



Environmental strategies and organizational competitiveness in the hotel industry: The role of learning and innovation as determinants of environmental success



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HIGHLIGHTS

- Learning oriented hotels are more likely to deploy a proactive environmental strategy.
- Innovative hotels are more proactive in their environmental strategies.
- Proactive environmental strategy positively affects organizational competitiveness.
- Innovative hotels perform better than non-innovative hotels.
- Learning orientation requires complementary capabilities to influence performance.

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ABSTRACT

This paper examines the links between proactive environmental strategies, organizational capabilities and competitiveness. A model is proposed and tested using a sample of 232 Spanish hotels. An orientation for learning and innovation are conceived not only as drivers for adopting pro-environmental policies, but also as determinants of competitiveness. Data are analyzed through the use of partial least squares. The findings confirm that a proactive environmental strategy and innovation favor organizational competitiveness. However, a learning orientation does not directly predict organizational competitiveness. The paper discusses both conceptual and practical implications for the development of successful hotel operations and management.

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1. Introduction

Organizations currently represent a major threat to the natural environment due to the great quantity of waste generated, and their elevated consumption of resources. However, they are also key players in environmental protection. Social awareness of environmental issues, along with regulatory and competitive changes, have led organizations to modify their attitude toward sustainability issues. Many organizations have moved forward from reactive and short-term approaches to solving environmental inefficiencies, to proactive and innovative environmental behaviors. These proactive approaches are embedded in organizational

competencies that may drive companies to obtain competitive advantages (Clarkson, Li, Richardson, & Vasvari, 2011; Hart, 1995; López, Molina, & Claver, 2009).

Nevertheless, the transition from reactive to proactive approaches involves complex organizational changes that do not always result in business success (Aragón-Correa & Rubio, 2007). Environmental proactivity requires firms to prevent environmental degradation by continuously modifying products, processes and technologies. In this process of continuous adaptation, companies must deploy complementary skills and competencies; however, these have been absent from previous research (Sarkis, González-Torre, & Adenso-Díaz, 2010). As recently highlighted by Delmas, Hoffmann, and Kuss (2011, p. 141), “by studying the link between proactive environmental strategies and competitive advantage independently from the firms’ more general organizational capabilities, researchers might just be looking at the tip of the iceberg and missing the most fundamental element of the success of proactive environmental strategies”. Among these capabilities,

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learning orientation and innovativeness can contribute to the successful implementation of a proactive environmental strategy (PES). On the one hand, learning orientation allows firms to create an applicable knowledge that can reduce uncertainty in environmental decision-making (Sharma & Vredenburg, 1998). On the other hand, innovativeness provides the organization with the required experience for generating the new ideas, products and operational modifications that PES requires (Sharma, Aragón-Correa, & Rueda, 2007).

However, empirically little is known about how different organizational skills facilitate the implementation of proactive environmental activities, and about how these capabilities favor organizational performance (Delmas et al., 2011). This is especially relevant in the hospitality industry, where few papers have explored the relationships between organizational and environmental capabilities with competitive performance. Indeed, this industry is of particular interest given the high visibility of hotels' strategies. This high exposure allows competitors to easily copy service innovations (González & León, 2001). In addition, this sector is extremely intense in terms of energy and water consumption, utilization of paper, plastics and chemicals, and biodiversity affectation (Erdogan & Baris, 2007; Trung & Kumar, 2005). Therefore, organizations within the sector present a great potential to improve their environmental performance (Álvarez, de Burgos, & Céspedes, 2001). Additionally, hotel organizations are increasingly dependent on their ability to acquire internal and external knowledge (Pyo, Uysal, & Chang, 2002). This knowledge is essential to respond effectively to stakeholders' expectations, and to environmental changes. Finally, the hotel industry is a key sector in many developed and undeveloped economies in which advantages in innovation and knowledge management play a critical role in organizational success (Hjalager, 2010; Nieves & Haller, 2014).

Consequently, the aim of this study focuses on two issues. First, it analyzes the influence of organizational capabilities on the implementation of a PES. Second, it explores the different paths of influence of these capabilities in relation to organizational performance. The contributions of this study can be summarized from two perspectives. From an academic position, this work will expand existing knowledge about the organizational capabilities in which PES is embedded, and about the combination of capabilities that lead organizations to achieve competitive advantages. From a managerial perspective, it will help practitioners in the hospitality industry to identify the capabilities that are critical for the successful implementation of PES. A lack of knowledge about these conditions could adversely affect organizational competitiveness (Delmas et al., 2011).

This study is organized as follows. In the next section, we describe the theoretical framework and present the research hypotheses. Subsequently, we discuss the research methodology by describing the data collection and the measurement of variables. Then, we present the results analysis. The paper concludes with a discussion of the main findings, the limitations and directions for future research.

2. Theoretical framework and hypotheses development

2.1. Proactive environmental strategy as a dynamic capability

The dynamic capabilities view of the firm states that competitive advantages depend not only on the development of critical capabilities, but also on the organizational ability to continuously “create, extend, upgrade, protect, and keep relevant the enterprise's unique asset base” (Teece, 2007, p. 1319). Under this view, dynamic capabilities enable an organization to rapidly and efficiently adapt to changing markets and technologies, learn from this process,

and ultimately renew its competencies over time (Teece, 2007; Teece, Pisano, & Shuen, 1997; Wang & Ahmed, 2007). In recent decades, the natural environment has modified the global competitive scenario, and companies are required to reconsider their roles in the preservation of natural resources. New environmental regulations, along with increasing demands from diverse stakeholders, such as customers or non-profit organizations, have increased firms' interest in reducing their ecological footprint (Sharma & Vredenburg, 1998). However, not all organizations have reacted in a similar way. Managerial approaches toward environmental issues are heterogeneous because they depend on a plethora of determinants, such as managerial values, organizational resources, or market and industry conditions (Aragón-Correa & Sharma, 2003; Delmas et al., 2011). These approaches have frequently been categorized in a linear manner that ranges from reactive to proactive behaviors. Reactive behaviors are short-term-focused solutions that mainly aim to adapt the organizational strategy to environmental regulations (i.e. installation of end-of-pipe solutions). Conversely, proactive approaches require firms to voluntarily go beyond regulations, and to implement actions to prevent environmental pollution, reduce waste, or minimize water and energy consumption (i.e. environmental life-cycle analysis) (Aragón-Correa, 1998). PES implies that the organization is fully committed to solving its environmental problems through the development of innovative practices (Buysse & Verbeke, 2003; Christmann, 2000). Hart (1995) affirmed that PES offers companies competitive advantages because it allows firms to deploy rare, unique, and complex capabilities that are hard to imitate.

Aragón-Correa and Sharma (2003) expanded Hart's view and argued that PES is a dynamic capability that allows organizations to evolve and align their strategy with the changing and uncertain environment. PES involves the implementation of innovative environmental modifications in multiple organizational areas that are dependent on identifiable processes, such as prevention technologies, eco-design or reverse logistics. PES is also connected to complementary capabilities, such as continuous innovation, generative learning, or stakeholders' integration ability. These capabilities are tacit, firm-specific, socially complex, and linked to differentiation and cost advantages. PES is also idiosyncratic in its details (Aragón-Correa & Sharma, 2003). While reactive strategies involve the implementation of standardized and easy-to-copy solutions, proactive strategies depend on managerial discretion and interpretation of environment issues as opportunities (Majumdar & Marcus, 2001). In addition, PES is non-replicable and non-imitable, since it requires not only a logical sequential process in reconfiguring resources, but also the commitment, involvement and coordination of organizational members (Sharma & Vredenburg, 1998).

Recently, Teece (2007) noted that dynamic capabilities can be decomposed into the company's ability to: “sense and shape” the existence and nature of environmental threats and opportunities; “to seize” these opportunities; and to “maintain” competitiveness through reconfiguring and enhancing organizational resources. Hence, sustainable advantages are determined by organizational excellence in the integration and coordination of organizational core competencies. Frequently, proactive companies internally “sense and shape” environmental opportunities by exploring innovative paths to preventing environmental inefficiencies in operational processes (Hanna, Newman, & Johnson, 2000). These opportunities may also arise through cooperation with external stakeholders that serve as a pool of knowledge for environmental best practices (Rueda, Aragón-Correa, & Sharma, 2008). Once opportunities are detected, proactive organizations seize them through new business models, products, services or technologies. For example, Fairmont Hotels collaborated with the US

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