

**ADETUTU FATIMAH ADEKOYA**

**THE ADOPTION OF UNIFORM SYSTEM OF ACCOUNTS FOR THE  
LODGING INDUSTRY (USALI) IN NIGERIA**

**(A SPECIAL LOOK AT ISSUES RELATED TO SUSTAINABILITY)**



UNIVERSITY OF THE ALGARVE  
FACULTY OF ECONOMICS

2025

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Masters in Management (Tourism Management)

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Work Authorship Declaration

I declare myself to be the author of this work, which is unique and unprecedented. Authors and works consulted are properly cited in the text and are included in the listing of references.

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Adetutu Fatimah Adekoya

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## **DEDICATION**

This work is dedicated to God Almighty and to the memory of my late parents.

## **ACKNOWLEDGEMENT**

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## **ABSTRACT**

The Nigerian hospitality industry has experienced significant growth and contributed to the national economic growth in recent years through revenue generation, job creation, economic diversification, and foreign exchange earnings resulting from the increased tourism activities and introduction of new business. However, while this growth has led to infrastructural development and expansion, it has also intensified sustainability issues, such as increasing energy use, water usage, waste generation, and rising carbon emissions. With the continued expansion of the industry, there is a need for a standardised accounting system to effectively track and report sustainability metrics to maintain long-term environmental responsibility, social well-being, and economic sustainability in the industry. This study examines the adoption of the Uniform System of Accounts for the Lodging Industry (USALI), with a special look at sustainability issues.

The study adopts a quantitative, descriptive research approach, using a structured online questionnaire to collect primary data from relevant personnels (hotel managers, finance managers, and other industry professionals) of 152 hotels across the six (6) geo-political zones in Nigeria, and also secondary data from existing literatures. The data were analysed using descriptive statistics and bivariate analysis in Statistical Package for the Social Science version 25 (SPSS). A moderated mediation model (PROCESS 7) was conducted to provide insights into the relationships among the adoption of USALI, age, experience, and sustainability strategy.

The study found that the USALI adoption rate among the sampled hotels is quite satisfactory (67.1%). USALI is primarily used for decision-making and forecasting & budgeting, showing its value in financial management within the sample. However, non-mandatory use of the system was identified as the main reason by non-users of the accounting system. The hotel size, management status, location of hotel, benchmarking are some of the determinants of the USALI adoption within the sample. In addition, 57.9% of the surveyed hotels have sustainability/Environmental, Social, and Governance (ESG) strategies in place, emphasizing the importance of such strategies to business operations. Despite the evolving state of sustainability reporting in Nigeria, the study highlights that energy efficiency, water conservation, rising carbon emission and waste

management continue to be major concerns. However, only 52% of the sampled hotels have adequate data and reporting capabilities to track ESG impacts.

Additional analysis was conducted using a moderated mediated model ( PROCESS7) and this shows that age mediates the relationship between the USALI and sustainability strategy, with experience as a moderator. The results indicated that higher adoption of the USALI has a positive influence on sustainability initiatives, through age directly and indirectly within the sampled hotels. The study takes foundational background support from Institutional Theory (IT) and Stakeholder Theory (ST) to describe adoption of the USALI pattern and sustainability practices. The study contributes to the body of knowledge on management accounting and sustainability accounting by showing how the USALI enhances financial transparency and promotes operational sustainability. Recommendations include policy support, employee capacity building, stakeholder engagement and adoption of technology.

The study highlights show the adoption of the USALI can serve as an effective tool for financial and operational management that integrates sustainability/ESG strategies.

**KEYWORDS:** USALI, Hospitality Industry, Nigeria, Sustainability.

## RESUMO

Nos últimos anos, a indústria da hotelaria nigeriana registou um crescimento significativo e contribuiu para o desenvolvimento económico nacional através da geração de lucros, da criação de emprego, da diversificação económica e das receitas em divisas resultantes do aumento das atividades turísticas e da introdução de novos negócios. No entanto, embora este desenvolvimento tenha levado ao avanço e à expansão das infraestruturas, também intensificou algumas questões de sustentabilidade, como o aumento do consumo de energia, da utilização de água, da produção de resíduos e do aumento das emissões de carbono. Com a expansão contínua da indústria, é necessário um sistema de contabilidade normalizado para acompanhar e comunicar eficazmente os indicadores de sustentabilidade, a fim de manter a responsabilidade ambiental a longo prazo, o bem-estar social e a sustentabilidade económica na indústria. Este estudo examina a adoção do "*Uniform System of Accounts for the Lodging Industry*" (USALI), com um foco especial nas questões de sustentabilidade.

O estudo adota uma abordagem de pesquisa quantitativa e descritiva, utilizando um questionário estruturado disponível online para recolher dados primários de pessoal relevante (gestores hoteleiros, gestores financeiros e outros profissionais do sector) de 152 hotéis nas seis (6) zonas geopolíticas da Nigéria, e também dados secundários da literatura existente. Os dados foram analisados utilizando estatísticas descritivas e análise bivariada no "*Statistical Package for the Social Science*" versão 25 (SPSS). Foi conduzido um modelo de mediação moderado (PROCESS7) para fornecer informações sobre as relações entre a adoção da USALI, a idade, a experiência e a estratégia de sustentabilidade.

O estudo descobriu que a taxa de adoção do USALI entre os estabelecimentos hoteleiros da amostra é bastante satisfatória (67,1%). O USALI é utilizado principalmente para a tomada de decisões e para a previsão e orçamentação, o que demonstra o seu valor na gestão financeira da amostra. No entanto, a utilização não obrigatória do sistema foi identificada como a principal razão para os não utilizadores do sistema de contabilidade. A dimensão do hotel, o estatuto de gestão, a localização do hotel e o benchmarking são alguns dos fatores determinantes da adoção do USALI na amostra. Além disso, 57,9% dos hotéis inquiridos dispõem de estratégias de sustentabilidade/ambientais, sociais e de

governança (ESG), o que realça a importância dessas estratégias para as operações comerciais. Apesar do estado evolutivo dos relatórios de sustentabilidade na Nigéria, o estudo destaca que a eficiência energética, a conservação da água, o aumento das emissões de carbono e a gestão de resíduos continuam a ser as principais preocupações. Contudo, apenas 52% dos hotéis incluídos na amostra dispõem de dados adequados e de capacidades de elaboração de relatórios para acompanhar os impactos das ESG.

Uma análise adicional foi realizada utilizando um modelo mediado moderado (*PROCESS7*) que demonstra que a idade medeia a relação entre a USALI e a estratégia de sustentabilidade, com a experiência como moderador. Os resultados indicaram que uma maior adoção da USALI tem uma influência positiva nas iniciativas de sustentabilidade, através da idade, direta e indiretamente, nos hotéis da amostra. O estudo baseia-se na Teoria Institucional (TI) e na Teoria dos *Stakeholders* (TS) para descrever a adoção do padrão USALI e as práticas de sustentabilidade. O estudo contribui para o conjunto de conhecimentos sobre contabilidade de gestão e contabilidade da sustentabilidade ao mostrar como a USALI aumenta a transparência financeira e promove a sustentabilidade operacional. As recomendações incluem o apoio político, o reforço das capacidades dos trabalhadores, o envolvimento das partes interessadas e a adoção de tecnologia.

O estudo destaca que a adoção da USALI pode servir como uma ferramenta eficaz para a gestão financeira e operacional que integra estratégias de sustentabilidade - ESG.

**PALAVRAS-CHAVE:** USALI, Indústria Hoteleira, Nigéria, Sustentabilidade.

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## **ABBREVIATION LIST**

ADR	Average daily rate
AHLA	American Hotels & Lodging Association
AI	Artificial Intelligence
ANAN	Association of National Accountants of Nigeria
ARGW	Adoption Readiness Working Group
CBN	Central Bank of Nigeria
CSR	Corporate Social Responsibility
EIR	Economic Impact Report
ESG	Environmental, Social, and Governance
EWV	Energy, Water, and Waste section
FRCN	Financial Reporting Council of Nigeria
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HANYC	Hotel Association of New York City
HFTP	Hospitality Financial & Technology Professionals
HID	Hotels Inspectorate Division
ICAN	Institute of Chartered Accountants of Nigeria
ICT	Information Communication Technology
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMF	International Monetary Funds
IR	Integrated Report
ISSB	International Sustainability Standards Board
IT	Institutional Theory
NBS	National Bureau of Statistics
NTCD	Nigerian Tourism Development Commission
POR	Per Occupied Room
RevPAR	Revenue per available room
SASB	Sustainability Accounting Standards Board
SEC	Securities and Exchange Commission

SDG	Sustainability Development Goals
SMA	Strategic Management Accounting
SPSS	Statistical Package Social Science
SR	Sustainability Report
ST	Stakeholders Theory
TBL	Triple-Bottom-Line
UCLA	University of California, Los Angeles.
UN	United Nations
UNEP	United Nations Environment Programme
UNWTO	United Nations World Tourism Organization
US	United States
USA	United States of America
USALI	Uniform System of Accounts For The Lodging Industry
WCED	World Commission on Environment and Development
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council

## **1. INTRODUCTION**

In recent years, Nigeria's hospitality and tourism industry has grown substantially, driven by increase in tourism activities, foreign exchange revenues, and the development of new hospitality businesses across the country (National Bureau of Statistics, 2017). This growth stems from rising competition among tourist destinations, internal market rivalry, and better communication, which have jointly enhanced the need for operators to maintain quality products and services to remain competitive.

Despite recent developments, many businesses in Nigeria's hospitality industry still use traditional management accounting practices and have not adopted the Uniform System of Accounts for the Lodging Industry (USALI).

Many players in the Nigerian hospitality industry still use traditional management accounting practices and have not adopted the Uniform System of Accounts for the Lodging Industry (USALI). According to Ibrahim (2020), only about 28.2% of hotels surveyed in Nigeria have adopted the USALI.

Management accounting provides essential information that ensures the effective use of organizational resources for proper planning, control, measurement, and performance evaluation. It also improves internal and external communications to achieve an organization's goal.

USALI is a specific accounting standard and financial reporting system for the lodging industry that is set up to allow the accounting information of the hotel's internal results to be compared within the hotels belonging to the same chain or with the competition. USALI was the first successful and organized approach to introducing unified accountability in the hotel industry and other sectors by integrating internal activities and reporting standards to facilitate the flow of accounting procedures (Kosarkoska and Mircheska, 2012; Ibrahim, 2020). According to Ni, Chan, and Wong (2012), USALI offers comprehensive guidance on classifying, organizing, and presenting financial information, as well as a standardized reporting system that facilitates the comparison of results of different hotel operations (Harris and Brown, 1998).

Since 1926, USALI has been established worldwide as a helpful model for hospitality businesses' financial and management accounting purposes. Its creation results from intense competition among the industry stakeholders. Consistent guidelines were needed to create reports that provided a steady basis for information for the comparative analysis of financial results achieved by each business area and related departments.

The upcoming 12th edition of the USALI introduces a significant section - the new Energy, Water, and Waste section (EWW). The section is designed to aid the analysis of hotels' energy and water usage and waste generation. It further provides an elaborate and comprehensive set of criteria and indicators for hotels to follow. Also, it aims to provide the industry with a means of tracking occupancy rates, average daily rates (ADR), and revenue per available room (RevPAR).

This development is significant because hospitality operations have a considerable impact on the environment. The impact is felt since big hotels, in their efforts provide remarkable guest experiences, and operate extensive in-house facilities such as bars, restaurants, and swimming facilities that consume enormous amounts of energy and water. In this regard, sustainability has become an increasingly important concern for hoteliers. The increase in environmental awareness among consumers has made eco-friendly practices a key factor in tourists' accommodation choices. Thus, the integration of sustainability reporting into financial and operational metrics, as reflected in the new EWW section, reflects a broader industry shift toward more responsible and transparent environmental management.

The introduction of the EWW in the revised edition of the USALI will enable comparability in the industry while creating opportunities for improving operations where standards are not met. The document details the EWW, such as renewable energy, types of fuel used, and differentiating the waste into different types, such as compost and recycled.

In the face of growing competition hospitality sector, especially within Nigeria and other African countries, the adoption of sustainable practices has become necessary. Implementing eco-friendly initiatives not only contributes to environmental preservation

but also offers economic benefits. According to Okorigba, Ezema and Ekhaese (2024), big hotels that have adopted environmental sustainability practices such as energy-saving bulbs, occupancy sensors, and water conservation measures, experienced improved cost savings and operational efficiency. These practices not only reduced operational costs but also attracted more environmentally conscious guests to the hotels, thus increasing occupancy rates and revenue. Similarly, a study conducted in Kenya by Mutitu (2023) indicated a significant positive relationship between green energy practices and competitive advantage in the hotel industry. Hotels that implemented energy conservation measures reported not only reduced operational costs but also enhanced reputation among eco-conscious travelers, leading to increased customer loyalty and revenue increase.

These findings emphasize the importance of sustainability practices as a strategic initiative for hospitality businesses aiming to gain a competitive advantage, improve operational efficiency, and boost profitability in today's environmentally conscious market.

The main objective of the study is to determine the extent to which the USALI is being used in the Nigerian hospitality industry and assess the importance of sustainability accounting in the hospitality industry, now that a new USALI edition that will deal with these issues has just been released.

More specifically, the research addresses four main objectives:,

To evaluate the extent of adoption Uniform System of Accounts for the Lodging Industry (USALI) across hotels in the Nigerian hospitality sector in the Nigerian hospitality industry.

To identify the factors influencing the adoption of the USALI in the Nigerian hospitality industry.

To assess the perceived importance of sustainability issues by hotels and how to examine the extent to which these are integrated into their reporting practices.

To examine the relationship between the USALI adoption and sustainability strategies in the Nigerian Hospitality Industry, and to analyze the moderating or mediating effects of demographic variables.

The main research questions are

1. What is the extent of the adoption of the Uniform System of Accounts for the Lodging Industry (USALI) among hotels in Nigeria?
2. What factors influence the adoption of USALI in the Nigerian hospitality industry?
3. To what extent does the adoption of the USALI facilitate the implementation of sustainability practices in the Nigerian hotels.
4. What are the direct and indirect effects of the USALI adoption on the sustainability strategies of hotels in Nigeria?
5. How do demographic variables moderate or mediate the relationship between the USALI adoption and sustainability practices in Nigerian hotels?

This study is relevant as it examines the adoption of the USALI in Nigeria's hospitality sector and its importance to sustainability. It recommends enhancing decision-making, sustainable integration, and financial transparency to industry operators. Policymakers can also use the results to develop regulations that promote USALI adoption and improve sustainability reporting.

This work will be structured as follows: The first chapter deals with the introduction and background of the subject matter and the objectives of the work and presents the research questions. A literature review on the Nigerian Hospitality Industry, the USALI, Sustainability Accounting in the new USALI edition, and Sustainability will be discussed in Chapter Two. The Methodology employed in this study will be detailed in Chapter Three, encompassing the research design, the survey instrument, data collection procedures and methods of data analysis. Chapter Four will present, interpret and discuss the data results. Finally, Chapter Five will outline the main conclusions, suggestions for future research, and limitations of the work.

## **2. LITERATURE REVIEW**

This section provides an overview of the Nigerian Hospitality Industry. In addition, it discusses several aspects related to the Uniform System of Accounts for the Lodging Industry (USALI), focusing on Sustainability Accounting issues introduced in the new edition (12<sup>th</sup>), set for adoption by 1 January 2026 (HFTP,2024). Sustainability and its importance in the hospitality industry are also addressed.

### **2.1. Overview of the Nigeria Hospitality Industry**

The core of tourism is hospitality. According to Page (2009), hospitality involves providing guests with accommodation, dining, and other non-profit needs. Hospitality is a vital aspect of the tourism industry; it takes care of the welfare of tourists to any destination, which is a valuable part of tourism. The hospitality industry includes all businesses responsible for providing accommodation, food, beverages, and other ancillary services needed by tourists, including ensuring an adequate level of comfort, safety, and, most importantly, sufficient relaxation. (Bello and Bello, 2020). Hospitality is a broad service sector category, which includes accommodation, event planning, entertainment, and transportation in the tourism sector. The hospitality business directly provides products and services to promote business, entertainment, and leisure activities outside the home environment (Bhatia, 2002). Several people worldwide rely on the hospitality industry to deliver comfortable and enjoyable experiences. Industry is essential since it contributes significantly to the global economy.

Tourists usually need great care and a place to stay, making hotels within the hospitality industry a dynamic sector in our society today and playing an increasingly important role in globalization (Fagbile, 2006; Ekechukwu, 2006).

#### **2.1.1. Definition and Classification of Hotels**

Hotels are like homes away from home, and the demand for clean, safe, and comfortable hotels is on the rise (Igbojeckwe, Okoli and UgoOkoro, 2013). There has been an increase in the hotel industry's influence, which plays an essential role in fostering tourism and local economic development. The continued growth of hotels shows that tourism is profitable and growing. Between 2015 and 2020, the hotel industry in Nigeria generated

over \$3 billion (Bello and Bello, 2020), thus showing that the industry affects the country's economy. The Hotels Inspectorate Division (HID), a unit under the Nigerian Tourism Development Commission (NTCD) is saddled with the responsibility of classifying hotels in Nigeria and have classified a number of the standard hotels into five classes, One to Five stars with One star being the least in standard (Nwankwo and Agbasiere, 2021).

Hotels are classified based on different purposes, as shown in Table 2.1.

**Table 2.1: Classification of hotels**

Classification	Categories
Location	Tourism centres, Airport hotels, Resort hotels, city centres, Island
Star Ratings	1-star, 2-star, 3-star, 4-star, 5-star
Types of Guests	Family, Holiday Makers, Travelers, Tourists, and Businesses
Types of Services	World-class/luxury services, Mid-range services, and Budget/limited services

*Sources: Londa (2020); Ikenwa (2019).*

### **2.1.2. The Hospitality Industry in Nigeria**

Nigeria is a West African country and has 36 states. Abuja, the capital, is considered a tourism Centre (Falola, 2022), has a rich culture with over 500 ethnic groups and different languages, a population of 210 million, and a booming economy. It is usually referred to as the “Giant of Africa.” The World Bank considers Nigeria one of the emerging markets, and one of its strengths is the development of the hospitality industry (Worldbank Report, 2022).

Abomeh (2012) shows how the hospitality sector in Nigeria has grown over the years. The Government's establishment of guest houses in the 1920s and others in the 1950s marked the foundation of the formal hospitality business in Nigeria. Initially, hospitality establishments in Nigeria were built and run by the Government and were mainly located in essential cities with seaports, railways, or state capitals.

In Nigeria, the hospitality industry continues to develop as more and more institutions with various services are introduced, including guest houses, hotels, staff canteens, and staff clubs.

According to Bello and Bello (2020), the hospitality industry in Nigeria before Covid-19 was huge as hotels became a crucial sector in the hospitality sector, attracting investment of over \$3 billion between 2015 and 2017 (Pricewaterhouse Coopers, 2017), contributing about 4.8% (N1.7billion) to the country's Gross Domestic Product (GDP) in 2016 (Ekwujuru, 2017; Jumia Travel, 2017) and 5.1% in 2019. However, this upward trend slowed down in 2020 due to the COVID-19 pandemic (Adeoye, 2022).

The end-of-year 2022 4th quarter report from the Nigerian Bureau of Statistics stated that the hospitality sector grew by 25.56%, and the total sector contribution to the GDP was 0.73%. According to the World Travel and Tourism Council's (WTTC) Economic Impact Report (EIR), the hospitality industry's contribution to the GDP was projected to grow at an average rate of 5.4% between 2022-2032 (WTTC, 2022).

The recent growth of the hospitality industry in Nigeria has contributed to the higher use of energy, water, and other resources, thus increasing its environmental, economic, and social impact. With the increasing awareness of environmental issues globally, stakeholders and competitors are putting pressure on the hospitality industry to adopt sustainable practices and become more responsible towards the environment. Implementing these practices protects the environment and helps the organization gain a competitive advantage, increase revenue, and reduce costs.

Equally, with the introduction of the “new” Energy, Waste, and Water (EWW) section in the 12<sup>th</sup> edition of the USALI—which provides guidance and support on how to evaluate efficiency performance and prepare for stakeholder requests for information—it becomes imperative to examine the importance of sustainability reporting in the hospitality sector in Nigeria and how USALI adoption may contribute to enhance such reporting.

## **2.2. The Uniform Systems of Accounts for the Lodging Industry (USALI)**

### **2.2.1. Origins, Structure, And Purpose**

In 1926, a Uniform System of Accounts became necessary for the hospitality Industry to establish accounting and financial standards, such as Account titles, classification of

income and expenses, and ratio definition. This system was adopted by the American Hotel and Motel Association in 1961 (Kwansa and Schmidgall,1999).

The copyright initially belonged to the Hotel Association of New York City (HANYC) but was later acquired by the Hospitality Financial & Technology Professionals (HFTP) in 2018 ( HFTP, 2018).

HFTP is an international non-profit association established in 1952. It understands the dynamic challenges of the hospitality industry and seeks to provide solutions to industry stakeholders through educational resources, career development, networking, and leadership opportunities.

According to the American Hotel & Motel Association (2014), the objectives of the USALI are to provide a model of accounting that can be easily adapted by any hotel, regardless of size or category, and that can, at the same time, be used by both internal and external users. In addition, the uniformity and standardisation of the model allows comparisons between hotels and hotel chains, even if they are based in different countries or use different operating systems (Harris and Brown, 1998).

Ni, Chan and Wong (2012) suggested that the system enables creditors, trade associations, and consultancy firms (e.g., PKF Consulting) to produce standards for the industry across regional, national, and international levels (Potter and Schmidgall, 1999). Also, the USALI is a customized accounting system that is easily adaptable to meet the business needs of new establishments. (Weygandt et. al., 2009; Schmidgall, 2006).

USALI's primary purpose is to provide a system for compiling and reporting financial information to support business decision-making. The USALI seeks to establish internal processes to determine results in a uniform way. In the USALI, the information on revenues and expenses is typically reported through profit or cost centres of responsibility. Responsibility Accounting entails giving managers decision-making authority and responsibility for each activity within a specific area of the organisation and for the activities of the segments, which are known as departments or divisions. The USALI allows department heads to assess performance based on revenue and costs under their control (Popowich, Taylor and Sydor, 1997). It concurs with responsible accounting

tenets as it allocates only costs directly managed by the department manager.

By providing detailed information on various departments' performance and individual departments' contributions, the USALI enhances the overall performance of the entire hotel. It also encourages management responsibility and enhances healthy competition between departments within a hotel or similar departments in a hotel chain, thereby contributing to the establishment's profitability. Additionally, it reduces the effect of different accounting and reporting practices across countries, which is helpful for hotel chains with operations in several countries.

Responsible accounting empowers delegation authority by giving employees direct responsibility for decisions about the economic factors in their control. It emphasises the human element and its effects on operations, providing information to an organisation's management about its subunits' performance. Management can use responsibility accounting to evaluate the performance of their subordinate managers and their respective organisational units by reviewing their responsibility accounting reports. These reports reflect the revenues and costs under the control of a particular unit manager.

The USALI has become the industry standard, especially among large hotels and international chains in Europe and the United States (Harris and Brown, 1998). It allows hotels to organise their accounting information to facilitate analysis and decision-making, and it is globally accepted.

Over time, the USALI has been updated to accommodate the constant changes in the hospitality industry, to meet the users' needs, and to provide current accounting guidelines (Ni et al. 2012). The 11th edition, which includes a standardized operating statement and industry-specific perceptions (Schmidgall and DeFranco, 2015), is currently in use, while the hospitality sector prepares for the adoption of the proposed 12th edition, set to take effect on January 1, 2026 (HFTP, 2024).

A substantial function of the USALI is to encourage comparability analysis with competitors. The 11th edition improved this by allowing the removal of individual line items but disallowing adjustments or replacement items to ensure that organizations

benchmark with accurate and consistent comparison data and, hence, generate precise revenue and expense analysis (Landman, 2016).

The previous 10th edition of the USALI was suitable for the evolving business trends in the U.S. hospitality sector, such as condo-hotels, revenue generated from high-speed internet access, bulk internet sales, and resort fees. It cleared the uncertainty from the 9th edition, such as allowances, attrition and cancellation fees, and the definition of available rooms (Defranco, 2009). It also introduced significant updates, such as improved schedule content, and removed alternative financial statement formats (HANYC, 2006).

As part of the update in the expected 12th edition of the USALI, the Utilities department will be changed to the new Energy, Water, and Waste (EWW) department, with a new EWW-Schedule 9 and new EWW metrics section to complement existing industry metrics that will strengthen improved monitoring and benchmarking of EWW cost and usage. USALI's 12<sup>th</sup> edition has reclassified waste expenses from the Property Operations and Maintenance Schedule to the Energy, Water, and Waste Schedule, as well as expanded Energy and Water with more detailed accounts, descriptions, and metrics.

Additionally, this edition is expected to focus on better guidance to support small and large hotels in assessing their efficiency performance and providing information for stakeholders, thereby placing importance on integrating metrics into financial statements such as the balance sheet, income statements, statements of changes in equity, and statement of cashflows. These statements give a detailed view of the organisation's financial position and performance. As such, new metrics have been provided to assist in calculating a hotel's environmental impact on government agencies that request these statistics. The new EWW metrics provided in this latest edition of the USALI are energy cost per kWh, water cost per gal or m<sup>3</sup>, waste cost per lb. or kg, energy (kWh) used per square feet/meter, water (gal or m<sup>3</sup>) consumed per-occupied or per-available room, waste (lb. or kg) generated per-occupied or per-available room, carbon emissions, carbon footprint, or greenhouse gases. According to HFTP, this will facilitate improved EWW consumption, expense reporting, and benchmarking and provide a roadmap for tracking greenhouse gas emissions, thereby addressing the increasing Environmental, Social, and Governance. Effective management of EWW costs, utilization, and environmental impact

can enhance profitability and compliance with environmental regulations (HFTP, 2024). It offers a broad framework for consistently measuring a hotel's energy, water, and waste production.

Other changes in the USALI 12<sup>th</sup> edition include:

- A section dedicated to reporting revenues and expenses for all-inclusive (AI) resorts, thereby encouraging fair benchmarking and operational analysis as a result of the expansion of Artificial Intelligence (AI) hotels
- Addition of three new expense heads- Digital – Paid Search, Digital – Display, and Digital – Social to sales and marketing department due to the impact of technological and data analytics growth
- New metrics, ratios, and optional schedules are targeted at providing better financial tracking and operational analysis within the hospitality industry due to the growth in business operations. This includes an optional schedule to monitor rooms' revenue categorized by detailed room rate classifications and an optional schedule to track rooms' revenue based on the booking channel used by guests. Others are additional labor-related metrics that guide the calculation and analysis of overtime, employee benefits, and hourly wage rates, as well as formulas to determine turnover within the food and beverage department and formulas to assess occupancy, average treatment rate per service, and average treatment rate per hour within the spa department.
- Increased transparency to meet up with the technological development of the industry and its professionals who are increasingly relying on data-driven decisions to make their decisions. New revenue and expense categories were introduced. These are:
  - Guest Loyalty Program Costs: To increase market share and profitability in the industry, it has become imperative for hotels to focus on capturing client loyalty, as customers always appreciate the perks offered to members of loyalty programs. Hence, new expense heads such as Loyalty Program Member Benefits, Service Recovery, Loyalty Program, and Promotion for Loyalty Program have been added to various departments to track loyalty programs effectively.

- Executive Lounges: A new Executive Lounge Subschedule has been added to the Rooms Department, and Executive Lounge revenue has now been moved under Other Rooms Revenue, to allow separate tracking of Executive Lounge revenues and expenses as due to increased loyalty programs
- Full-Time Equivalents (FTE): A new mandatory schedule was introduced to track employee hours across departments, ensuring a consistent method for calculating FTEs.

### **2.2.2. The USALI's Adoption Worldwide**

According to Atkinson and Jones (2008), there is a widespread use of the USALI by hotels across the USA and Europe, and the growth of chain hotels in the USA has led to global acceptance of this standard. In their study, Harris and Mongiello (2006) also found that the USALI still influences the design of accounting packages even when it is not explicitly used.

Kwansa and Schmidgall (1999), in a survey conducted on 112 US members of the HFTP, found that the USALI's adoption rate in the USA was 78%.

Pavlatos and Paggios's (2007) research on Greek hotels revealed that 11.8% use the USALI, of which 2.9% are multinational hotel chains. This shows the low acceptance and utilisation of the USALI.

Various researchers have studied the importance of implementing the USALI in different countries.

Kosarkoska and Mirsheska (2012) also tried to investigate how the USALI can be utilised in the management of Cost, its effects on responsibility accounting and comparing standard financial reports in the industry in the Republic of Macedonia. They found that the USALI is less prevalent in the region. Only about 69.2% are familiar with the USALI; however, 69% are willing to learn the system.

In their studies of the Algarve region of Portugal, based on a survey of 66 five and four-stars hotels and apart hotels- which corresponds to a 74.25% response rate Faria (2012) and Faria et al. (2015) concluded that about 50% of hotels adopt the USALI. The authors also investigated the benefits and drawbacks of using the USALI, as well as the reasons

for adopting or not adopting it, the decision-makers responsible for adopting the USALI, and its importance in relation to other standards.

Similarly, in the Madeira Archipelago (Portugal), the adoption rate of the USALI is 61%, a satisfactory rate, as stated by Murteira (2017). This study mainly shows that the decision to adopt the USALI lies with the organisation's shareholders.

Despite these findings in Europe, there is a significant gap in research on the USALI adoption and implementation in Africa, particularly in Nigeria hospitality industry, as the USALI provides a structured framework for reporting management accounting information that can support sustainability reporting and operational efficiency. Oyewo, Hussain, and Simbi (2022), in their study on the challenges of implementing management accounting innovations, identified several key barriers to adopting and implementing new management accounting techniques, commonly referred to as Strategic Management Accounting (SMA). These challenges include high implementation costs, the non-compulsory adoption of the new techniques, a lack of relevant experience and skills, resistance to change, limited awareness and knowledge of these techniques. While the USALI is not an SMA technique, it faces similar implementation challenges, especially in developing environments where existing accounting systems are often deemed sufficient. Understanding these barriers is important to assessing the USALI's role to sustainable hospitality management in Nigeria.

While focusing specifically on Nigeria, Adeyemo (2020), in his study, found that from a survey of 103 hotels, only 28.2% adopted the USALI. He concluded that the low rate of the system's adoption in hotels in Nigeria was due to a lack of skilled employees, non-compulsion to use the system, and financial resource limitation.

### **2.3. Sustainability Accounting / Reporting and the new USALI Edition**

#### **2.3.1. Sustainability**

According to the UN's World Population Prospects 2022, the global population is forecast to increase above 8 billion in 2022. This rapid growth, in conjunction with the accelerated pace of country development, is giving rise to significant economic, social,

and environmental challenges. Consequently, it must attract the attention of various businesses, including the hospitality industry.

The term sustainability predates the 1987 United Nations-sponsored World Commission on Environment and Development (WCED) Report, “Our Common Future” (LeGates & Stout, 2011).

The Sustainability Report (2022) of University of California, Los Angeles (UCLA) defined sustainability as the balance among environmental responsibility, social equity, and economic viability. The most basic definition of sustainability was developed in Report of the Brundtland Commission, which stated that “sustainable development is a development that meets the need of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987: 43; LeGates, & Stout, 2011).

Various researchers have also defined sustainability from diverse perspectives. Kuhlman and Farrington (2010) pointed out that the term is used indefinitely to maintain and increase productivity capacity rather than just as a statement. Oriade et. al., (2021) adopted a definition as managing the well-being of the environment, people, economy and/or society over a long or indefinite period. To this end, it is reasonable to argue that sustainable development practices can play an essential role in alleviating problems such as child labour, environmental pollution, and poverty that many countries in the developing world face (Oriade et al. 2021).

However, developing countries like Nigeria face challenges due to limited financial and human resources, poor business culture, and lack of awareness about sustainability and ethical business environment (Lepoutre and Heene, 2006).

UNWTO (2001) identified three essential elements of sustainability in 2001: economic development, social effect, and environmental impact. Considering this, the idea of sustainability has been understood in terms of social, economic, and environmental aspects. These three aspects were represented in the definition provided by Kuhlman and Farrington. (2010), which defined Sustainability development as an international effort aimed at raising everyone's standard of living. Sustainable development includes

environmental preservation, social and economic advancement, and mutual reinforcement.

Sustainable tourism is a practice that denotes long-term protection of the environment within the tourism industry while aiming to minimize negative impacts, such as economic loss and natural environmental damage. At the same time, it maximizes positive implications in terms of creating jobs, conservation of cultural heritage, restoration of landscape, and wildlife conservation (Global Sustainable Tourism Council, 2022).

The hospitality industry, however, tends to emphasize the environmental aspects of sustainability in terms of climate change, water and energy use, waste management, recycling, protection and conservation of nature, biodiversity, and ecological responsibility that considers environmental impacts. Oriade et al. (2021) highlighted that sustainability issues are relevant to all aspects of the hospitality industry and, therefore, require the alignment of environmental, social, and economic factors to drive responsible business performance over time.

In the opinion of Adams, Kageyama, and Barreda (2022), Sustainability is developed on three pillars, which are social, economic, and environmental. Moreover, with these pillars, businesses are encouraged to consider and work towards long-term factors rather than profits/earnings/losses of the organisation, thereby putting in place plans to cut emissions, proper disposal of waste, and reduce energy usage. They explained that the social aspect of Sustainability strengthens social capital, thus reducing susceptibility and maintaining a healthy cultural and social system; it involves all business activities to improve the well-being of its customers and community (Webster and Courtneil, 2019).

The environmental aspect of Sustainability is characterized by viability and healthy ecological systems concerning Human consumption in terms of food, construction, transportation, waste generation, energy and water usage as well as depletion, all of which come into play before, during, and after the existence of the hotel business (Burton, 2019; Peng et. al.,2018).

Economic Sustainability promotes growth in the consumption of goods and services, improving human welfare in the long run (Petri and Mikuli, 2012). With efficient, sustainable efforts, industry players can create a balanced situation by helping the environment while making a profit, which is the overall objective of the business. (Kim, et al., 2019, Kasemsap, 2018).

The hospitality industry's drive toward sustainability is driven by long-term operational efficiency and business concerns (Jones, Hillier and Comfort, 2016). These practices contribute towards business efficiency and the pursuit of competitive advantage. According to Holcomb, Upchurch and Okbbmus (2007), the hospitality industry must prioritize environmental and economic sustainability as a strategic goal. Health and safety concerns, working conditions in the supply chain, support for the local community, and equality and diversity in the workplace are supported by social and economic elements.

Also, Corporate Social Responsibility (CSR) has become increasingly associated with social sustainability, reinforcing ethical business practices and fostering stronger stakeholder relationships (Jones et al., 2016). The hospitality industry benefits from sustainability efforts not only in mitigating adverse environmental impacts but also in terms of increasing economic viability and social responsibility.

Sustainability has become a core principle in modern business operations, especially in hospitality and tourism. As environmental, economic, and social challenges increase, businesses must employ sustainable development strategies to ensure long-term viability. The adoption of frameworks like the Triple Bottom Line highlights the importance of aligning profitability with environmental responsibility and social equity. Sustainable practices are essential for improving the hospitality industry's strength and role in developing global sustainable development.

### **2.3.2. What Is Meant by Sustainability Accounting?**

Sustainability accountability is becoming more prominent in business decisions as sustainability awareness grows. The recent increase in transparency demands stems from accountability requirements around corporate governance, which also extends to sustainability strategies, accounting, and reports.

For sustainability practices to be deeply ingrained in organisations and integrated into corporate strategy, management accounting and reporting must incorporate sustainability measures and tools that help managers integrate sustainability criteria into the decisions they make and into their daily work routines (Ascani, Ciccola and Chiucchi, 2021).

According to different studies, sustainability accounting perception is closely linked to sustainability management and reporting (Bebbington and Larrinaga, 2014; Gray, Carol, and Owen, 2014), a significant part of corporate management. Sustainability management aims to harmonize a business's actions and their impacts with environmental and social factors; sustainability accounting provides information for making decisions.

The study of sustainability accounting came into the limelight in the early 1990s with the work of Gray in 1993 through the release of the Sustainability Accounting guidelines released in August 2002 at the World Summit on Sustainable Development in Johannesburg. He proposed three methods of sustainability accounting: sustainable costs, natural capital inventory accounting, and input-output analysis.

Elkington (1999), on the other hand, developed a form of sustainability accounting called Triple Bottom Line (TBL), which focuses on the economic, environmental, and social impacts of business, and originates from the three-dimensional definition of sustainable development. In his work Lambertson (2005) outlines five major topics that should be discussed and that constitute the system of accounting basic framework, which includes the importance of defining Sustainability, choosing good indicators for sustainability measurement, selecting measurement units to estimate economic, environmental, and social impacts, realizing the importance of the interdisciplinary nature of sustainability accounting that needs the collaboration of accounting and other disciplines in the social/ecological fields and finally, making use of the fundamental principles and practices of conventional accounting within the system in a relevant way. Furthermore, he analyzed the significant differences between the models of financial and Sustainability accounting, and based on that, he came up with five components of sustainability accounting structure, namely:

- Objectives, which are the performance measurements towards sustainability goals
- Accountability to Stakeholders

- Present accurate and adequate decision-making information such as the reporting entity, the definition of Sustainability, scope, materiality, accounting date measurement units, and safety measures in place.
- Necessary accounting records, data-capturing tools, and measurement techniques include the description of the performance indicators, valuation, life cycle analysis, and capturing of primary data and records.
- Reporting format and time frame of reports.

Other relevant information should be transparent, complete, appropriate, clear, sustainable, and comparable.

Sustainability accounting is an essential tool for integrating that business practices with social responsibility principles and providing stakeholders transparent information about organization's sustainable corporate performance (Hyršlová, Becková and Kubáňková, 2015). In recent years, sustainability has become essential to reporting to stakeholders due to its growing importance globally.

### **2.3.3. Sustainability Reporting, Integrated Reporting, and Environmental, Social, and Governance (ESG)**

Businesses now include both financial and non-financial data in their reports to adapt to the shifting social and environmental changes through the Integrated Report (IR) and Sustainability Report (SR). SR aims to provide non-financial data to a broad range of stakeholders. It often relies on measurements, incorporates a subjective approach, and directly customizes its approach to each industry. On the other hand, IR primarily provides non-financial data to capital providers; it is rule-based and objective and allows for a high degree of sector customization (Mahmud, 2018).

SR in business became popular at the end of the 1990s.

According to Agama and Zubairu, (2022), SR involves measuring, disclosing, and being accountable for an organization's performance as regards sustainable initiatives to both internal and external stakeholders. It provides organizations with a structure to communicate their efforts and progress in sustainability practices, as such, showing their commitment towards responsible business practices and sustainable development (Izzo

et.al., 2020). Kolk, A. (2005), cited Epstein, Flamholtz, and McDonough, (1976, p.23-42) who defined SR as “the identification, measurement, monitoring and reporting of the social and economic effects of an institution on society”, “intended for both internal managerial and external accountability purposes”. It focuses on communicating environmental, social, and economic information to stakeholders.

The Global Reporting Initiative (GRI), which is viewed as “the *de facto* global standard,” also defined SR as “the process of measuring, disclosing, and being accountable to various stakeholder groups for operational efficiency around sustainable development goals”. This technique provides external stakeholders who view sustainability performance as critical to evaluating firms’ social and environmental performances, about firms’ attempts to control and balance their productive activities with those of the environment (Isa, 2014). Organizations prepare sustainability reports mainly to ensure transparency and accountability (Aifuwa, 2020).

According to GRI (2014), SR provides businesses with a competitive edge in terms of investment, contracts, and market opportunities; it also fosters trust with their stakeholders and improves internal management procedures and systems in decision making. Additionally, it helps them progress in vision and strategy, lowering the cost of complying with regulatory requirements (Abdullahi and Makama, 2021).

There is a growing interest in SR from business organisations in Nigeria, though still in its early stages. The Nigeria Securities and Exchange Commission (SEC), the Central Bank of Nigeria (CBN), the Institute of Chartered Accountants of Nigeria (ICAN), the Association of National Accountants of Nigeria (ANAN), the Banks Committee, and other labour and trade unions supported the push for the adoption of SR. It is still optional, meaning businesses provide this kind of data voluntarily, despite institutional and regulatory impact and stakeholder pressure (Abdullahi et al.,2021). Several challenges have slowed the growth rate in Nigerian businesses' implementation of SR, such as lack of awareness, capacity, and comprehensive framework. However, the Financial Reporting Council of Nigeria (FRC) has taken steps to address these challenges by constituting the Adoption Readiness Working Group (ARGW) for SR in Nigeria, which will be responsible for developing guidelines for implementation of the International

Sustainability Standards Board's (ISSB) IFRS sustainability disclosure standards in Nigeria.

According to Mahmud (2018), IR explains how an organization's strategy, governance, performance, and prospects, in relation to its external environment. It is regulated by the International Integrated Reporting Council (IIRC).

IR aims to meet the information needs of investors and financial capital providers primarily by highlighting changes in a firm's capital and discussing how these changes affect the firm's long-term value. It is mainly prepared for financial capital providers to support their financial capital allocation assessment.

Organizations must communicate their progress on ESG issues through SR to their stakeholders to build business resilience. Sustainability reports provide insight into an organization's ESG performance, highlight material problems, and outline improvement plans.

The term "ESG" emphasizes the significance of social responsibility, transparent and honest governance, and superior corporate environmental management (Holden et.al., 2017). It was introduced in a 2004 report by the UN titled "Who cares wins" by 20 financial institutions in response to a request from the then UN Secretary-General Kofi Anon. ESG, as its name suggests, is the process by which investors and organizations in corporate governance, social, and environmental issues into their business plans (Gillan, Koch and Starks, 2021).

Peterdy (2022) explained ESG as a structure that enables stakeholders to know how an organization addresses risks and opportunities associated with environmental, social, and governance issues. ESG takes the perspective that sustainability includes other factors beyond environmental issues. These issues include employee well-being, human rights, community engagement, corporate social responsibility (CSR) initiatives, ethics, transparency, stakeholders' rights, etc. Investors are considering these factors in their quest for growth prospects and significant risks (Alisherovna, 2023).

According to Li et.al., (2021), investors use the ESG standard and approach to assess corporate conduct and future financial performance. The three fundamental elements of ESG are the primary considerations in the process of investment analysis and decision-making. It is an investment concept used to assess the sustainable growth of businesses. Additionally, the sustainability and social impact of business operations are measured with the aid of environmental, social, and governance (ESG) factors.

Management of ESG is becoming more widely acknowledged as essential to a business's survival and growth. The hospitality industry has experienced a greater emphasis on corporate environmental and social responsibilities than other industries, owing to the extensive utilization of natural resources and wasteful characteristics (such as water, energy, waste, food, etc.) compared to other industries (Guzzo, Abbott and Madera, 2020). Many hospitality and tourism enterprises produce ESG reports to elevate brand values and entice investors, customers, and employees (e.g., Wynn Resorts, American Airlines, and Choice Hotels International) (Legendre, Ding and Back, 2024).

In recent years, however, environmental issues have gained considerable political and economic attention due to global warming, climate change, and carbon emissions. Also, environmental factors are quantifiable and can be reported quickly by the organization. The benefits of implementing ESG include customer education, increased visibility, and non-financial disclosures. ESG can lead to efficient outcomes in developing countries.

#### **2.3.4. Importance of Sustainability in the Hospitality Industry**

Sustainability has become a significant concern across industries, including the hospitality industry. Over the years, the hospitality industry has heightened the pressure on the environment, which demands natural and cultural resources such as forests, landscapes, sandy beaches, etc., serving as tourist attractions and reasons for visits. Consequently, the sustainability and conservation of these resources are essential for the hospitality industry's continuous survival and growth. Sustainability has recently become a top priority for hoteliers as tourists are more concerned about environmental issues. The eco-friendly practices hotels adopted can be a crucial factor in choosing and booking accommodation for travelers.

Due to its high energy and water consumption and waste generation, the hospitality industry has long impacted to the environment. Hoteliers are under increasing pressure to adopt sustainable practices that not only reduce environmental harm but also enhance guest experience, reduce costs, and strengthen their brand image. Sustainability in the hospitality industry refers to the ability of hospitality firms to operate economically, socially, and environmentally in an acceptable manner while still preserving natural resources, built infrastructure, heritage, and cultural attractions that make tourists want to visit the destination. To operate sustainably over a long period, it is crucial to utilize resources creatively and innovatively (Brebbia and Pineda, 2012; Setokoe, 2021).

Sustainability in the hospitality industry is hospitality firms' ability to operate economically, socially, and environmentally while preserving the natural, beauty-built facilities/infrastructures, heritage, and cultural attractions. It also motivates tourists to visit the destination and efficiently utilizes resources creatively and innovatively to operate sustainably over a long period (Brebbia and Pineda, 2012; Setokoe, 2021). Sustainability refers to preserving the environment, conserving natural resources, and reducing pollution.

Researchers have recently examined sustainability in the hotel industry due to concerns about excessive energy consumption, water usage, and waste generation (Kim, Barber and Kim, 2019; Verma and Chandra, 2018) and their influence on business operations. The United Nations Environment Programme (UNEP) estimates that the industry generates about 4.8 million tons of waste annually, posing serious environmental threats. Consequently, it has become essential for hospitality businesses to adopt and implement sustainable practices (Xu and Gursoy, 2015; de Grosbois, 2012). The hospitality industry benefits from Sustainable practices in various ways. They enhance resource efficiency by reducing water and energy consumption. They also serve as a marketing tool, attracting environmentally conscious customers. Past studies have shown that most tourists consider environmental factors when choosing accommodation (Kapera, 2018; Abdou, Hassan, and El Dief, 2020; Bender, 2013).

In order to demonstrate their commitment to sustainability, hotels are beginning to adopt the use of eco-labels and implement practices related to sustainable conduct and

environmental management systems (Abdou et al., 2020). Moreover, the sustainable practices adopted and implemented in the hospitality industry aim to reduce negative environmental impacts through environmentally friendly effects. These include installation of energy-efficient appliances, the implementation of renewable energy initiatives, the use of water-saving equipment and devices, the replacement of disposable items with alternative durables and adoption of recycling programs for waste management (Berezan, 2013).

Hotels utilize a high volume of water daily, and this consumption level is influenced by the size of the hotel, its capacity, occupancy rate, type of services rendered, and facilities provided. To conserve water usage, most hotels adopt measures such as installation of water-efficient appliances and devices such as infrared-activated devices, low-flow showerheads and toilets, prompt fixing of leakages, watering grass and plants early in the morning and late at night to limit evaporation, recycling grey water (water from washing vegetables and fruits) for irrigation, and tracking water consumption in each department to conserve water (Kasim et. al., 2014; Han, Lee, Trang and Kim, 2018).

Energy reduction is also a vital area of environmental management in the industry, as hotels consume high fuel and electricity for various operations. For these reasons, hotels adopt several measures to conserve energy. These includes, use of solar and wind energy, use of automatic air conditioning systems, smart cards, energy-saving light bulbs, utilisation of motion sensors for the electrical control devices, installation of reflective glass/windows and making use of daylight instead of artificial light when cleaning vacant rooms (Pereira, Silva and Dias, 2021; Kim et. al., 2015; Gavilanes Valle et.al., 2019). Different factors influence the adoption of sustainability initiatives in the hospitality sector. Past studies have shown that hotel managers' characteristics, such as age, education level, and commitment to environmental training, affect the implementation of green practices (Leonidou et. al., 2015). Other contributing factors include the hotel's size and age, star rating, organizational structure, competitive market conditions, continuous innovation in the industry, employee training and development, and social capital and stakeholder engagement (Mirghafoori, Andalib and Keshavarz, 2017). It has also been established that adopting sustainability practices in the hospitality industry improves performance at various levels, including its image and reputation, and enables employee

satisfaction and stakeholder loyalty, which provides long-term competitive advantages (Longoni and Cagliano, 2015). Cingoski and Petrevska (2018) further explained that adopting sustainability practices could lead to both evident benefits, such as reduction in cost and business risks, and abstract benefits in the form of enhanced brand recognition, competitiveness, and increase in brand reputation. Additionally, the importance of employee empowerment and teamwork in achieving environmental improvement can be positively related to Sustainability and organisational performance. Additionally, the performance of the organisation, empowerment of staff, and teamwork have been linked to improvements in a sustainable environment (Graci, 2012).

The hospitality industry generates a substantial volume of waste in the form of food waste, garden waste, plastics, metals/cans, linen, papers, and other forms of garbage. Hence, the improper disposal of waste deposited into landfills contributes to greenhouse gas emissions. Therefore, to reduce these effects, operators in the hospitality industry have adopted various waste management measures. These measures include donating leftover foods and linens to charity, separating waste products into labeled bins, using organic kitchen waste for soil compost, and grinding leftover toilet soaps for laundry detergent (Han et al., 2018).

Sustainability practices improve business performance by enhancing brand reputation, customer loyalty, and employee satisfaction. Past studies have shown that environmentally responsible hotels gain competitive advantages, promote better stakeholder relationships, and attain long-term profitability (Longoni and Cagliano, 2015; Muff and Dyllick, 2017; Kleindorfer, Singhal and Van Wassenhove, 2005).

Sustainability in the hospitality industry is critical to economic recovery, employment creation, and overall economic growth. Having Sustainability as a critical component is ensuring that the hospitality industry is operated in an economically, socially, and environmentally responsible way while preserving the natural environment and built infrastructure, heritage, and cultural attractions that attract tourists to the destination, as well as efficiently utilizing resources in an innovative, creative, and creative way to operate sustainably for an extended time (Setokoe, 2021).

According to Mdoda et. al., (2024), hotels in Cape Town have been able to address the water management issues by installing plumbing facilities that promptly tackle water leakages in the hotels. Also, efficient property management measures ensure hotels can track water usage per room, and leakages can be detected easily through a warning system, ensuring swift measures to rectify the issue.

The hotels also use water leakage detection technology devices, such as fiber sensing technology, integrated systems, etc., to reduce water leakages and, hence, aid in saving water in places like Cape Town in Ghana and Lagos State in Nigeria, where there is water scarcity.

Beyond water conservation initiatives, hotels have also reduced single-use plastics to tackle waste management concerns. Sustainable substitutes, such as environmentally friendly bamboo straws, are used instead of plastic straws, and glass cups have been widely adopted instead of disposable plastic ones.

The use of recycling bins was also introduced, and this has been widely accepted by the hotels in Cape Town, with an adoption rate of 84%. Waste generated within the hotels is sorted into three categories- recyclable, food, and non-recyclable- and collected directly by waste management establishments in partnership with the hotels for recycling. The hotels generate some revenue from this and also save the environment.

#### **2.4. Sustainability Accounting in the 12th USALI Edition**

Sustainability has become a core priority in the hospitality industry, driven by increasing environmental consciousness, awareness, and regulatory requirements. Hence, hotels strive to reduce their environmental impacts through energy efficiency, water efficiency, and waste reduction.

Past studies (Kapera, 2018; Cingoski and Petrevska, 2018) have highlighted that adopting sustainable practices can improve a brand's reputation, attract environmentally conscious tourists, and improve resource efficiency.

The GRI and the Sustainability Accounting Standards Board (SASB) have played a vital role in shaping sustainability practices in the hospitality industry. The introduction of the new Energy, Water, and Waste (EWW) schedule in the new edition of the USALI aligns with this (figure 1). The latest schedule is expected to aid analysis and enable certain aspects of utilities in the industry to be easily traced and accounted for, to provide mechanisms to owners that may not have the resources of a big brand to be able to keep tap of their energy, water, and waste consumption. The aim is to expand credibility and transparency in the industry. It will also serve as a universal standard of reporting for hotels.

With proposals in the EWW section of the USALI 12th Edition planned for the hotel industry, hotel owners can expand their commitment and accountability to carbon emissions and sustainability, like using renewable energy.

The new section of the USALI is built on the Utilities Schedule 9 section of the 11th Edition and previous editions, which portray the introductory part of operational metrics and links the aspect of consumption data that the industry has yet to track. (HFTP, 2021)

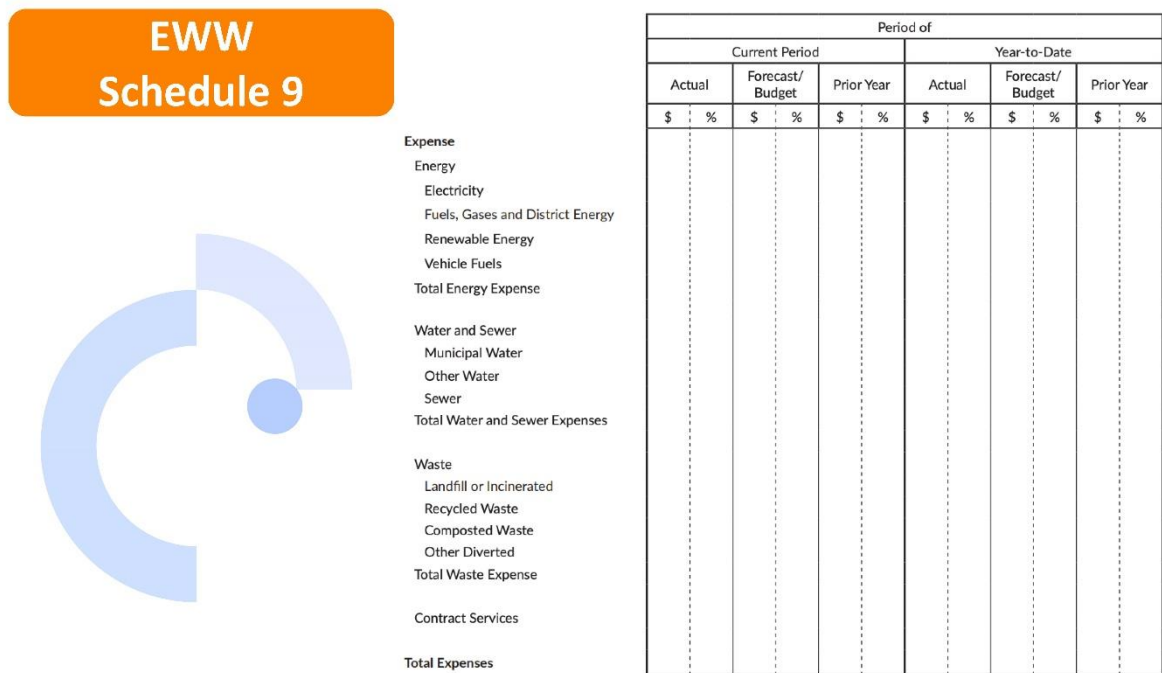
The introduction of the EWW in the revised edition of the USALI will enable comparability in the industry while creating opportunities for operations improvements where standards are not met. It details the EWW like renewable energy, types of fuel used, and enables

- Hotels to have accurate and uniform records of expenses related to EWW unified
- To have a standard measurement for all hotels irrespective of the size
- To serve as a tool to trail consumption in the hotels.
- Calculating and benchmarking EWW usage will provide insight to hotel operators and owners on a hotel's financial and environmental impact and identify opportunities to reduce EWW cost and usage.

The Hospitality Financial and Technology Professionals (HFTP) and American Hotels & Lodging Association (AHLA) further stated in July 2024 that because hotel ownership and operation differ. The resources required to monitor and understand all regulations also vary; it is therefore recommended, as a starting point, that all hotels monitor and

track the environmental impact components necessary to understand its impact. The Per Occupied Room (POR) metrics of energy consumption, water consumption, and waste production are also key indicators of how a hotel's utilities cost and environmental impact can be reduced.

**Figure 1: EWW Schedule 9**



*Source:* Hotstats-<https://www.hotstats.com/blog/hotel-financials-key-changes-in-usali-12th-edition>

## 2.5. Theory and Hypothesis

### 2.5.1. Theoretical framework

While this study is not based on a specific theoretical model, Institutional Theory (IT) and Stakeholder Theory (ST) offers valuable perceptions for understanding the adoption of the USALI and its relationship with sustainability practices in the Nigerian hospitality sector.

IT, developed by DiMaggio and Powell (1983) and Scott (2005) and cited by various researchers, such as Li and Bosma, 2024; Grewal and Dharwadkar, 2002 suggests that organizations adopt certain practices due to pressures from regulatory bodies, industry norms, and professional expectations. These pressures can be coercive (e.g., regulations and legal requirements), mimetic (e.g., global best practices), and normative (e.g.,

promotion of industry standards by professional associations) can push the adoption of practices like the USALI, improving organizational credibility and decision-making. The adoption of the USALI by Nigerian hotels maybe driven by the need to align with global hospitality standards, to improve credibility, comparability, and decision-making efficiency and not only for financial reporting benefits.

Similarly, ST, as proposed by Schaltegger, Hörisch, and Freeman (2019), focuses on decision-making approach that considers the interests and expectations of all relevant stakeholders both internal and external including customers, employees, regulators, and investors. This theory, rooted in organizational management and business ethics, highlights the importance of engaging stakeholders to maximize value creation, ensure long-term success, and promote sustainability. In the hospitality industry, stakeholders increasingly demand transparent and responsible financial and environmental reporting. The adoption of standardized frameworks like the USALI can thus help hotels meet these expectations, improve stakeholder relationships, and support strategic sustainability goals (Mahajan et al., 2023).

The introduction of sustainability schedule in the revised USALI's 12<sup>th</sup> edition highlights the developing importance of ESG factors, which aligns with stakeholders' demands for better sustainability reporting and transparency.

### **2.5.2. Hypotheses**

Based on the theoretical framework, the following hypotheses have been formulated to examine the relationships between the USALI adoption, sustainability strategy, age, and experience.

The level of the adoption of the USALI can be influenced by hotel characteristics such as management status (World-class/luxury hotel/Service, Mid-range hotel/Service and Budget/limited hotel/Service), hotel ratings (2-star to 5-star) and hotel description (Privately Owned, Hotel chain, Government-owned, Franchise). This is consistent with

prior studies. Malheiros et al., 2017 and Faria et al. 2012 found that 50% of 4- and 5- star hotels adopt USALI in Portugal. Schmidgall and DeFranco (2015) pointed out that the USALI can be adopted by both small and large hotels. Planas (2004), also found that 63% of small independent hotels in Spain adopted the USALI. Based on these, the following hypotheses developed:

**H1a:** Hotel ratings influence the adoption of the USALI.

**H1b:** Hotel description influences the adoption of the USALI.

**H1c:** Hotel management status influences the adoption of the USALI.

USALI provides a structured financial reporting framework, which includes one ESG schedule in the latest edition. Prior research (Eccles et al. 2015; HTTP,2024) suggests that organisations adopting structured financial reporting systems are more likely to integrate and report sustainability initiatives to enhance transparency and accountability. Thus, we hypothesize that:

**H2:** There is a relationship between the adoption of the USALI and the implementation of sustainability practices.

Sustainability practices are perceived differently by individuals based on their demographics, particularly their age. According to Wiernik, Ones and Dilchert (2013) older people are more likely to protect and preserve the environment. Older managers may be more experienced and have greater awareness of long-term environmental impacts, leading them to adopt sustainability-focused accounting systems such as USALI. Broccardo et al. (2023) in their study, found that age correlates significantly with sustainability orientation in the wine industry, with older managers showing higher commitment to sustainable practices, which positively enhance financial performance.

Empirical studies show that older professionals prioritize corporate responsibility more than their younger counterparts (Wiernik, Dilchert, and Ones, (2016). Also, older individuals may have experienced environmental crises and regulatory changes over time which links them to higher pro-environmental behavior (Otto and Kaiser, 2014). The present study proposes a moderated mediation theoretical model to examine how the USALI adoption influences sustainability strategy outcomes (environmental, social, and

economic benefits) in the hospitality sector, with age as a mediating variable and experience as a moderator of the indirect effect. The following hypotheses are:

**H3:** The adoption of USALI has a direct and positive effect on the implementation of sustainability strategies within the hotels.

This assumption is that the USALI can contribute to more efficient decision making, independent of individual employee characteristics.

However, professional experience plays a vital role in influencing managerial decisions. Sawatendarakul and Uttajarern (2024) revealed that experienced executives positively impact ESG reporting and business performance generally. Experienced professionals are better equipped to integrate the USALI's sustainability components into its financial reporting due to their wealth of knowledge and in-depth understanding of financial and sustainability practices (International Federation of Accountants, IFAC, 2024).

**H4a:** The indirect effect of the USALI adoption on sustainability strategy through age is moderated by employee experience, such that the mediated relationship is stronger at higher levels of experience.

This hypothesis proposes a conditional indirect pathway, whereby age functions as a mediator between the USALI adoption and sustainability strategy outcomes (environmental, social, and economic benefits), but the strength of this mediation depends on employee's experience levels. It assumes that more experienced employees are better positioned to interpret the benefits of the USALI adoption into strategic outcomes such as brand building, customer value creation, operational excellence, and community involvement.

**H4b:** Employee experience moderates the relationship between the USALI adoption and age, such that the effect of the USALI adoption on age is more positive at higher levels of experience.

This hypothesis focuses on the first stage of the mediation process, predicting that the effect of the USALI adoption on age will be enhanced when experience levels are high. In contrast, at low levels of experience, the relationship is expected to be weaker or non-significant.

Previous research suggests that industry experience enhances the ability to implement sustainability initiatives (Kim, 2025) as experienced managers are more familiar with regulatory compliance, consumer trends, and cost-benefit analysis of sustainable ventures (Roberts, Walton, & Viechtbauer, 2006).

### **3. METHODOLOGY**

The methodology chapter provides an overview and in-depth explanation of the research structure used in the study, including the data design and approach, data collection method, and analysis techniques. This chapter details the approach adopted to understand the level of adoption of the USALI in the Nigerian hospitality industry and how it affects sustainability practices.

A quantitative research design is used to assess the level of adoption of the USALI in the Nigerian hospitality industry and its effects on sustainability issues. For this study, a quantitative approach is ideal because it allows for objective measurement, ensures reliability, and facilitates statistical analysis, all of which are crucial to arrive at a meaningful conclusion. The descriptive research also aims to accurately describe current practice in adopting the USALI, its effects on decision-making, and sustainability in the Nigerian hospitality industry.

The methodology focuses directly on the research objectives by using structured surveys to collect data from hotel managers and other stakeholders within the industry. This method of data collection is ideal for investigating the level of USALI adoption and its effects on sustainability practices in the Nigerian hospitality industry. Using statistical analysis guarantees reliable, measurable results that give an in-depth understanding of how the USALI adoption influences sustainability efforts across the industry.

#### **3.1. Research Design**

This study investigates the level of adoption of the USALI in Nigeria's hospitality industry and sustainability practices in the industry. Kerlinger (1986) summarized a research design as a plan, structure, and strategy of investigation that aims to answer research questions with the least amount of variation possible. This study adopts a deductive research design, in which theoretical perceptions derived from existing literatures particularly IT and ST form the basis for the development of hypotheses. The hypotheses are examined using data collected from selected hotels.

A quantitative research design is adopted, as it provides a systematic and objective basis to investigate the extent of the adoption of the USALI industry and it affects sustainability policies. It enables the collection of standard and measurable data, allowing statistical

analyses and generalization of results (Babbie and Mouton, 2001; Martin and Bridgmon, 2012). Quantitative method involves using structured tools, such as questionnaires, to collect data that can be numerically analyzed, ensuring consistency, reliability, and the ability to detect patterns or trends within a population (Ahmad et al., 2019). Additionally, this method facilitates objective assessment of the relationship between the USALI adoption and sustainability practices, ESG compliance, and reporting quality in line with the study's objectives.

A descriptive research design was also used. applied. Descriptive research is especially effective for studies within the hospitality sector (Veal, 2006) as it enables researchers to thoroughly document practices in the industry and evaluate their effects on business operations. This research utilizes a descriptive structure to capture and analyze the current trends in USALI adoption, the implementation of sustainability strategies, and the results of these practices. The integration of a deductive, quantitative, and descriptive approach offers a well-structured and thorough method for exploring the research issue, testing hypotheses, and producing findings that are both valid and relevant to wider industry applications.

### **3.2. Study Area and Target Population**

The target population of this study includes hotels from the six (6) geo - political zones in Nigeria consisting of approximately 13,240 hotels in 1,853 cities consisting of 2-star to 5-star classification. By selecting hotels from each zone, the research can examine a wide range of practices, cultural and economic distinctions, and difficulties faced in each region that can influence the hospitality industry.

The study focuses on principal personnel within these hotels who are directly involved in the daily decision making, financial, and operational management and policy formation of the establishment. This consists of - hotel managers, accounting executives, financial managers and other staff members (such as ICT, Administrative and Technical personnel). These respondents were selected due to their involvement in financial reporting, operational decision-making, and sustainability initiatives.

### **3.3. Sampling Method and Sample Size**

Sampling involves the technique of selecting a portion of individuals or units from a population to represent the entire group, enabling conclusions to be drawn about the broader population (Taherdoost, 2016). For this research, a simple random sampling technique was utilized. This approach guarantees that each hotel within the sampling frame had an equal opportunity to be chosen, which reduces selection bias and improves the generalizability and repeatability of the results.

For this study, a simple random sampling method was used. This method ensures that each hotel within the sampling frame had an equal opportunity to be chosen, which reduces selection bias and improves the generalizability and repeatability of the results.

However, not all regions or hotel types are equally represented in the final sample, even though a random sampling technique was used. The structural characteristics of the Nigerian hospitality sector, such as the unequal distribution of hotels among regions and the preponderance of mid-range hotels relative to luxury hotels, are to blame for this imbalance. For example, more prospective responses were available in areas with higher hotel concentrations, especially those fueled by business or tourism activities.

The study takes this possible imbalance into consideration, guaranteeing that the findings are valid, relevant, and applicable to a wider range of industry contexts, despite the challenges of achieving exact proportional representation among geographic areas and hotel types.

The target sample size of the study is 152 hotels. The sample includes luxury, mid-range, and budget hotels. These hotels were chosen from all six geopolitical zones in Nigeria to encompass a diverse array of operational practices, financial reporting behaviors, and sustainability efforts. This sample size was deemed sufficient to provide statistically significant insights while considering practical limitations such as time, access, and resource constraints.

### **3.4. Measurement Instruments**

A 5-point Likert scale online survey questionnaire was used in the study, based on the ability to integrate directly with SPSS software, thus simplifying data analysis through parametric statistical tests (Boone & Boone, 2012; Joshi et al., 2015).

The survey instrument was divided into four sections:

1. Demographic Information
2. Hotel Profile
3. USALI Adoption
4. Sustainability Practices

The structure of the questions allowed respondents to give “Yes, No or I don’t Know” options and others required the use of 5- point Likert scale with 1- Strongly Disagree, 2- Disagree, 3-Neutral, 4-Agree and 5-Strongly agree.

The questionnaire was developed using questions adapted from pre-existing studies that have investigated topics related to this research, particularly the adoption of the USALI, financial reporting and sustainability practices in the hospitality industry. Questions were specifically drawn and adapted from Faria (2015), which researched the adoption of USALI in Portuguese hotels; Ibrahim (2020), which examined management accounting practices in the Nigerian hospitality industry; and Sakshi et al. (2020), which focused on financial reporting and sustainability practices and ESG integration in service industries. Other research was considered but not utilized due to differences such as studies that focused exclusively on manufacturing sectors or Western hospitality chains or a lack of compatibility with the Nigerian operating environment. The selected sources were chosen for their practical relevance, cultural suitability, and alignment with this context and objectives of this study.

#### **3.4.1. Data Collection**

Data for this research work were collected through a structured, self-administered questionnaire developed to evaluate the level of the USALI adoption and its relationship with sustainability practices in Nigerian hotels. The questionnaire was designed using the literature review as a guide to include questions on respondent demographics (e.g., age,

years of experience, hotel ratings, management status and role in the hotel), the USALI usage, sustainability strategies, ESG tracking and reporting pattern.

The instrument comprised closed-ended questions organized into key sections: respondents' demographics, hotel characteristics, awareness and adoption of the USALI, and sustainability practice. To facilitate analysis, Likert-type scales, Yes/No responses, and multiple-choice formats were utilized to standardize the responses.

The questionnaire was administered electronically via google form between July 2023 and September 2023. This method was selected due to the geographical diversity of Nigeria and the impracticalities involved in conducting face-to-face distribution. The online administration allowed for a wider reach, was cost-effective, and offered the convenience of letting respondents complete the survey at their own convenience.

Furthermore, digital data collection supports sustainability initiatives by reducing paper consumption and lowering the carbon emissions linked to travel and printing, in support of findings by Olajuwon et al., 2023; Nayak and Narayan, 2019. To enhance participation, the survey link was shared via email and social media platforms (such as WhatsApp and Instagram) directly to the designated staff in the hotels across Nigeria's six geopolitical zones.

Although the questionnaire method had benefits, it was affected by some limitations such as non-response and selection bias by some respondents who ignored the survey or opted out of participation. This is a common issue associated with online surveys as highlighted in the work of Nayak et al., (2019). Also, respondents were unable to ask questions or request clarification on unclear questions, increasing the likelihood of misinterpretation. Smaller or rural hotels with limited internet connectivity might have been unintentionally left out, possibly affecting representativeness. Additionally, lack of in-person interaction could have diminished some respondents' motivation to provide comprehensive or thoughtful responses.

However, the questionnaire effectively collected a significant amount of standardized, analyzable data from key personnel, including hotel managers, financial controllers, accounting executives and other relevant staff thereby fulfilling the research objectives.

### **3.4.2. Data Analysis**

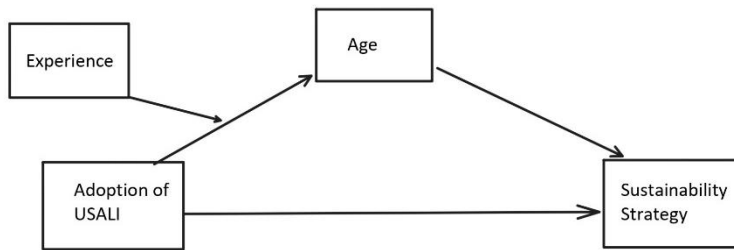
The analysis of data collected from the survey was carried out with the use of Statistical Package Social Science (SPSS version 25), a software that has the capability to analyse data with the use of basic data. It can handle large datasets with multiple variables and allows multiple analyses with graphical representation. Also, it has a user-friendly interface. (Rahman and Muktadir, 2021). The analysis followed a three-step approach:

1.Descriptive Statistics: were used to summarize demographic data and general trends in the USALI adoption. This was used to investigate the level of adoption of the USALI within Nigerian hotels and assisted in identifying key patterns across variables like star rating, management structure, and Sustainability/ESG practices. It also supported the testing of Hypotheses H2.

2.Bivariate Analysis: Chi-square tests examine the relationships between USALI adoption and hotel characteristics ( hotel star rating, hotel description and management status). It contributed to the testing Hypotheses H1a, H1b, and H1c, as well as addressing the research questions centered on identifying factors that affect the USALI adoption and its relationship with sustainability practices.

3.Moderated Mediation Analysis: The PROCESS macro (Model 7) was used to test the hypothesis that age mediates the relationship between USALI adoption and sustainability strategies, with experience moderating this effect.

**Figure 2: Moderated Mediation Model**



*Source:* Own Elaboration

The PROCESS macro (Model 7) to test Hypotheses H3, H4a, and H4b,, allowed the testing of moderated mediation, where a mediator (age) is influenced by a moderator (experience)- Figure 2. It allows a reliable, regression-based framework, which improves the analysis of conditional indirect effects. It is ideal for the objectives of this research as a result of extensive use and effectiveness in analyzing mediation and moderation simultaneously (Hayes, 2017).

### **3.5. Ethical Procedures**

Ethical considerations are one of the most important aspects in the research process. It safeguards the rights of the respondents and maintains the reliability of the study. It includes getting informed consent of respondents, ensuring data privacy, voluntary participation, anonymity and confidentiality of the respondents.

A letter of introduction was attached to the questionnaires sent out to the hotels assuring respondents of their anonymity and confidentiality of their responses as the data were meant solely for academic purposes. Individuals or organizations that took part in the survey cannot be identified from the results generated as no names of individuals or organizations were linked to the survey. Additionally, responses collected were treated with confidentiality as only the researcher had access to the raw data.

Despite the minimal risk involved in the study, participants were assured of complete confidentiality and anonymity of their responses to mitigate potentially uncomfortable disclosing sensitive information. Questions were designed in a non-invasive and neutral

manner to reduce discomfort in participation.

Respondents acknowledged their understanding of the purpose of the study, and their voluntary participation by completing the survey and providing their informed consent.

## 4. ANALYSIS AND DISCUSSION OF RESULTS

This chapter aims to analyze and discuss the results of the questionnaire survey carried out to investigate the adoption of USALI in Nigeria hospitality industry with specific emphasis on issues relating to sustainability.

The Chapter begins with the descriptive statistics of characterization of respondents Section 4.1 which is followed by the hotel's characterization in Section 4.2. Uniform System of Accounts for the Lodging Industry (USALI) in Section 4.3, Bivariate analysis in Section 4.4 Sustainability in Section 4.5. In section 4.6 the mediation effect between the adoption of the USALI and Sustainability strategy of hotels is tested.

### 4.1. Characteristics of Respondents

Descriptive statistics were carried out to describe and summarize the characteristics of respondents.

#### 4.1.1. Age of Respondents

The analysis of the results in Table 1 shows that many respondents from surveyed hotels are below the age of 40 (51.3%), 27% of the respondents are in the 40-55years age group and 21.7% are above 55years. This suggests that the respondents are mature minded with a blend of significantly young professionals who are open to new innovations, trends and technologies and substantially seasoned experts that can aid in maintaining the knowledge base and stability in the industry, as well as occupying senior and advisory levels.

*Table 4.1: Age of Respondents*

	Frequency	Percentage
Below 40	78	51.3
Between 40-55	41	27.0
55 and above	33	21.7
Total	152	100

#### 4.1.2. Position of Respondents

The respondents position presented in Table 2 reveals a wide range of roles within the hotels sampled. Hotel managers account for 21.7% of the sample while 11.8% are financial managers and 10.5% are Accounting Executives. The majority (55.9%) fall into

the category of Others, encompassing Technical Personnel, Administrative, and ICT personnel.

**Table 4.2: Position of Respondents**

	Frequency	Percentage
Hotel Manager	33	21.7
Financial Manager	18	11.8
Accounting Executive	16	10.5
Other	85	55.9
Total	152	100

#### **4.1.3. Qualifications of Respondents**

Regarding the qualification of the respondents, the data in Table 3 indicates that 61.9% of respondents hold a bachelor’s degree. Additionally, there is a relatively high level of further educational advancement, with 23% of the respondents having postgraduate qualifications. However, 15.1% of the respondents have only high school qualifications. This suggests that most of the respondents are knowledgeable and skilled.

**Table 4.3: Qualification of Respondents**

	Frequency	Percentage
Bachelors	94	61.9
Post-graduate	35	23.0
High-School Graduate	23	15.1
Total	152	100

#### **4.1.4. Years of Experience**

Regarding the respondents’ years of experience in the industry, the results reveal a well-balanced distribution. One third of the participants have over 10 years of experience; an equal proportion report having between 4 and 10 years, while 32.9% have only 1 to 3 years of professional experience.

This gives a mix of young innovative professionals who are able to introduce new ideas and perspectives while building up experience in the industry and the presence of seasoned experts that provide mentorship and stability. The diversity of experience levels

shows the ever evolving and all-round nature of the workforce, which is essential to improve innovation and maintain industry standards.

**Table 4.4: Number of Years of Experience**

	Frequency	Percentage
4-10 years	51	33.6
≥10 years	51	33.6
1-3 years	50	32.9
Total	152	100

## **4.2. Hotel Information**

### **4.2.1. Years in Operation**

A summary of the number of years the hotel has been in operation is shown in Table 4.5, indicating the maturity of the hotel.

A substantial proportion of the hotels surveyed have been in operation for between 5-15years (47.4%). Additionally, 27.6% have been operating for over 15 years, while 25% of the hotels have been in business for less than 5 years. These findings indicate that most of the hotels are well established and exhibit operational stability and resilience. At the same time, the presence of newer establishments suggests opportunities for the introduction of new hotels equipped with modern facilities and advanced technologies.

**Table 4.5: Year of hotel operations**

	Frequency	Percentage
5-15years	72	47.4
≥15years	42	27.6
≤ 5years	38	25.0
Total	152	100

### **4.2.2. Hotel's Location**

Table 4.6 highlights the diversity of locations in the hospitality industry in Nigeria. The South-West regions stand out as the core of respondents with 47.4%. This can be attributed to large economic activities and the large number of tourist attractions within the region which include Lagos State that had the former capital of the nation-Lagos, now dubbed as the commercial capital of the country. The North-Central follows with 28.3%, which can be linked to the strategic importance and connectivity of the region as the

capital and seat of power- Federal Capital Territory, Abuja is in this region. North-West and South-East regions have a moderate representation of 9.2% and 6.6% respectively while the South-South and North-East have a 4.6% and 3.9% representation. These regions indicate areas with potential for growth and development in the Nigerian hospitality industry.

**Table 4.6: Location**

	Frequency	Percentage
South-West	72	47.4
North-Central	43	28.3
North-West	14	9.2
South-East	10	6.6
South-South	7	4.6
North-East	6	3.9
Total	152	100

#### **4.2.3. Hotel Description**

In terms of category, Table 4.7 shows a high representation of Mid-range hotels/service (68.4%). World-class/luxury hotels have a representation of 23% of the respondents while the budget/Limited hotel/service account for 8.6%. The diverse representation shows that the industry is able to meet various customers' needs and preferences from affordability to luxury.

**Table 4.7: Hotel Description**

	Frequency	Percentage
Mid- range hotel/ Service	104	68.4
World-class/ luxury hotel/Service	35	23.0
Budget / limited hotel/Service	13	8.6
Total	152	100

#### 4.2.4. Management Status

As to Hotel management status, Table 4.8 shows there is predominance of responses from privately owned establishments (77%). This is followed by Hotel Chains with 15.1%; Government-owned hotels represent 6.6%, while Franchise hotels have a 1.3% representation. The hotel management status representation shows a business environment with independent operations and quality service delivery which can result in standardised service and brand loyalty.

*Table 4.8: Management Status*

	Frequency	Percentage
Privately owned	117	77.0
Hotel chain	23	15.1
Government owned	10	6.6
Franchise	2	1.3
Total	152	100

#### 4.2.5. Hotel Ratings

Responses recorded from hotel ratings show a significant representation of 4-star hotels (61.2%), followed by 3-star hotels (19.7%). The 2-star and 5-star hotels have a representation of 12.5% and 6.6% respectively. These distributions show that most of the hotels are equipped to provide quality services, comfort and meet customers' satisfaction.

*Table 4.9: Hotel Ratings*

	Frequency	Percentage
4 Star	93	61.2
3 Star	30	19.7
2 Star	19	12.5
5 Star	10	6.6
Total	152	100

#### 4.2.6. Rooms Available

The data indicate that the majority of the hotels surveyed (68.4%) have fewer than 100 rooms. Additionally, 27% of the hotels offer between 101 and 250 rooms, while only 4.6% of the hotels have more than 250 available rooms. This suggests that the sample is predominantly composed of small to medium sized establishments. This distribution

reflects a capacity to meet customer demand while maintaining a focus on delivering quality service and guest experience.

**Table 4.10: Rooms Available**

	Frequency	Percentage
$\leq 100$	104	68.4
101-250	41	27.0
$\geq 250$	7	4.6
Total	152	100

### **4.3. Uniform System of Accounts for the Lodging Industry (USALI)**

Respondents were asked questions related to the USALI, including the adoption of the USALI, the reasons for not adopting it, who made the decision to adopt it, the purpose and benefits of using the USALI, how long have the business been using the USALI as well as information about the profit/revenue and cost centres.

#### **4.3.1. Adoption of the USALI**

The data in Table 4.11 indicates that the majority of the respondents from the hotels surveyed (102 respondents, 67.1%) adopt the USALI. This is substantially higher than those that do not adopt it (50 respondents, 32.9%). In comparison to prior research, Ibrahim (2020), found that only 28.2% of surveyed hotels in Nigeria adopt the USALI. Planas (2004) reports a 63% adoption rate of the USALI in Spain. The USALI's adoption rate in Greece was identified as 11.8% (Pavlatos et al., 2007). The USALI's adoption rate was reported as 43% by Santos, Gomes, & Malheiros, (2020). Additionally, the results of Kwansa et al., (1999) showed that the USALI's adoption rate in the USA was 78%. According to Faria (2012) and Faria et al. (2015), 50% of hotels surveyed adopted the USALI in Portugal. The USALI adoption rate in Nigeria is predominantly higher than in Greece but lower than in Spain, and equivalent to the adoption rate in Portugal.

**Table 4.11: Adoption of the USALI**

	Frequency	Percentage
Yes	102	67.1
No	50	32.9
Total	152	100

The reasons for the non-adoption of the USALI among surveyed hotels (respondents were able to choose more than one option), presented in Table 4.12 are mainly the non-mandatory use with 39 responses (78%) out of 50 respondents. This is closely followed by a lack of qualified human resources and inadequate technical expertise for the implementation, with 54% and 52% respectively. Lack of financial resources (2%) was another reason attributed to the non-adoption of the USALI.

These findings are similar to past studies by Faria et al. (2015) and Murteira (2017) who found that non-mandatory use of the USALI was the main reason for its non-adoption. Ibrahim (2020) reported that lack of skilled staff was the main reason for non-adoption of USALI from hotels sampled.

However, the use of the USALI can be significantly enhanced if these barriers are worked on, especially lack of human resources/ technical expertise.

**Table 4.12: Reasons for not Adopting the USALI**

	Frequency	Percentage
It is not mandatory to use	39	78
Lack of qualified human resources	27	54
Inadequate technical expertise	26	52
Lack of financial resources	1	2

#### **4.3.2. Are hotels considering using the USALI in the future?**

Analysis of responses regarding consideration of using the USALI in the future reveal that 76% of respondents of the surveyed hotels who do not adopt the USALI were unsure if they will adopt this accounting standard, while 12% responded as not considering using the USALI. Only 2% of the respondents supported the consideration of adopting the

USALI in the future. Thus, the analysis indicates that there is a need for more awareness and information about the USALI.

**Table 4.13: Considering Using the USALI**

	Frequency	Percentage
Not Sure	38	76
No	6	12
Yes	1	2
Unanswered	5	10

#### **4.3.3. Who made the decision to adopt the USALI?**

Many of the respondents from surveyed hotels indicated that the management team played a significant role in taking decisions regarding the use of the USALI in the hotel (76%), while 26.5% indicated the financial managers as also playing a major role in this decision. 16.7% of respondents indicated external consultants or companies involved in the USALI's adoption and 22.5% of respondents were unaware of who decided to adopt the USALI. Some of the respondents have recorded more than one option.

Ibrahim (2020) noted in his study, that the decision to use the USALI was taken mainly by the Financial Executive/Controller (16.5%).

**Table 4.14: Decision to use the USALI**

	Frequency	Percentage
Hotel management team	47	46.1
Financial Manager	27	26.5
External consultant/company	17	16.7
Not aware	23	22.5

#### **4.3.4. Which Profit/Revenues Centre are reflected in the accounting reports of the hotel?**

Respondents were asked to indicate all the Profit/Revenue centre(s) that are reflected in the hotel's accounting report. A total of 332 responses were recorded from 151 respondents. As expected, rooms have a significant representation of 68.2%. This re-emphasizes the fact that offering accommodation is the main activity of any hotel and, as

such, a major source of income. Food and Beverage, which is another major activity and source of revenue of the hotel is represented 61.6% (93 responses). Additionally, Spa/Health club services represent 43% while Business centres and Parking services represented 20.5% and 13.2% respectively. Other services including Golf and Tennis courses are also potential streams of revenue for hotels. The findings show the various financial inflows associated with hotels, with sales of Rooms and Food & Beverages as the major focus.

**Table 4.15: Profit/Revenue Centre**

	Frequency	Percentage
Rooms	103	68.2
Food and Beverage	93	61.6
Spa/Health Club	65	43.0
Business Centre	31	20.5
Parking Services	20	13.2
Tennis and Pro	9	
Shop		6.0
Golf Course and	8	
Pro Shop		5.3
Others	4	2.6

#### **4.3.5. Which Cost Centers are reflected in the hotel's reports?**

The analysis of the cost centres reflected in the hotel's books, Table 4.16 shows that Administration and General expenses have the largest cost centre representation (64.2% - 97 responses), showing the significant role of this cost centre in the general managerial and administrative functions in maintaining operational efficiency and customers satisfaction. The utilities cost centre accounted for 41.7% (63) of the total responses, showing significant expense required for maintenance of utilities such as electricity, water and waste in the hotels. Also, sales and marketing, with 37.1% (56) of the responses, highlight the need for the hotel to continuously promote its brand and services. About one third of the hotels include Properties Operations and Maintenance in their reports showing the importance of upkeep and maintaining facilities of the hotels. Additionally, the Information and technology cost centre is represented by 26.5% (40) of the responses, which also reflects the importance of investing in technological infrastructures to support the hotel services.

Reflecting on these cost centres in the hotel’s books aids tracking and resource allocation among the cost centres to ensure smooth operations and maintain competitive advantage. It also enhances financial transparency as stakeholders are able to under how funds are allocated and expended, therefore leading to brand trust with the various stakeholders. Additionally, it confirms that the Hotels accounting reports are structured according to the USALI Guidelines.

**Table 4.16: Cost Centre**

	Frequency	Percentage
Administration and General	97	64.2
Utilities	63	41.7
Sales and Marketing	56	37.1
Properties Operations and Maintenance	55	36.4
Information and Telecommunication Systems	40	26.5

#### **4.3.6. Number of Years the Hotel has been using the USALI**

Table 4.17 shows that 74.5% of the respondents adopted the USALI relatively recently, within the past 1 to 5 years, while 23.5% implemented it between 6 and 10 years ago. These findings suggest that most of the respondents have a relatively recent familiarity with the USALI. Furthermore, the data may point to a broader movement towards modernization and internationalization of accounting.

**Table 4.17: Number of years using the USALI**

	Frequency	Percentage
1 year- 5 years	76	74.5
6 years -10 years	24	23.5

#### **4.3.7. Purpose of using the USALI**

Respondents were asked to indicate the purpose of using the USALI in their establishments, with some respondents stating multiple purposes. The analysis reflects Decision-making and Forecasting & Budgeting as core purposes of using the USALI in the hotels with 40.6% (41 responses) and 39.6% (40 responses) of responses each.

**Table 4.18: Purpose of using the USALI**

	Frequency	Percentage
Decision making	41	40.6
Forecasting & Budgeting	40	39.6
Reduction in costs	36	35.6
Evaluate Performance	36	35.6
Benchmarking	25	24.8
Pay Bonuses & Incentives	9	8.9

Hence, indicating the highly valued role of the USALI in improving strategic decisions and financial planning. Additionally, 35.6% (36 responses) of respondents cited the use of the USALI for Reduction in cost and another 35.6% for Evaluation Performance. Benchmarking has been pointed out by 24.8% of the respondents while 8.9% cited pay bonuses and incentives as other purposes.

#### **4.3.8. Benefits of using the USALI**

Based on the findings in Table 4.19, one of the major benefits of the USALI for hotels is to evaluate performance (53.5%). Additionally, 33.7% acknowledge the positive impact in short-term/medium-term performance of the hotel, emphasizing the system ability to improve financial clarity and results in a short time. Measuring departmental profitability is mentioned by 32.7% of the respondents. This highlights the importance of detailed financial information in managing individual departments. A total of 24.8% and 18.8% of the respondents indicated Cost control and calculating financial ratios respectively, demonstrating the system's importance in strategic planning and financial management. Additionally, 16.8% of the respondents mentioned Benchmarking which shows that the USALI is used by hotels for performance comparison against obtainable industry standards or competitors, hence identifying areas they can improve on as well as set realistic performance goals.

**Table 4.19: Benefits of using the USALI**

	Frequency	Percentage
To evaluate performance	54	53.5
Positive impact in short-term/medium-term performance	34	33.7
Measure departmental profitability	33	32.7
To control costs	25	24.8
Benchmarking	19	18.8
To help calculate ratios	17	16.8

#### **4.3.9. Importance of indicators to measure the Hotel's financial performance**

The analysis of metrics for measuring a hotel's financial performance (Table 4.20) reveals that Activity ratios, which are ratios that help in understanding the efficacy and utilization of hotel resources are considered highly important or important by 39.5% of the respondents. Likewise, Occupancy and Profitability ratios are also considered highly important or important indicators by 36.2% and 36.8% of the respondents respectively. This shows the importance attributed to rooms occupancy level and financial performance measurement. Also, Labour cost ratios, which help manage staff expenses, are also considered an important indicator for the measurement of the hotel's financial performance. Other indicators such as Revenue per available room (RevPAR), Average daily rate (ADR), Liquidity ratios and Solvency ratios, which are essential for understanding room pricing, and revenue efficiency, seem less crucial but are also important ratios for the financial stability of the hotel.

**Table 4.20: Measurement of Hotel’s Financial Performance**

	Highly important	Important	Neutral	Less important	Least important
Occupancy ratios	15.80%	20.40%	31.60%	22.40%	9.90%
Profitability ratios	15.10%	21.70%	34.20%	18.40%	10.50%
Activity ratios	13.80%	25.70%	31.60%	17.80%	11.20%
Labour Cost ratios	12.50%	27.60%	27.60%	22.40%	9.90%
RevPAR	10.50%	17.10%	36.20%	26.30%	9.90%
ADR	6.60%	26.30%	34.20%	21.10%	11.80%
Liquidity ratios	5.90%	21.70%	38.20%	22.40%	11.80%
Solvency ratios	5.30%	25.00%	34.20%	22.40%	13.20%

*Note.* 5 = Highly important, 4 = Important, 3 =Neutral, 2 =Less important, and 1 = Least important

#### **4.3.10. Awareness of the introduction of the Sustainability Schedule (Energy, Water and Waste), former Utilities section, in the 12th Edition of the USALI?**

In terms of awareness of the USALI updates, respondents are nearly evenly divided with 48% indicating awareness and 52% currently unaware of the changes regarding sustainability metrics. This distribution highlights that while a significant portion of respondents have knowledge about this important update, a slightly larger group remains uninformed. This significant gap in awareness may need to be addressed to ensure that more hotel professionals are informed about the latest updates in sustainability accounting practices. Efforts to increase awareness and educate industry stakeholders about these changes could enhance the adoption and implementation of sustainable practices in the lodging industry.

**Table 4.21: Awareness of New Sustainability Schedule**

	Frequency	Percentage
Yes	73	48.0
No	79	52.0
Total	152	100

#### **4.4. Bivariate Analysis**

The study aims to determine the extent to which the USALI is being adopted in the Nigerian hospitality industry. To have a better understanding of the adoption of the USALI and the different hotel characteristics (hotel ratings, hotel description and management status), crosstabulation analysis, chi-square test of independence and correlation analysis were carried out.

##### **4.4.1. Adoption of the USALI/Hotel ratings**

Results of analysis in Table 4.22, show that USALI adoption is substantially more common in low-rated hotels (2-star hotels- 94.7% and 3-star-76.7%) than in higher-rated hotels (5-star hotels-60%, 4-star hotels-59.1%). Additionally, chi-square test of independence was conducted to further examine the relationship between hotel ratings and the adoption of the USALI and a significant result was recorded,  $\chi^2(3, N = 152) = 10.716, p = .013$ . ( $p < 0.05$  is significant). The result shows that there is a significant relationship between the adoption of the USALI and hotel ratings.

However, this result contrasts with previous studies. Ibrahim (2020) observed that almost 80% of 5-star hotels surveyed adopt the USALI, while none of the 2- or 3-star hotels surveyed adopt the USALI.

This result shows a pattern in which lower-rated hotels, maybe driven by a desire for better financial reporting and management, frequently implement a standard accounting system such as the USALI.

The findings support hypothesis 1a, as it shows a relationship between the adoption of the USALI and hotel ratings.

**Table 4.22: Adoption of the USALI/Hotel ratings**

	Adopt the USALI		Total
	Yes	No	
5 Star	6 (60%)	4 (40%)	10
4 Star	55 (59.1%)	38 (40.9%)	93
3 Star	23 (76.7%)	7 (23.3%)	30
2 Star	18 (94.7%)	1 (5.3%)	19
Total	102	50	152

#### **4.4.2. Adoption of the USALI/ Hotel Description**

Table 4.23 below shows the result of crosstabulation of the adoption of the USALI with hotel description. It shows that the USALI adoption is significantly higher among world-class/luxury hotels (32 - 91.4%) than among mid-range and budget/limited hotels (63 - 60.6%), and 7 (53.8%) respectively. The chi-square test also indicates a significant relationship between management status and the USALI adoption,  $\chi^2(2, N = 152) = 12.424, p = .002$ .

It is clear from this finding that higher-end hotels tend to adopt standardized accounting systems, such as the USALI. This could be due to the availability of more resources and the need for standardized financial reporting to comply with international standards.

This finding is consistent with previous research (Schmidgall, 2006; Kwansa and Schmidgall, 1999) that World-class/luxury hotels may require advanced accounting systems due to the complexity of their operations involving multiple departments, various cost centers, and the demands of investors. Additionally, Okpala (2019) notes that high-end hotels in Nigeria often engage in international franchising or investment relationships. As a result, they may be compelled to adopt well-recognized financial systems like the USALI, which helps manage their financial dealings more effectively, meeting both international standards and investor expectations.

Hypothesis H1b is supported, as the results indicate a relationship between the adoption of the USALI and hotel description.

**Table 4.23: Adoption of the USALI/ Hotel Description**

	Adopt the USALI		Total
	Yes	No	
World-class/luxury hotel/Service	32 (91.4%)	3 (8.65%)	35
Mid-range hotel/Service	63 (60.6%)	41 (39.4%)	104
Budget/limited hotel/ Service	7 (53.8%)	6 (46.2%)	13
Total	102	50	152

#### **4.4.3. Adoption of the USALI/Management Status**

Table 4.24 shows the result of the crosstabulation of the adoption of the USALI with hotel management status. It shows that the USALI adoption is significantly higher among hotel chains (22; 95.7%) and government owned hotels (9; 90%) than among privately-owned hotels (70; 59.8%), and Franchise hotels (1; 50%). The chi-square test further indicates a significant relationship between management status and the USALI adoption,  $\chi^2(3, N=152) = 13.937, p = 0.003$ .

This trend suggests that formal organizational structures, regulatory accountability, and a need for uniform financial reporting are key motivators for the adoption of standardized accounting systems.

The result indicates the importance of having a regular structure, complying with rules, and using a consistent method for financial reporting as key reasons for adopting standard accounting systems.

Hotel chains often operate across multiple locations and may require a uniform financial reporting structure to ensure comparability and efficiency in performance evaluation across locations (Schmidgall, 2006). Also, government-owned hotels generally have stricter transparency and reporting requirements, which may explain their high level of the USALI adoption (Okpala, 2019).

Privately-owned hotels may not perceive the same urgency or may lack the institutional pressure and resources to adopt formal accounting systems. The low adoption rate among

franchises could be attributed to the small sample size and varying operational standards depending on the parent brand's influence or autonomy at the local level.

These results align with existing literature. Kwansa and Schmidgall (1999) note that hotel chains and government-owned are likely to adopt systems such as the USALI to satisfy their reporting requirements, improve coordination, support budget monitoring, and enhance the ability to benchmark performance across departments and locations.

Okpala (2019) emphasizes that the organizational structure influences management accounting practices, with centralized or institutionally guided hotels showing more systematized financial reporting.

Hypothesis H1c is supported, there is a relationship between the adoption of the USALI and management status.

**Table 4.24: Adoption of the USALI/Management Status**

Management status	USALI adoption		
	Yes	No	Total
Hotel chain	22 (95.7%)	1 (4.3%)	23
Government-owned	9 (90.0%)	1 (10%)	10
Privately-owned	70 (59.8%)	47 (40.2)	117
Franchise	1 (50%)	1 (50%)	2
Total	102	50	152

#### **4.5. Sustainability**

Participants of the survey were asked questions relating to sustainability such as the hotel's corporate strategy on sustainability/ Environmental, Social and Governance (ESG) strategy, major sustainability concerns in the hotel, data and reporting capabilities of the hotel to track and report ESG impacts, areas of impacts on ESG, Production and disclosure of an integrated or a sustainability report, implementation of the hotel's sustainability policy.

#### 4.5.1. Does your hotel have a corporate wide sustainability/ ESG strategy?

The analysis of responses to the question "Does your hotel have a corporate-wide sustainability/ESG strategy?" (Table 4.26) offers insights into the present state of sustainability practices within the surveyed hotels. A total of 88 respondents (57.9%) indicated that their hotel does have a corporate-wide sustainability or ESG strategy. In contrast, 17 respondents (11.2%) indicated that their hotel does not have a corporate-wide sustainability or ESG strategy. Additionally, 47 respondents (30.9%) reported being unsure whether their hotel has a corporate-wide sustainability or ESG strategy.

In the face of these answers, improvements are needed particularly in raising awareness and communicating about sustainability strategies within the hotel industry. Additionally, employees can be trained and informed about the hotel's sustainability policies and practices, potentially increasing the effectiveness and integration of these strategies.

**Table 4.26: Does the hotel have an ESG Strategy?**

	Frequency	Percentage
Yes	88	57.9
No	17	11.2
Not aware	47	30.9
Total	152	100

#### 4.5.2. Which of the following are the major sustainability concerns in your hotel?

Table 4.27 analyses the result of responses from 151 respondents (367 responses) on the major sustainability concerns in the hotel.

The leading sustainability concern noted by respondents is Energy efficiency, with 64.2% (97 responses) of respondents. This is followed by Water conservation and Waste management with 45.7% (69 responses) and 39.7% (60 responses) respectively. Other Sustainability concerns in the hotel reported by respondents are Employee training and welfare (37.1%), Sustainable Food & Beverage (19.9%), Pollution cleaning materials (14.6%), Community participation (12.6%), and CO2 emissions (7.9%). It is important for hotels investigate these sustainability concerns to reduce the impact of the environment, reduce operational costs, build brand reputation and meet the eco-conscious guests' expectations. These findings collaborate with previous studies including Kim et al., (2019); Verma and Chandra (2018) and Jones et al., (2014).

**Table 4.27: Sustainability Concern**

	Frequency	Percentage
Energy efficiency	97	64.2
Water conservation	69	45.7
Waste management	60	39.7
Employee training and welfare	56	37.1
Sustainable Food and Beverage	30	19.9
Pollution of cleaning materials	22	14.6
.Community participation	19	12.6
CO2 emissions	12	7.9
Others	2	1.3

**4.5.3. Does the hotel possess the required data and reporting capabilities to track and report Environmental, Social, and Governance (ESG) impacts?**

Table 4.28 indicates the current state of ESG reporting capabilities within surveyed hotels in Nigeria. Most of the surveyed hotels have the required data and reporting capabilities to track and report ESG impacts (52% of respondents, 151 responses) which shows that the surveyed hotels are ready and willing to track and report ESG, thereby enhancing sustainability policies and transparency. A small proportion of respondents from the surveyed hotels (13.8%) do not have the required data and reporting capabilities, while 33.6% of respondents are unaware if they are equipped to track and report ESG impacts. Although the percentage of surveyed hotels without clear sustainability/ESG tracking system, the findings indicate a growing awareness and stage of development in Sustainability/ESG integration, consistent with Udoh's (2024) report on sustainability reporting practices in Nigeria, in that this area is developing and is of increasing importance to corporate establishments in recent years. Furthermore, there is an urgent need to enhance internal communication and train staff on the importance of reports related to ESG to align with global standards in sustainability.

**Table 4.28: ESG Reporting Capabilities**

	Frequency	Percentage
Yes	79	52.0
No	21	13.8
Not aware	51	33.6

#### 4.5.4. In which of the following areas can the hotel make the largest Environmental, Social and Governance (ESG) impact?

Regarding the areas where the hotels can make the largest ESG impacts, as shown in (Table 4.29), respondents from the surveyed hotels indicated social impacts first which are closely followed by environmental, and then governance in terms of ESG.

Most of the respondents from the sampled hotels (57.9%) perceive the social impact as either very highly (10.5%) or highly impactful (47.4%). Engaging the community and investing in employee well-being could produce significant benefits. Environmental impact is perceived as moderate, with a combined total of 42.2% of both very highly and highly impactful indicating this. The governance impact recorded 11.2% very high impact and 13.2% high impact.

Maintaining a balanced and good relationship with immediate stakeholders (such as employees, communities, suppliers government bodies, and investors) is important for any organization to succeed (Lin, Zhang, Luo, and Li, 2024), therefore, significant social impacts can be made by hotels by engaging local communities and investing in their employee well-being, by supporting local suppliers, providing adequate staff training and development, and fair labour laws Jones, et al., (2016). Additionally, implementing sustainable practices and promoting transparency in governance will improve the overall ESG performance of the hotels.

**Table 4.29: ESG Impact**

	Very high impact	High impact	Moderate impact	Low impact	Very low impact
Social	10.5%	47.4%	23.7%	10.5%	7.9%
Environment	11.8%	22.4%	50.0%	8.6%	7.2%
Governance	11.2%	13.2%	47.4%	21.7%	6.6%

*Note: 5 = Very high impact, 4 = High impact, 3 = Moderate impact, 2 = Low impact, 1 = Very low impact*

#### **4.5.5. Are you aware of the ESG topics and concerns that your stakeholders are most interested in understanding?**

The respondents were asked about awareness of ESG topics and concerns their stakeholders are interested in with the aim of identifying how stakeholders' engagement and communications can be improved upon as regards ESG issues.

The findings reveal that a large number of the respondents from the surveyed hotels (47.4%, 72 responses) from a total of 151 responses gathered, do not know of their stakeholders ESG concerns. Only a few (42 responses 27.6%) are aware of their stakeholders' ESG concerns while 24.3% (37 responses) are not aware. This finding highlights a gap in stakeholder engagement and ESG communication within the surveyed hotels. This is consistent with findings in other developing countries. According to Sun and Zainal (2024), Malaysian hotels often fail to effectively communicate ESG-related information, especially through strategic platforms like social media, resulting in low stakeholder engagement and awareness. Wang et al. (2024) also emphasize the necessity of stakeholder mapping and inclusive engagement strategies for achieving meaningful environmental performance in the hospitality industry in China.

Okonkwo et al. (2024) observed that Nigerian hotels still struggle with core reporting and engaged communication of ESG data, reaffirming this study's findings. Furthermore, Adebayo and Chukwuma (2023) have pointed out that ESG disclosures in firms in Nigeria are often general and not aligned with relevant stakeholder concerns, thereby weakening the sustainability reporting process. Organisations need to understand their stakeholders' concerns, not only to increase their profits but also to ensure their resources are efficiently used and environmental hazards are reduced (Rassiah, et, al., 2022).

***Table 4.30: Stakeholders ESG Concerns***

	Frequency	Percentage
Yes	42	27.6
No	37	24.3
Not Know	72	47.4

#### 4.5.6. Does the hotel produce an integrated or a sustainability report?

Respondents were asked if the hotel produced sustainability or integrated reports. More than half (81 responses, 53.3%) responded that the hotels produce these reports. This is in consistence with the gradual adoption of sustainability practices by hospitality industry (Jones et al, 2016). This also shows that a significant number of hotels produce sustainability or integrated reports in line with findings from KPMG, 2020 research shows that there is a global increase among big organizations to producing sustainability reports. Around 10% (15 responses) indicated that they do not produce integrated or sustainability reports.

Mzembe, Melissen, and Novakovic, (2019), explained in their work that internal organisational factors such as funds, size of firm managers/owners' personal values and institutional factors can affect the adoption of sustainable practices in organizations. A total of 36.8% (56 responses) are unaware whether hotels produce or not. This suggests a communication gap between the hotels.

*Table 4.31: Production of Reports*

	Frequency	Percentage
Yes	81	53.3
No	15	9.9
Not aware	56	36.6

#### 4.5.7. Where does the hotel disclose its integrated or sustainability report?

The analysis on (Table 4.32) presents the findings on the pattern of disclosure of integrated and sustainability reports by surveyed hotels. The findings aim to show communication platforms used by hotels to share sustainability information.

It was found that 60.5% discloses their reports through their websites which shows the importance of online platforms for effective communication and transparency of sustainability performance; while 12.5% disclose through their financial reports and 26.3% use both the websites and financial reports. Strategic priority and target markets are likely to influence the choice of disclosure avenues. Esrock, and Leichty, (1998) reported that hotels with large public participation tend to use websites more, while those targeting regulatory bodies and seeking investor participation would tend towards the use of financial reports as indicated by Simnett, Vanstraelen, and Chua, (2009) in their study.

**Table 4.32: Report Disclosure**

	Frequency	Percentage
Yes	92	60.5
No	19	12.5
Not aware	40	26.3

**4.5.8. Is there evident guests' education on the sustainability practices and policy of the hotel?**

Table 4.33 presents the findings on guest education on sustainability practices in hotels. Almost 60% of the respondents from the surveyed hotels confirmed that guests are informed about the hotels' sustainability practices whereas 40.1% of respondents indicate that they are not.

The analysis shows that a large portion of hotels surveyed engage in guest education, which shows a developing trend in the industry. Education of guests on sustainability practices improves customer satisfaction and builds loyalty since guests are becoming more aware and placing value on sustainability in determining their travel options (Tzschentke Kirk and Lynch, 2008).

Acampora, Preziosi, Lucchetti and Merli, (2022) also pointed out the importance of guest education as it supports meeting sustainability goals, such as conservation of energy and water as well local community support.

**Table 4.33: Guest Education on Sustainability Practice**

	Frequency	Percentage
Yes	91	59.9
No	61	40.1

**4.5.9. Does the hotel support the local community to promote sustainability of the environment?**

Table 4.34 demonstrates how the hotel supports the local community to promote sustainability of the environment. The findings show that 72.4% (110 responses) support their local communities while 27.6% do not support. UNWTO (2019) recommends involving residents (communities) in decision-making processes and fostering

partnerships between government, businesses, and community organizations. Additionally, Mbaiwa (2011) contends that involving residents in the planning, executing, and monitoring of tourism activities promotes sustainability. Community support boosts the image and reputation of the hotel which will attract environmentally friendly guests (Font and Lynes, 2018).

**Table 4.34: Community Support**

	Frequency	Percentage
Yes	110	72.4
No	42	27.6

**4.5.10. Based on a 1- to 5-point scale, rate whether you strongly disagree (1) or strongly agree (5) with each statement:**

a) It is important to monitor and record sustainability performance in the Accounts

Respondents were requested to indicate their opinion on the importance of monitoring and recording sustainability performance in accounts. From the analysis, 60.6% of respondents either strongly agree (17.8%) or agree (42.8%) that it is important. This is in line with the GRI (2008-2014) reports, sustainability reporting can improve organizational transparency as well as foster sustainability and financial performance.

Also, Ikpor et. al., (2022), further highlighted that sustainability accounting improves employee motivation, promotes long-term competitive advantage, reduces costs and increases profitability.

22.4% of respondents were Neutral in their opinion while a combined 17.1 % strongly disagree (10.5%) or disagree (6.6%).

b) The hospitality industry is associated with Sustainability issues of the environment.

Respondents were asked to indicate if they agree or disagree that the hospitality industry is associated with sustainability issues in the environment.

17.7% of respondents jointly disagree (10.5%) or strongly disagree (7.2%), 22.4% were neutral in their opinion while 59.9% of respondents strongly agree (9.9%) and agree (50%) with the statement.

The analysis shows a trend highlighted in past studies such as Verma and Chandra, (2018), which has linked the hospitality industry to sustainability issues in the environment through carbon emission, poor energy efficiency and management, inefficient water management and poor waste management.

c) Some factors related to hotels (Location, capital, turnover, and the kind of business the hotel operates) can make a difference in the implementation of sustainability accounting

In responding to this statement, 17.8% of respondents disagree or strongly disagree with the statement, 25.7% were neutral and 56.6% agree or strongly agree with the statement that factors such Location, capital, turnover and the kind of business operated by the hotel can make a difference in the implementation of sustainability accounting.

Research has shown that these factors could affect sustainability implementation in hotels. For instance, Jones et al., (2016) explained in their work that sustainability issues and prospects may vary between hotels in urban centres and those in rural communities. As such, the urban hotels are in a better position to promote sustainability accounting due to availability of funds and technologies than rural based hotels.

Sustainability initiatives can be disrupted by frequent personnel changes, which can make it difficult to maintain a consistent approach as explained in the works of del Mar Alonso-Almeida, et.al., (2017).

d) Sustainability management should be incorporated in the corporate policy of the hotel,

A total of 63.1% of respondents from the surveyed hotels either strongly agree or agree (15.1%, 48%) to this statement while 19.7% took a neutral stand and 17.1% disagreed or strongly disagreed.

It is important to incorporate sustainability management into corporate policy as it ensures long-term adaptability, meets stakeholders' prospects and creates a lasting value. Over the last decades, there has been a considerable demand for non-financial information

(Eccles, Lee, and Stroehle, 2020). They further highlighted that the inclusion of sustainability management into corporate policy of the hotel encourages investors trust and could also enhance effective management of sustainability projects.

e) The sustainability policy of the hotel contributes to the reduction of negative effects on the environment.

A total 57.3% of respondents from the surveyed hotels either agree (42.8%) or strongly agree (14.5%) with the statement that sustainability policy of the hotel contributes to the reduction of negative effects on the environment, while 26.5% were neutral in their opinion and 16.4% of respondents either strongly disagree or agree.

These results emphasize the importance of having and implementing sustainability policies in the hotel.

Kholijah (2024) revealed that adoption sustainability policies in hotels can reduce operational costs significantly and improve efficiency through the introduction of resource and energy management approaches such as water preservation measures, use of energy-saving lights, reduction in waste generation and proper management. These strategies help the preservation of natural resources, reduction in carbon emission and conservation of biodiversity and ecosystem.

Also, according to a survey by Booking.com, 74% of travelers prefer sustainable travel options from companies, and 43% do not mind paying extra to support certified sustainable choices, hence, implementing eco-friendly business practices could lead to increased business in the long-term.

f) Confidence and trust in the hotel can be enhanced through transparency and assurance of sustainability reporting resulting in enhanced revenues

Analysis table shows the opinion level among respondents in respect to the statement “Confidence and trust in the hotel can be enhanced through transparency and assurance of sustainability reporting resulting in enhanced revenues”. 63.8% representations were recorded for those in agreement with the statement (20.4% strongly agree, 43.4% agree) which shows a positive perception towards sustainable initiatives and transparency in the

hotel industry. 20.4% were neutral in their opinion while 15.8% totally disagree or strongly disagree with the statement.

Hahn and Kühnen (2013), in their study, explained that organization gain stakeholders trust when clear and accurate information about a company's sustainability policies and performance is provided. Additionally, Porter and Kramer (2011), argue that integrating sustainability as part of an organization's core strategies can enhance mutual benefits, which not only benefits society but also enhances the company's competitiveness and profitability. Also, Lee and Suh, (2022), explained in their work that Sustainability initiatives are considered an important corporate policy that enhances competitive advantage among organizations (Kim et al., 2012).

Confidence and trust of stakeholders builds a reputation, an intangible asset, for the Organization and this could contribute to a long-term sustainable business operation (Walker, 2010), reinforce the organization's mission and value as well as contribute to its long-term efficiency and productivity.

**Table 4.35: Statement Agreement**

	Monitor Records	Sustainabil ity Issues	Factors Impacting	Incorporate Policy	Policy contributio n	Transparen cy/Trust
Strongly Agree	17.8%	9.9%	15.8%	15.1%	14.5%	20.4%
Agree	42.8%	50.0%	40.8%	48.0%	42.8%	43.4%
Neutral	22.4%	22.4%	25.7%	19.7%	26.3%	20.4%
Disagree	6.6%	10.5%	9.9%	9.2%	10.5%	11.2%
Strongly Disagree	10.5%	7.2%	7.9%	7.9%	5.9%	4.6%

*Note: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree*

#### **4.5.11. Rate how the implementation of the hotel's sustainability policy has impacted on its performance**

Respondents from the surveyed hotels were asked their opinion on how the implementation of the hotel's sustainability has impacted on its performance based on four performance metrics: operational cost reduction, image improvement, competitive

advantage, and staff satisfaction. The analysis shows that for operational cost reduction, a total of 33.6% respondents indicated highly impactful (15.8%) or impactful (17.8%) while 36.2% perceived the policy to be moderately impactful., this in line with the general school of thought that sustainability policies such as efficient energy and water conservation as well as waste management, could enhance reduction in operation costs (Jones and Comfort, 2020).

A total of 46% of respondents considered the sustainability impact on image improvement highly impactful and impactful, while 35.5% considered it to be moderately impactful. This indicated that the sustainability policies of the hotel can improve its image, aligning with previous works that have emphasized how customer loyalty and corporate reputation is built as a result of the sustainability policies of an organization. Similarly, 42.7% of respondents rated competitive advantage as either highly impactful (16.4%) or impactful (26.3%) while 36.8% rated has moderately impactful, the analysis shows that competitive advantage is viewed to be relatively highly impacted by sustainability policies of the hotel industry. It sets aside an organisation apart within the industry and attracts environmentally conscious guests (Martínez-Martínez, et.al.,2019). 44.1% of respondents also agreed that staff satisfaction is either highly impacted (17.1%) or impacted (27%), while 34.9% indicated it to be moderately impacted. This shows that the sustainability policies of the hotel can boost employees’ morale and satisfaction, resulting in a healthy work environment and reducing employee turnover.

**Table 4.36: Impact of Hotel’s Sustainability Policy on Performance**

	Operational cost reduction	Image Improvement	Competitive Advantage	Staff Satisfaction
Highly Impactful	15.8%	19.7%	16.4%	17.1%
Impactful	17.8%	26.3%	26.3%	27.0%
Moderately Impactful	36.2%	35.5%	36.8%	34.9%
Slightly Impactful	21.1%	8.6%	9.2%	12.5%
Not Impactful	9.2%	9.9%	11.2%	8.6%

*Note: 5 = Highly Impactful, 4 = Slightly Impactful, 3 = Moderately Impactful, 2 = Impactful, 1 = Not Impact*

#### 4.5.12. Which of the following metrics does the hotel calculate on a consistent basis?

Table 4.37 presents the results obtained from respondents from the surveyed hotels regarding sustainability metrics that are calculated consistently in the hotel. Calculating these metrics gives the hotel management a balanced knowledge of what to track and report on sustainability performance.

From the table, Energy Consumption per Occupied Room is the most calculated metric with (80.9%,123 respondents) showing the importance of tracking and having a good energy efficiency policy due to its impact on organization's operational cost. By contrast, 75 of the respondents from the surveyed hotels (49.3%) indicated consistent tracking of Water Consumption in their hotels, indicating that more efficient water management policies need to be put in place to improve operational costs as well as the environment.

Waste management and Greenhouse Gas (GHG) Emission metrics were tracked by 25% and 17.1% of the respondents respectively. Moderate attention but notable efforts seem to be placed on these two metrics. Effective waste management and recycling policies can improve the hotels' sustainability performance. Furthermore, monitoring GHG emissions will enable stakeholders to better understand its effect on the environment as well as business operations and set out the right approach to curtail these effects. These findings align with prior research, such as Kim, et, al., (2018) and Sakshi, et, al., (2020), who asserted that hotel sustainability performance is naturally assessed based on Waste and GHG emission management, Energy and Water conservation and other sustainability initiatives. Based on the performance level, hoteliers are able to defend premium pricing, attract/develop environmental -friendly customer base, generate more cashflows and also build on existing relationship with all investors (Berezan, Raab, Yoo and Love, 2013).

**Table 4.37: Metrics Calculated on Consistent Basis**

	Frequency	Percentage
Energy Consumption per occupied room	123	80.9
Water consumption	75	49.3
Waste generation and recycling	38	25.0
Greenhouse (GHG) Gas Emission	26	17.1

To assess hypotheses H2: There is a relationship between the adoption of the USALI and the implementation of sustainability practices, major indicators from the survey data were examined against three sustainability outcomes: environmental performance, ESG compliance, and reporting quality. The subsequent discussion interprets these findings in relation to the USALI adoption.

**a. Environmental Performance:** Environmental performance was assessed through the monitoring of the hotels of sustainability metrics. Table 4.37 shows a significant percentage of respondents from the surveyed hotels reported tracking energy consumption (80.9%), while 49.3% track water usage, two major metrics within the EWW section in the revised 12<sup>th</sup> edition of the USALI. Table 4.29 also reveals that 34.2% of respondents from the surveyed hotels rated their environmental impact as high or very high, while 50% rated it moderate, showing substantial engagement in environmental matters. These findings suggest that many of the surveyed hotels have begun incorporating sustainability monitoring practices, particularly around energy and water use, which are directly addressed in the USALI structure. Such engagement reflects the growing integration of environmental considerations in hotel operations, a key outcome the USALI was revised to support.

**b. ESG Compliance:** ESG compliance was examined through the presence of ESG strategies and the hotels' capacity to report ESG-related data. Results in Table 4.26 reveal 57.9% of respondents from surveyed hotels reported having a corporate-wide ESG strategy, likewise, 52% of the respondents in Table 4.28 indicated that their hotels possess the data and reporting capabilities required to track and report ESG impacts. These results indicate that more than half of the surveyed hotels are aware of ESG standards and also taking steps to align with them. This supports the opinion that USALI, particularly in its revised 12th edition which introduces an ESG-focused schedule (EWW), provides a structured guide for hotels to improve their ESG tracking and compliance practices.

**c. Reporting Quality:** Reporting quality was evaluated by whether hotels produce sustainability or integrated reports and how they disclose them. The result in Table 4.31 shows that 53.3% of the respondents from the surveyed hotels indicated that the reports are generated. Table 4.32 reveals that 60.5% of the respondents from the hotels disclosed reports through their websites, and 26.3% used both financial reports and websites. These

practices suggest a positive trend in sustainability communication and transparency, which are important aspects of reporting quality. Since the USALI is designed to standardize and improve financial and operational reporting including non-financial information these results align with the expected reporting improvements from its adoption.

Conclusively, the results indicate that hotels with structures consistent to the USALI principles are more inclined to monitor key environmental indicators, implement ESG policies, and generate sustainability reports. Each of these outcomes (environmental performance, ESG compliance, and reporting quality) are positively reflected from the data collected. Thus, Hypothesis H2 there is a relationship between the adoption of the USALI and the implementation of sustainability practices.

#### **4.6. Moderation Mediated Analysis**

The results of the moderated mediation model (PROCESS Model 7) provide significant insights into the relationships among the adoption of the USALI (Adoption of the USALI - X), age (mediator - M), experience (moderator -W), and sustainability-related outcomes (Sustainability strategy - Y).

##### **4.6.1. Direct and Moderated Effects on the Mediator (Age)**

First, the relationship between the independent variable (Adoption of the USALI) and the mediator (Age) was analyzed. The model fit was strong, with an  $R^2=0.7081$  and  $F=119.6852$ ,  $p < 0.001$ , indicating a robust overall effect. The overall direct effect of Adoption of the USALI on age was negative and significant ( $\beta = -0.5469$ ,  $p = 0.018$ ), but when considering conditional effect at low experience the effect becomes non-significant. The adoption of the USALI negatively influences age as a mediator. However, the interaction term (Adoption of the USALI  $\times$  Experience) was positive and significant ( $\beta = 0.5362$ ,  $p < 0.001$ ), showing evidence of a moderating effect of experience (Table 4.38).

Also, conditional effects adoption of the USALI on Age were examined at three levels of experience in order to gain a deeper understanding of this moderation. The effect of adoption the USALI on age was not significant at low experience (1) ( $\beta = -0.0107$ ,  $p = 0.9403$ ), at moderate experience (2), the effect resulted in a significant and positive ( $\beta =$

0.5255,  $p < 0.001$ ) and high experience (3), the effect was even stronger ( $\beta = 1.0618$ ,  $p < 0.001$ ). The analysis supports hypothesis 4b, which suggested that employee experience moderates the relationship between the USALI adoption and age, such that the effect of USALI adoption on age is more positive at higher levels of experience. This is consistent with the work of Pahos et al., (2021), that age and experience are important factors in understanding how organizational practices influence outcomes. It also supports Van der Heijden et al., (2009) view that employees with more practical experience of the industry are more resilient to understand, implement, and interpret financial systems like the USALI into strategic action.

This result indicates that individuals with higher levels of experience boost the positive relationship between adoption of the USALI and age, transforming a previously negative effect into a significant positive influence. As a result, individuals with more experience strengthen the positive relationship between adoption of the USALI and age, transforming a previously negative effect into one that is more significant, thereby, emphasizing the role of experienced personnel in promoting sustainability integration through financial practices.

#### **4.6.2. Direct Effects on the Outcome Variable (Sustainability strategy)**

The relationship between the independent variable (Adoption of the USALI), the mediator (Age), and the outcome variable (Sustainability strategy) was also examined. The model showed a significant fit with  $R^2 = 0.4038$ ,  $F = 50.45$ ,  $p < 0.001$ . The adoption of the USALI presented a strong and positive direct effect on sustainability strategy ( $\beta = 0.9381$ ,  $p < 0.001$ ), confirming that greater adoption of the USALI leads to improved sustainability results. The mediator (Age) also showed a positive and significant effect on sustainability strategy ( $\beta = 0.2370$ ,  $p = 0.0081$ ), indicating that seasoned employees contribute positively to sustainability initiatives. These findings support hypothesis 3, that the adoption of the USALI has a direct and positive effect on the implementation of sustainability strategy in hotels.

These findings confirm that adoption of the USALI has both a direct impact on sustainability strategy and an indirect pathway through age.

This result aligns with previous research which emphasized the strategic advantages of implementing structured accounting systems in the hospitality industry. For instance, Kim et al. (2018) observed that efficient financial reporting processes enable hotels to evaluate and track sustainability indicators, such as energy and resource efficiency, thereby fostering improved sustainability outcomes. Similarly, Chan and Hawkins (2012) found that when hotels standardize such systems, it encourages organizational learning and sustainability-oriented innovation.

The relationship highlights the role of standardized financial reporting systems in enhancing transparency, accountability, and data-informed decision-making, which are important for incorporating sustainability in operational structures; and suggests that mature and experienced employees contribute to the adoption and implementation of sustainability initiatives.

#### **4.6.3. Conditional Indirect Effects: Moderated Mediation**

Across different levels of experience, the conditional indirect effects of adoption of the USALI on sustainability strategy through age were analyzed. The results highlight the moderated mediation effect: At low level of experience (1), the indirect effect was not significant (Effect = -0.0025, Boot LLCI = -0.0724, Boot ULCI = 0.0664), at intermediate level of experience (2), the indirect effect was positive and significant (Effect = 0.1246, Boot LLCI = 0.0228, Boot ULCI = 0.2525) and at high level of experience (3), the indirect effect was stronger and significant (Effect = 0.2517, Boot LLCI = 0.0493, Boot ULCI = 0.4902) (Table 4.39).

The findings support hypotheses H4a, that the indirect effect of the adoption of the USALI adoption on sustainability strategy through age is moderated by employee experience, such that the mediated relationship is stronger at higher levels of experience.

The results underscore the importance of experience in enhancing the utility of standardized accounting systems like the USALI. Employees with broad experience are better positioned to interpret financial and operational reports more effectively and apply this knowledge to inform sustainable practices. This aligns with findings by Pahos et al. (2021), who argued that experience is an important variable in organizational learning and environmental adaptation.

#### **4.6.4. Index of Moderated Mediation**

The index of moderate mediation was statistically significant (Index = 0.1271, Boot LLCI = 0.0196, Boot ULCI = 0.2571). This result confirms that experience significantly moderates the mediating role of age in the relationship between adoption of the USALI and sustainability strategy. The positive index indicates that the effect of adoption of the USALI on the outcome variable (sustainability strategy) through age is stronger for individuals with higher levels of experience (Table 4.39).

The result supports hypotheses H4b, which asserted that employee experience moderates the relationship between USALI adoption and age, such that the effect of the USALI adoption on age is more positive at higher levels of experience.

The finding aligns with Zheng et al. (2010), who highlighted that experience enables employees to support organizational systems more effectively, thereby encouraging greater innovation in sustainability practices.

Consequently, for hotels to optimize the effects of Adoption of the USALI, both age and experience of employees should be considered to maximize the impacts of its sustainability strategies. Pahos et.al., (2021) conclude in their study that organizational performance is affected by age and experience and therefore recommended that organizations should consider employing mature and experience staff.

**Table 4.38: Moderated Mediation table**

	$\beta$	SE	$t$	$p$	LLCI	ULCI
Mediation variable analysis (Age)						
Constant	1.2362	0.3037	4.0700	0.0001	0.6360	1.8364
Adoption of USALI	-0.5469	0.2293	-2.3855	0.0183	-1.0000	-0.0939
Experience	-0.1554	0.1416	-1.0972	0.2743	-0.4352	0.1245
X*W	0.5362	0.0974	5.5064	0.0000	0.3438	0.7287
Dependent Variable Analysis ( Sustainability strategy)						
Constant	0.0797	0.1744	0.4573	0.6482	-0.2648	0.4243
Adoption of USALI	0.9381	0.1506	6.2272	0.0000	0.6404	1.2357
Age	0.2370	0.0883	2.6847	0.0081	0.0626	0.4115

*Note:* X\*W= Interaction between Adoption of the USALI and Experience; LLCI = lower limit confidence interval; ULCI = upper limit confidence interval.

**Table 4.39: Direct and conditional indirect effects**

Direct effect of Adoption of the USALI on Sustainability strategy						
	Effect	SE (Boot)	$t$	$p$	Boot LLCI	Boot ULCI
	0.9381	0.1506	6.2272	0.0000	0.6404	1.2357
Conditional Indirect Effects of Adoption of the USALI on Sustainability strategy through age at different levels of experience						
	Level	Effect	Boot SE	Boot LLCI	Boot ULCI	
Experience	1	0.0025	0.0323	0.0687	0.0650	
Experience	2	0.1246	0.0588	0.0197	0.2516	
Experience	3	0.2517	0.1144	0.0393	0.4892	
Index of Moderated Mediation						
	Index	Boot SE	Boot LLCI	Boot ULCI		
	0.1271	0.0601	0.0196	0.2571		

## **5. CONCLUSION, IMPLICATIONS AND RECOMMENDATIONS**

This chapter summarizes the findings of the study in relation to the research questions and draws conclusions, with focus on the adoption of the USALI in Nigeria hospitality industry and issues relating to sustainability. It discusses the implications and makes recommendations for application by stakeholders. The chapter also highlights the limitations of the study and the directions for future research. This study was motivated by the inadequacy of research on the adoption of the USALI in the Nigeria's hospitality industry, particularly on issues relating to sustainability.

According to the survey, the adoption of the USALI and sustainable practices is becoming more crucial for stakeholders in the Nigerian hospitality industry, including hotel management, policymakers, and industry experts. The findings show that a majority of Nigerian hotels have adopted the USALI (67.1%) which is consistent with findings from Planas (2004) where a 63% adoption rate of the USALI in Spain was recorded. Kwansa and Schmidgall (1999) in their survey conducted on 112 US members of the HFTP also found that in the USA the USALI's adoption rate was 78%. However, this differs from Ibrahim (2020) study, which reported that 28.2% of surveyed hotels in Nigeria adopt the USALI. This finding may indicate an increasing awareness of the value of structured financial reporting system for ensuring accountability and operational efficiency. The findings show that regulatory enforcement and training programs could enhance the USALI adoption by addressing the lack of skilled personnel.

However, there are various hindrances limiting the wider adoption of the USALI, especially the non-mandatory use of the system and lack of skilled staff. This is consistent with previous research by Faria et al., (2015) and Ibrahim, (2020). The hotel management team (46.1%) and the financial controller (26.5%) also played a major role in the decision-making of the USALI adoption. This is in line with the study by Kwansa and Schmidgall (1999) who had stated in their study that more than half of the respondents cited that decision making was taken by top level managers. The findings show that regulatory enforcement and training programs could enhance the USALI adoption by addressing the lack of skilled personnel.

Furthermore, the study identifies evaluation of performance (53.5%), and positive impact in short-term/medium-term performance of the hotel (33.7%), as the major significant benefits for adopting the USALI by the hotels. Other benefits identified included measurement departmental profitability are recorded as (32.7%,) cost control (24.8%), calculating financial ratios (18.8%) and benchmarking (16.8%). This supports findings from past studies that adopting the USALI facilitates performance measurement and comparative analysis among hospitality organisations, as well as benchmarking (Mitrović, Janković, and Ivankovič, 2016; Machado and Silva, 2021 and Campos et al.,2022). Major uses of the USALI identified were decision-making (40.6%) and forecasting & Budgeting (39.6%), which corresponds to the findings from Gomes et al., (2015) and Campos et al., (2023) who had reported in their various studies that hotels use the USALI to facilitate decision making, prepare budget as well as management control and management oversight.

The study also examined key indicators necessary for measuring financial performance of the hotel. This collaborates with Chen (2010) opinion that increase in occupancy rate, improves sales revenue and leads to the development of hotel industry. Occupancy and profitability ratios were considered as the most important indicators, next were activity ratios and labor cost ratios. Other metrics included Revenue per Available Room (RevPAR), Average Daily Rate (ADR), liquidity, and solvency ratios seem less crucial but are also important ratios for the financial stability of the hotel. Studies have shown that operational and profitability ratios are important performance indicators to financial experts in the U.S hotel industry (Singh and Schmidgall, 2002; Bhamornsathit and Katawandee, 2016).

In terms of sustainability practices, the study shows that more than half of the surveyed hotels (57.9%) have a sustainability/ESG strategy, further demonstrating the importance of these strategies in shaping the future of the hospitality industry, as highlighted in past studies (Thun et al., 2024; Rahman, Zahid and Khan, 2021). Major areas of sustainability concerns identified in the study energy efficiency (64.2%), water conservation (45.7%), and waste management (39.7%). This aligns with previous studies by Kim et al. (2019), Verma and Chandra (2018), and Jones et al. (2014). Other sustainability concerns recognized include employee training and welfare, sustainable food and beverage

practices, pollution from cleaning materials, and CO<sub>2</sub> emissions. Additionally, 52% of respondents from the hotels indicated being equipped with the necessary data and reporting mechanisms to measure their ESG impacts. While this is a moderately high, it shows that a number of the hotels are not equipped with relevant data to enable them to track and report ESG impacts, corroborates Udoh (2024) statement that Sustainability/ ESG reporting in Nigeria is in its developing level and gaining relevancy recently. It further supports Lin, et. al. (2024) findings.

Social impacts such as maintaining balanced relationships with relevant stakeholders are anticipated to be the most significant (57.9%), followed by environmental (42.2%), and governance (24.4%) identified as the most crucial ESG areas. This result is consistent with ESG related study by Lin, et al., (2024). Findings from the study also confirm production and disclosure of sustainability or integrated reports either through websites, financial reports or both media, aligning with international global standards (KPMG, 2020).

The importance of guest education and staff engagement on sustainability initiatives of the organisation as emphasized by Acampora, et. al. (2022) was highlighted. In addition, the study recognized the importance of monitoring and recording sustainability performance in financial accounts and incorporating sustainability management into corporate policy, upholding the findings of Ikpor et al. (2022) and in line with the GRI (2008-2014) reports; and Eccles, Lee and Stroehle, (2020).

Similarly, 59.9% of respondents agreed that the hospitality industry is associated with sustainability issues of the environment (Verma and Chandra, 2018). Also, 57.3% believed that the sustainability policy of the hotel can contribute to reducing negative impacts on the environment, through proactive measures such as hotels such as reduction in carbon emissions, water conservation, and the promotion biodiversity conservation can reduce environmental hazards, thereby contributing to the long-term growth of the hospitality industry (Kholijah, 2024). However, factors such as location, capital, turnover, and business model can make a difference in the implementation of sustainability accounting as agreed by 56.6%. This is in line with the studies of Jones, et al., (2016) and del Mar Alonso-Almeida, et al., (2017).

Lastly, the study observed a relationship where age mediates the influence of Adoption of the USALI on Sustainability strategy, with experience playing a crucial role. This suggests that both age and experience are significant in optimizing organizational performance. This aligns with findings from Pahos et al, (2021) and Porkodi, Ahmad, and Tabash, (2024) affirming that age and experience are associated with organisational performance and sustainable growth.

## **5.2. Significance and Implications of Study**

The study emphasises the benefits associated with prioritizing sustainability concerns such as energy conservation, water reduction waste management, and greenhouse gas emission in hospitality industry, particularly in Nigeria. It highlights the opinion that implementation of sustainable practices can help hotels safeguard the environment, boost their reputation, and foster sustainable economic growth. Additionally, adoption of the USALI may be used to track and report on sustainability initiatives, assisting hotels in being more transparent and meeting international standards. To enhance financial and environmental standards, hotel managers and industry experts can use the data to direct their investments in training, technology, and laws/regulations.

The study also emphasises that staff expertise and leadership abilities are critical to a hotel's success when using the USALI for sustainability, demonstrating that capable leaders are essential to the success of these initiatives.

The study contributes to the theoretical discourse on financial reporting in the hospitality sector and sustainability by bridging the gap between the USALI adoption and sustainability. It demonstrates how sustainability can enhance financial transparency and operational efficiency within accounting systems by building-on existing frameworks. It also emphasizes the role of hotels in balancing economic performance with social and environmental responsibility.

Additionally, the study also supports past studies that suggest organizational age and experience play a mediating role in the successful adoption of sustainability structures.

This understanding adds to the growing body of knowledge on how maturity influences sustainability adoption.

Practically, the study offers meaningful insights into the adoption of the USALI and sustainability to hotel managers, policymakers and investors. The hotel management teams are encouraged to integrate the USALI into sustainability frameworks for enhanced financial reporting, tracking of ESG performance, and gaining a competitive edge. Also, hospitality policymakers and regulators should consider developing guidelines, incentives, and regulatory requirements that encourage sustainability reporting. Investors and industry professionals can leverage sustainability reporting for assessing hotel performance, identifying potential investment opportunities, and supporting sustainable business practices. Furthermore, hotel management teams are encouraged to invest in capacity building and development of employees in areas relating to management and financial reporting as well as sustainability issues.

### **5.3. Contribution of Study**

This study makes several contributions to management accounting literature. It shows how adoption of the USALI can serve as an effective tool for financial and operational management that integrates sustainability/ESG strategies.

Also, it provides insights into how demographic factors influence organizational decision-making and performance, by examining the role of age and experience in optimizing the USALI adoption for sustainability strategies. Furthermore, it highlights the important sustainability concerns such as energy efficiency, water conservation, carbon emission, and waste management, giving a picture of the primary environmental challenges faced by Nigerian hotel industry. The need for improvements in data in tracking and reporting on ESG impacts, which can help influence the development of more effective sustainability reporting frameworks is emphasized in the study.

Additionally, the study provides feasible recommendations for hotel managers, industry professionals, and policymakers on how to enhance sustainability practices and improve adoption and implementation of the USALI to ensure the long-term success of sustainability goals.

Several recommendations can be inferred from the findings of this study. Hotel management/ owners are encouraged to integrate the USALI with sustainability programs for enhanced financial reporting, tracking ESG performance, and gaining a competitive edge. Also, hospitality policymakers and regulators should consider developing guidelines, incentives, and regulatory requirements that encourage sustainability reporting. Investors and industry professionals can leverage sustainability reporting for assessing hotel performance, identifying potential investment opportunities, and supporting sustainable business practices.

In addition, hotels should explore technological advancements such as automated reporting systems and sustainability software to enhance the process of tracking and reporting sustainability initiatives.

#### **5.4. Limitations of Study**

As with all research, this study encountered certain limitations that may influence its results. Firstly, there was the issue of low response to questionnaires from target stakeholders in the hotels as invitation emails were ignored and there was a lack of interest in participating. Follow up emails were sent to appeal to participants.

Also, there was an uneven sampling distribution, as a result of the unequal concentration of hotels in Nigeria, some regions and hotel categories were underrepresented (e.g., mid-range hotels were more prevalent than luxury hotels). As such, results may not be generalized due to unbalanced representation across hotel categories.

While the efficiency of online surveys cannot be underscored, they are often less able to capture detailed perceptions compared to in-depth interviews or focus groups, and the fixed response options may not adequately reflect the complexities of sustainability adoption within the hospitality industry.

Additionally, the entire hotels in Nigeria may not be fully represented as some regions and smaller hotels were underrepresented due to different financial reporting standards and variation in sustainability practices.

## **5.5. Recommendations for Future Research**

To improve the understanding of the adoption of the USALI and sustainability practices in the Nigeria hospitality industry future research could focus on areas such as comparative studies across regions, particularly other African countries, to provide a more comprehensive understanding of regional variances and best practices in the adoption of the USALI and sustainability practices. Also, studies on the importance of modern technologies and innovations, such as automated reporting systems and sustainability software, may show how innovations might aid in the implementation of the USALI and ESG practices. Future studies in small independent hotels would shed more light on the peculiar challenges and opportunities when implementing these systems. Also, for future research, mixed sampling methods or Stratified sampling methods to ensure wider representation across different hotel categories and regions could be considered. Other potential areas of future research include the financial impact of the USALI adoption on hotel performance, as well as the efficacy of government policies or incentives in promoting industry sustainability.

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## **7. APPENDIX 1: LETTER OF INTRODUCTION**

Adetutu Fatimah Adekoya

University of Algarve,  
Faculty of Economics,  
Department of Tourism Management,  
Faro  
Portugal.

Dear Respondent,

I am a student undertaking studies for a Master of Science degree in Tourism Management at the above stated institution. I am conducting research for master's thesis on "THE ADOPTION OF UNIFORM SYSTEM OF ACCOUNTS FOR THE LODGING INDUSTRY (USALI) IN NIGERIA: A SPECIAL LOOK AT ISSUES RELATED TO SUSTAINABILITY", which is a requirement for completion of my degree.

Your establishment has been selected to participate in this study as a stakeholder in the hotel industry in Nigeria.

I need your assistance to complete this questionnaire and make the findings valid. Responses will be collated and statistically analysed for the basis of my thesis only.

I wish to assure you that this is purely for academic purposes and therefore your responses and participation will be treated with the utmost level of confidentiality.

Thank you in advance for your participation in this study.

Best Regards

Adetutu Fatimah Adekoya.

## 8. APPENDIX II QUESTIONNAIRE

Please complete this section :

(Please complete this section by checking the correct answer)

### A: Background information of the Respondent

1. Age:

Below 40

Between 40-55

55 and above

2. Qualification:

High School Graduate

Bachelors

Post-graduate

Other

3. Position Held:

Hotel Manager

Accounting Executive

Financial Manager

Other

4. Years of experience in current position:

1-3 years

4-10 years

More than 10 years

### B Hotel Information

5. How long is the hotel in operation:

less than 5 years =>>>>>>>>> less than 5 years =>>

5 -15 years

Above 15 years

6. Location of Hotel:

North-Central

North-East

North-West

South-East

South-South

South-West

7. Description/Services of Hotel:

World-class/luxury hotel/Service

Mid-range hotel/ Service

Budget / limited hotel/Service

8. Ownership/Management of the hotel:

Franchise

Hotel chain

Privately owned

Government owned

9. Hotel Ratings:

2 Star

3 Star

4 Star

5 Star

10. Number of rooms available:

Less than 100

101 – 250

250 above

11. Average number of employees as of 2022:

- Below 100
- 101 – 300
- Above 300

**C. Uniform System of Accounts for the Lodging Industry (USALI)**

12. Does your hotel adopt the Uniform System of Accounts for the Lodging Industry (USALI)

- Yes
- No

**( If YES, please proceed to question 15)**

13. Is there a reason why the hotel does not adopt the USALI?

- It is not mandatory to use
- Lack of financial resources for its implementation
- Inadequate technical expertise for the implementation of USALI
- Other (please specify) -----

14. Is the hotel considering adopting the USALI in future

- Yes
- No
- Not sure

15. Who took the decision for the adoption of USALI in your hotel?

- Financial Manager
- External Consultant/ Company
- Hotel Management team
- Not aware
- Other -----

16. Which of these Profit/Revenues Centre are reflected in the accounting reports of the hotel?

(Please indicate)

Rooms

Food and Beverage

Spa / Health Club

Parking Services

Business Centre

Golf Course and Pro Shop

Tennis and Pro Shop

Other ( Please specify) -----

17. Which of these following Cost Centers are reflected in the hotel's report?

Administration and General

Information and Telecommunications Systems

Sales and Marketing

Property Operation and Maintenance

Utilities

Other ( Please indicate) -----

18. How long has the hotel been using USALI?

1year - 5years

6years – 10years

19. For which purposes is USALI being used for?

Reduction in Cost

Decision Making

Benchmarking

Forecasting & Budgeting

- Evaluate Performance
- Pay bonuses and incentives
20. In your opinion, what are the main benefits of USALI adoption in your hotel?
- Benchmarking
- To help calculate ratios
- To evaluate performance
- To measure departmental profitability
- It has positive impact in the short-term/medium-term performance of the hotel
- To control costs
- Others ( please specify) -----

21. Rate the importance of the following indicators to measure the Hotel's financial performance ( with 1 as least important and 5 as highly important )

	1	2	3	4	5
Revenue per available room (RevPAR)					
Average daily rate (ADR)					
Occupancy rate (OR)					
Liquidity ratios					
Solvency Ratios					
Activity Ratios( e.g., Inventory turnover)					
Profitability Ratios (e.g., GOPAR, GOP Margin Ratio, EBITDA Margin Ratio)					
Labour Cost Metrics					

22. Please indicate other ratios/indicators that you consider of utmost importance to your hotel.

-----

23. Are you aware of the introduction of the Sustainability Schedule ( Energy, Water and Waste), former Utilities section, in the forthcoming 12th Edition of the USALI?

- Yes
- No

**D. Sustainability**

24. Does your hotel have a corporate wide sustainability/ Environmental, Social and Governance (ESG) strategy?

- Yes
- No
- Not aware

25. Which of the following would you agree are the major sustainability concerns in your hotel?

- Energy efficiency
- Water conservation
- Waste Management
- Pollution of cleaning and chemical products
- CO2 emissions
- Sustainable Food and Beverage
- Community participation
- Employee training and welfare
- Other -----

26. In your opinion, does the hotel possess the required data and reporting capabilities to track and report ESG impacts?

- Yes
- No
- Not aware

27. In which of the following areas can the hotel make the largest Environmental, Social and Governance (ESG) impact? ( On a scale of 1-5, with 1= Very low impact, and 5=Very high impact)

	1	2	3	4	5
Environmental					
Social					
Governance					

28. Are you aware of the ESG topics and concerns that your stakeholders are most interested in understanding?

Yes

No

Not aware

29. Based on your answer in question 28 above, please give example(s)

-----

30. Does the hotel produce an integrated or a sustainability report?

Yes

No

Not aware

31. Which standard(s) is the sustainability reporting or integrated reporting based upon?

-----

32. Where does the hotel disclose its integrated or sustainability report?

Website

Financial report

Both

Other -----

33. Is there evident guests education on the sustainability practices and policy of the hotel?

Yes

No

34. Does the hotel support the local community to promote sustainability of the environment?

Yes

No

35. Based on a 1- to 5-point scale, rate whether you strongly disagree (1) or strongly agree (5) with each statement

	1	2	3	4	5
It is important to monitor and record sustainability performance in the Accounts?					
The hospitality industry is associated with Sustainability issues of the environment.					
Some factors related to hotels (Location, capital, turnover, and the kind of business the hotel operates) can make a difference in the implementation of sustainability accounting					
Sustainability management should be incorporated in the corporate policy of the hotel?					
The sustainability policy of the hotel contributes to the reduction of negative effects on the environment.					
Confidence and trust in the hotel can be enhanced through transparency and assurance of sustainability reporting resulting in enhanced revenues					

36. Rate how the implementation of the hotel's sustainability policy has impacted its performance, in terms of:

( with 1 as not impactful and 5 as highly impactful )

	1	2	3	4	5
Reduction in Operational Cost					
Improvement of the hotel's image.					
Improvement of the hotel's competitive advantage					
Promotion of staff satisfaction and motivation					

37. Which of the following metrics does the hotel calculate on a consistent basis?

Energy Consumption per occupied room (“POR”)

Water consumption POR

Waste generation and recycling POR

Greenhouse (GHG) Gas Emission

Other -----