



Discussion paper

The contents, determinants, and strategic procedure for implementing suitable green activities in star hotels

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ABSTRACT

This study aims to examine a win-win model for hotel competitive advantage and appeal to environmental protection demands. Research methods include two-phase quantitative surveys. From the first survey with 205 and the second with 281 directors of star-rated hotels in Taiwan, this study adopts PLS to investigate green activities and verify the relationships between determinants (i.e., external institutional pressures and internal slack resources) affecting green activity implementation and performances (i.e., environmental performance and competitive advantage). The results indicate that determinants have significant positive effects on hotel implementation of green activities and that, in turn, have significant positive effects on performances. This study also found that green activities have a mediating effect on the relationships between determinants and performances. Moreover, environmental performance has a mediating effect on the relationship between green activities and competitive advantage. Finally, this study proposes a three-phase strategic procedure for implementing suitable green activities in star hotels.

1. Introduction

When a customer enters a hotel, corresponding energy consumption begins, leading to considerable carbon dioxide emissions (Tsai et al., 2014). Energy is consumed as a result of the primary front-stage activities in guest rooms, business spaces (e.g., lobby and restaurant), and service spaces (e.g., offices, kitchen, and parking lot), and supporting backstage activities, such as purchasing and staff management. These activities have a substantial impact on the environment, 75% of which is due to the excessive consumption of nondurable goods, energy, and water resources followed by contamination of the natural environment (Bohdanowicz, 2009). The implications of green value chain practices therefore have become a new economic model in the hotel industry to reduce its adverse impact on the environment (Porter and Kramer, 2006). Value creation on front- and back-stage activities through environmental improvements is an important process that must be considered in sustainable business (Epstein, 2009).

When broadly defined, value creation is increasingly being recognized as a better management goal than strict short-term financial measures of performance for the stakeholders. It included creating value for the customer needs to increase sales that enhance long-term competitiveness and growth (Porter, 1985). The solution to avoid

trapping in outdated approach to value creation lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs (Porter and Kramer, 2006). Based on the perspective of shared value, therefore, this study describes the implementation of green activities referring to the incorporation of green concepts into value chain activities in order to guide production, processes, and management (Lefebvre et al., 2003).

New green approaches to front- and back-stage activity management are created by reorganizing or adopting new green value chain processes and activity planning. These approaches are then used for saving energy, reducing carbon emissions, preventing and controlling pollution, recycling, designing and marketing green products, and managing the company's environment (Green et al., 2012; Porter and Kramer, 2011; Chen et al., 2006). Thus the implementation of green activities generates new value creation processes. It contributes to improve environmental performance and increases the diversification and value of products/services, thereby enhancing recognition and consumption by customers (Chen et al., 2006). The result helps the industry to meet social expectations regarding environmental protection and to develop sustainable business operations (Porter and van der Linde, 1995).

In addition, the perspective of shared value and the resource-based

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view (RBV) assert that a company's ability to respond to external environment and to use internal resources determine the direction of its innovative strategies and value chain activities, thus affecting the company's profits (Grant, 1991). Given the service-based hotel industry, it is not sufficient to only consider a company's internal characteristics when exploring the factors in view of green activities. A company's external environment must also be investigated (Bonilla-Priego et al., 2011). Therefore, the motivations of this study were to investigate the contents of suitable green activities and to analyze how star hotels rearrange value creation processes in green after considering external and internal factors, in order to avoid errors in service, reduce resource consumption, and create positive green experiences for their customers.

There are no comprehensive studies on green activities in the field of hotel that integrate the concept of the value chain. Hsiao and Chuang (2016) found new and better ways to develop green products and service activities in hotels, but their methodology adopted lack of the quantitative analyses. Furthermore, there is a lack of consistent and structured research on the processes, determinants, performance, and promotional strategies related to the implementation of green activities (Tseng, 2013). In practice, most hotels have no idea how to effectively redesign value chain processes in green that is beneficial to sustainable business and useful to create socially shared value.

Because of the role of star hotels in tourism development, corresponding research findings can represent the hotel industry. However, differences in green practices and value chain activities could be caused by the service provision of hotel star rating (Hsiao and Chuang, 2016). Given that upscale hotels (i.e., four/five star-rated hotels) must provide outstanding service quality, some green activities are viewed as second wave or of low achievability to avoid customers' inconvenient or uncomfortable feelings. On the contrary, hotels with lower ratings (i.e., one/two star-rated hotels) that offer basic and lower-priced services would not scruple the customers' discomfort probably incurred by green activities, but they are often limited by slack resources and could not implement many green measures.

This study focused on hotels rated three stars and above (including independent and chain hotels) because (1) Hotels with higher ratings have a higher level of professionalism, have a greater number of professional personnel (Camisón, 2000), and are more able to maintain high quality service while also focusing on innovative activities (Pikkemaat and Peters, 2005). (2) Directors of highly rated hotels tend to make positive changes and make good use of resources, technology and services (Karmarkar, 2004) in line with the perspective of shared value. Thus, the results do provide substantial contributions on how three and above star-rated hotels can efficiently implement green activities to simultaneously approach economic profits and environmental protection.

Although there are corresponding international regulations and criteria¹ such as the ISO14001 EMS, the ISO only tracks and records documentation regarding companies' environmental management (focusing only on waste, water, and energy). It provides basic guidelines for general public enterprises, but it is unable to cover the integrity of green activity management in the hotel industry. Moreover, while numerous hotels have adopted different voluntary environmental tools for the sake of the environment—or other claimed determinants and benefits – the contention that adopting sustainability programs will diminish hotels' performance is often heard and many hotels are still standing at the crossroads in adopting those voluntary initiatives (Ayuso, 2006).

Based on above, the indicators of green activities in star hotels of

Taiwan that correspond to value creation processes were identified in this study, with the aims of investigating the contents of suitable green activities, analyzing the determinants of green activities and whether such activities improve the environment and generate a competitive advantage, and proposing a strategic procedure for green that is related to value chain activities. The objectives of this study were as follows:

1. To identify the indicators of green activities that correspond to value creation processes in star hotels.
2. To investigate the contents of suitable green activities to implement in star hotels.
3. To analyze the external and internal determinants of implementing green activities in star hotels and their influence on environmental performance and competitive advantage.
4. To propose a strategic procedure for implementing suitable green activities in star hotels.

2. Literature review and hypotheses formulated

2.1. Green activity management in the hotel industry

The basic reasons for using the EMS in the hotel industry include environmental protection and pollution prevention. More than half of the 113 evaluation criteria of ISO14001 regarding the use of the EMS in hotels are related to energy conservation, such as power savings, repeated use (of energy, air-conditioning, and water), (indoor) air pollution, recycling, and reuse (Chan, 2009). To reduce environmental impacts and earn recognition from customers, the hotel industry can implement innovative green activities based on the EMS. The main activities in question include energy conservation and carbon reduction measures, such as building energy-conserving equipment (through ventilation and lighting design), installing water-saving equipment, recycling and reusing sewage water, recycling and reducing solid waste, training personnel, promoting environmental concepts to customers, and providing public transportation. In purchasing, priority should be given to buying local, seasonal foods and recycled goods (Teng et al., 2012).

In Taiwan, Teng et al. (2012) maintained that good performance in waste management (particularly, waste sorting and food waste separation) can effectively reduce waste volume and improve hotel operational efficiency. In the training, a hotel's personnel can learn ways to communicate the hotel's energy saving measures to customers. This demonstrates the hotel's understanding that stakeholders' joint efforts are important. Other green indicators include energy sources, buildings, water resources, and senior management. The lowest performance indicator is green purchasing. It is comparatively easy for hotels to comply with economic efficiency items (e.g., prioritized use of local and seasonal materials). However, the high initial costs of eco-friendly vehicles (e.g., hybrid electric vehicles) for hotel transportation reduce the motivation to purchase them.

Wang (2012) found that 78 criteria of hotel green practices in Taiwan classified into ten categories should be evaluated for the implementation of optimal green activities. The categories included aspects of landscape, pest, toxic, transportation and purchasing, in addition to environmental commitment and energy and water savings. The ultimate objective of these criteria for optimal green activity implementation is providing effective performance in a humane fashion. Other studies have found that hotel personnel constitute an important factor in the effective implementation of green activities (Kim and Choi, 2013).

Based on above, this study distinguished four aspects of the implementation of green activities in the hotel industry: (1) A management aspect, focusing on improving green management quality; managers often use operational efficiency and environmental performance to evaluate a hotel's course of action (Harrington, 2004). (2) An external communication aspect, including information about green

¹ The Global Sustainable Tourism Council (GSTC) Criteria also establish and manage environmental sustainable standards for hotels. However, these are only the guiding principles and minimum requirements that hotels should reach in order to protect the environment. The Criteria are the minimum, ignoring the local conditions, which hotels should achieve to approach environmental and economic sustainability.

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