastes)	Luxury	9	9.09	19	19.19
	Mid-range	24	24.24	44	44.44
	Others	0	0.00	4	4.04
	Total	33	33.33	67	67.68
Care for surrounding nature (wildlife, reforestation, organic garden)	Luxury	8	8.08	20	20.20
	Mid-range	20	20.20	47	47.47
	Others	0	0.00	4	4.04
	Total	28	28.28	71	71.72
C: Socio-Economy Impact					
Actively cooperate with others by sharing and educating other hotels and organizations about green practices	Luxury	3	3.03	25	25.25
	Mid-range	20	20.20	48	48.48
	Others	0	0.00	3	3.03
	Total	23	23.23	76	76.77
Conduct educational activities to raise awareness in the local community about environmental practices by conducting related programs	Luxury	7	7.07	21	21.21
	Mid-range	22	22.22	48	48.48
	Others	0	0.00	1	1.01
	Total	29	29.29	70	70.71

With regard to hotel rating, Table 9 displays the results. Four-star hotels are found to have highly engaged in green practices relative to hotels with lower (3-star) or higher ratings (5-star). The mean scores are ranging from 15 to 24 per cent for internal practices; 18 to 31 for environmental impact; and 28 to 29 percent for socio-impact. Interestingly, five-star hotels appeared to be less engaged with all aspects of green practices.

Table 9: Green Practices Policy vs. Hotel Rating

A: Internal Practices	Hotel Rating	Yes		No	
		N	%	N	%
Hire external consultants to teach the staff on different aspects of environmental management	3-star	5	5.05	9	9.09
	4-star	20	20.20	35	35.35
	5-star	9	9.09	21	21.21
	Total	34	34.34	65	65.66
Place green information packs in the guest rooms	3-star	6	6.06	7	7.07
	4-star	22	22.22	33	33.33
	5-star	3	3.03	27	27.27
	Total	31	31.31	67	67.68
Have ISO14001 certifications	3-star	2	2.02	12	12.12
	4-star	15	15.15	40	40.40
	5-star	4	4.04	26	26.26
	Total	21	21.21	78	78.79
Form green team or green committee made up of many different departments and levels of personnel	3-star	5	5.05	9	9.09
	4-star	21	21.21	34	34.34
	5-star	5	5.05	25	25.25
	Total	31	31.31	68	68.69
Work with governmental and non-governmental organizations to promote and create awareness about environmental issues	3-star	4	4.04	11	11.11
	4-star	24	24.24	31	31.31
	5-star	3	3.03	27	27.27
	Total	31	31.31	69	69.70
B:Environmental Impact					
Encourage guests to minimize water usage by using notices	3-star	9	9.09	5	5.05
	4-star	18	18.18	37	37.37
	5-star	4	4.04	26	26.26
	Total	31	31.31	68	68.69
Install energy saving devices (motion sensors, solar panels, timers, key card system, inverters) to reduce energy consumption in public areas	3-star	10	10.10	4	4.04
	4-star	31	31.31	24	24.24
	5-star	17	17.17	13	13.13
	Total	58	58.59	41	41.41
Environment friendly waste treatment (Composite kitchen and garden wastes)	3-star	8	8.08	4	4.04
	4-star	19	19.19	37	37.37
	5-star	7	7.07	23	23.23
	Total	34	34.34	64	64.65
Care for surrounding nature (wildlife, reforestation, organic	3-star	5	5.05	9	9.09

garden)	4-star	18	18.18	36	36.36
	5-star	6	6.06	24	24.24
	Total	29	29.29	69	69.70
C: Socio-Economy Impact					
Actively cooperate with others by sharing and educating other hotels and organizations about green practices	3-star	6	6.06	8	8.08
	4-star	29	29.29	26	26.26
	5-star	18	18.18	12	12.12
	Total	53	53.54	46	46.46
Conduct educational activities to raise awareness in the local community about environmental practices by conducting related programs	3-star	5	5.05	9	9.09
	4-star	28	28.28	27	27.27
	5-star	16	16.16	14	14.14
	Total	49	49.49	50	50.51

Table 10 illustrates that hotels that have been operating for more than 15 years highly implemented four (4) items of internal practices such as placing green information in the guest rooms, having ISO14001 certification, green team and hiring external consultants to teach the staff. As for working with NGOs, hoteliers with 11 to 15 years of experience had done more than the other counterparts. For the environmental impact, hotels which operated more than 15 years do show a positive sign towards use notices to encourage guests to minimize water usage, and adopt friendly waste treatment. Similarly, these matured hotels showed an inclination towards installing energy saving devices, and care for surrounding nature but at lesser extent. For the socio-economy impact, hotels operated more than 15 years are actively involved to educate other hotels, other organisations and the locals on environmental practices. On contrary, the commitment of hotels with five (5) years or less for the green practices, are less apparent.

Table 10: Cross Tabulation: Green Practices Policy (Years of Operation)

		Yes		No	
A: Internal Practices	Year in Operation	N	%	N	%
		Hire external consultants to teach the staff on different aspects of environmental management	5 years or less	6	6.06
6 to 10 years	7		7.07	16	16.16
11 to 15 years	5		5.05	17	17.17
More than 15 years	15		15.15	22	22.22
Total	33		33.33	66	66.67
Place green information packs in the guest rooms	5 years or less	4	4.04	13	13.13

	6 to 10 years	9	9.09	14	14.14
	11 to 15 years	13	13.13	11	11.11
	More than 15 years	23	23.23	12	12.12
	Total	49	49.49	50	50.51
	5 years or less	9	9.09	8	8.08
	6 to 10 years	12	12.12	11	11.11
Have ISO14001 certifications	11 to 15 years	10	10.10	12	12.12
	More than 15 years	23	23.23	14	14.14
	Total	54	54.55	45	45.45
	5 years or less	8	8.08	9	9.09
	6 to 10 years	11	11.11	12	12.12
Form green team or green committee made up of many different departments and levels of personnel	11 to 15 years	14	14.14	8	8.08
	More than 15 years	17	17.17	20	20.20
	Total	50	50.51	49	49.49
	5 years or less	7	7.07	10	10.10
	6 to 10 years	9	9.09	14	14.14
Work with governmental and non-governmental organizations to promote and create awareness about environmental issues	11 to 15 years	17	17.17	5	5.05
	More than 15 years	16	16.16	21	21.21
	Total	49	49.49	50	50.51
B:Environmental Impact					
	5 years or less	6	6.06	11	11.11
	6 to 10 years	13	13.13	10	10.10
Encourage guests to minimize water usage by using notices	11 to 15 years	17	17.17	5	5.05
	More than 15 years	20	20.20	17	17.17
	Total	56	56.57	43	43.43
	5 years or less	3	3.03	14	14.14
Install energy saving devices (motion sensors, solar panels, timers, key card system, inverters) to reduce energy consumption in public areas t	6 to 10 years	7	7.07	16	16.16
	11 to 15 years	5	5.05	17	17.17
	More than 15 years	12	12.12	25	25.25
	Total	27	27.27	72	72.73
	5 years or less	6	6.06	11	11.11
	6 to 10 years	15	15.15	8	8.08
Environment friendly waste treatment (Composite kitchen and garden wastes	11 to 15 years	18	18.18	4	4.04
	More than 15 years	20	20.20	17	17.17

	Total	59	59.60	40	40.40
	5 years or less	5	5.05	12	12.12
	6 to 10 years	14	14.14	9	9.09
Care for surrounding nature (wildlife, reforestation, organic garden)	11 to 15 years	18	18.18	4	4.04
	More than 15 years	15	15.15	21	21.21
	Total	52	52.53	46	46.46
C: Socio-Economy Impact					
	5 years or less	9	9.09	8	8.08
	6 to 10 years	12	12.12	11	11.11
Actively cooperate with others by sharing and educating other hotels and organizations about green practices	11 to 15 years	13	13.13	9	9.09
	More than 15 years	19	19.19	18	18.18
	Total	53	53.54	46	46.46
	5 years or less	7	7.07	12	12.12
	6 to 10 years	10	10.10	9	9.09
Conduct educational activities to raise awareness in the local community about environmental practices by conducting related programs	11 to 15 years	10	10.10	4	4.04
	More than 15 years	17	17.17	21	21.21
	Total	44	44.44	46	46.46

Application of Fiscal Incentives by Hotel Operators

From 189 questionnaires distributed, none of the hoteliers admit that they have applied for any fiscal incentives in relation to their green practices. The result is interesting considering some of the hotels under study are 4 to 5 star hotels which are actively practising green. Having said that, the interviews were conducted, concentrating on this issue of fiscal incentives in order to reveal the actual scenario. Out of eight (8) interviews conducted, two (2) hoteliers seemed to have no idea at all about the fiscal incentives offered by the government. Among the comments when they were asked about the incentives are:

“Not yet. No one (in the hotel) knows about it”

(Hotelier 1)

“We have never received any incentives. We don’t have the info”

(Hotelier 2)

Despite their ignorance on the incentives available, they do perceive the existence of fiscal

incentives as beneficial to hoteliers in order to foster the green practices.

Another three (3) hoteliers claimed that they are aware of the incentives but hesitant to admit whether or not they have applied for. These could be due to their lack of information or confidentiality status. This could be traced through their comments when asked about the incentives:

“That one (incentive), I’m not in the position to discuss”

(Hotelier 3)

“This one (incentive), I’m not so sure. All the monetary term I don’t know. Probably you can provide information how we can do that”

(Hotelier 4)

“I think we leave it (incentive) blank...not applicable”

(Hotelier 5)

The remaining three (3) participants appeared to be knowledgeable about the fiscal incentives available to the hotel industry. This is illustrated through their responses to the researchers. For instance:

“MIDA actually came to us and say if certain things were invested based on environmental friendly project and it is a tourism project, we can get tax incentive. Yet, we did not apply on our own, but our holding company applied for that on a larger scale. There are only three (3) companies within the group that can apply for it”

(Hotelier 6)

“Yes. Now we get tax incentive for the solar panel”

(Hotelier 7)

“I understand that we had allocated a lot of money for this chiller. We did not claim capital allowance. Instead, we got rebate of RM200 per tonnes, we got 300 tonnes, so RM66,000 rebate. But there is a lot of procedure. Not flexible”

(Hotelier 8)

The results from the interviews indicate that some hoteliers do enjoy the fiscal incentives offered by the government. However, there are still some of them who are not aware of the availability of the incentives.

CONCLUSION

This study explores the green practices of hoteliers in Malaysia and the application of fiscal incentives in relation to green practices. For the purpose of this study, the green practices are categorized into internal practices, environmental impact and socio-economy impact. Using a sample of 99 hoteliers, the results reveal that about 50% of them do adopt green practices in their hotels. Further, the hoteliers demonstrate almost equal emphasis on every category of green practices. With regard to their criteria, business hotels appeared to highly implement green practices while heritage hotels found to be the least. Interestingly, mid-range hotels as opposed to luxury hotels have demonstrated their high commitment towards green practices. While some luxury hotels did participate, boutique hotels were found to minimally adopt the green practices. In terms of rating, four-star hotels are found to have highly engaged in green practices relative to hotels with lower (3-star) or higher ratings (5-star). The results also reveal that hotels that have been operating for 15 years or more have taken efforts to participate in the green practices more rigorous than the others.

With regard to fiscal incentives, some hoteliers did not aware of the incentives available while some do enjoy the incentives given but prefer not to disclose much. However, they unanimously agree that such incentives would foster the green practices among hoteliers in Malaysia. Hence, more information on the incentives should be shared with the hoteliers and more flexible means of application should be in place.

The findings are expected to be of significant to the policy makers, society and body of knowledge. In respect of policy makers, the empirical findings from this study would provide insightful information about the current adoption of green practices in Malaysia. Additionally, the fact that many hoteliers are not aware of the fiscal incentives can be overcome if the authority provides more efforts to reach out to the industries involved. With that exposure, the possibility of more hoteliers and other industry players to participate in the green practices would be improved. As for the society, the findings of this study implicitly indicate that everyone has roles to play in preserving the nature. For instance, the fact that hotel has carried out various activities and efforts within their capacity to save energy, water etc., yet, the efforts may not be fruitful if the hotel guests did not cooperate. While many studies have been undertaken so far abroad, this study adds to very few studies conducted in Malaysia, by incorporating the utilisation of fiscal incentives. In addition, this study combines the approach of data collection

through survey and in-depth interviews that have surely given more understanding of green practices among hoteliers.

This study is not without its own limitation. First limitation is the use of survey instrument which may create bias as it is a self-reporting approach. However, measures have been taken to reduce such issues such as negatively-worded statements. In addition, a mixed method approach was performed to enrich the data collected. In this instance, in-depth interviews were conducted among hoteliers who have given their consent. During the interviews, it was discovered that there are few managers are still new in this area with no specific experience handling the green practices, hence limiting their scope of discussion.

The future study may consider looking into other industries that may negatively contribute to the environment such as petroleum industry, timber, plastic industry, and other relevant industries. Specifically, the focus would be on the systematic mechanisms used to control the pollution and financial allocation in relation to that preservation. Similarly, the researchers may examine the effectiveness of the enforcement authorities to curb such environmentally harmful activities. Further, an investigation on the possible strategies from various perspectives may offer another potential study.

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