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The Effect of Sustainable Practices on Customer Attitude: A Study of Sustainable Hospitality Operations

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ABSTRACT

As the 21st century progresses, the pressure to be economically, socially, and environmentally responsible increases, and sustainability becomes one of the most essential challenges for hoteliers (UN Conference, 1992). Sustainable business practices are becoming more of a focal point for both suppliers and consumers as the number of international visitors continues to rise. Travelers and businesses are shifting their perspectives on what is necessary in the future and the roles hotels should play in meeting those needs. The hotels are not intended to be tourist destinations. In contrast, visitors choose to stay in hotels because they provide comfortable accommodations and are conveniently located near the sights and activities they came to see. Thus, hotel owners must engage in environmentally friendly procedures in order to ensure their establishments remain open. This study examines how sustainable hospitality practices affect consumer happiness, loyalty, and willingness to choose destinations and places. The study explored that the eco-friendly practices in the hospitality industry increase customer happiness, the willingness to pay a premium for sustainable goods and services and the sustainable hospitality supply chain management boost consumer happiness. The research study established the association between activities in the social dimension and customer loyalty.

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INTRODUCTION

India contributes to global warming by emitting a substantial amount of greenhouse gases, ranking in the top five globally. This is reflected in the Environmental Performance Index, which places India at 177 out of 180 countries. Environmental and ecosystem vitality are just two of the many factors included in this rating (Environmental Performance Index, 2018). In a report in 2016, WHO said that 14 Indian towns are among the top 20 most polluted in the world, with Kanpur having the highest (2.5 p.m.) level in history (BBC News, 2018). In recent years, practitioners and researchers in the hospitality sector have paid a growing amount of attention to sustainability challenges (Berezan et al., 2013). Also, a significant number of passengers are paying closer attention to the sustainability efforts of tourism and hospitality enterprises (U.S. Travel Association, 2009). The end users of tourism and hospitality services hold favourable sentiments toward enterprises undertaking sustainability actions (Xu and Gursoy, 2015). Customers' perspectives and decision-making in selecting enterprises and travel destinations are influenced by sustainability practices (Berezan et al., 2013). According to studies, sustainability policies at enterprises in many ways affect customer loyalty and willingness at various steps of travel (Teng et al., 2012). The research on hospitality businesses established that the sustainability practices, also called green practices adopted by a company impact the buying behavior of the end users (Teng et al., 2012). The studies on sustainability and green practices focused on environmental management (Rahman et al., 2017) and other research studies focused on corporate social responsibility to gauge the green practices in hospitality businesses (Paek et al., 2013).

The majority of previous hospitality research focused on hotel or restaurant efforts to adopt sustainable practices. Sustainability in the tourism and hospitality industry cannot be achieved by hotels or restaurants alone; it requires long-term collaboration among all stakeholders in a hospitality supply chain (HSC), which includes suppliers and retailers of hospitality goods and services as well as customers. Previous studies in the hospitality industry have mostly focused on the initiatives that establishments like hotels and restaurants have taken to implement sustainable practices. Long-term cooperation between all stakeholders in a hospitality business, including suppliers and retailers of hospitality goods and services, and customers, is necessary to ensure sustainability in the tourism and hospitality industry (Xu & Gursoy, 2015). To determine the effects of sustainability practices on traveller purchasing behaviour, it is necessary to examine environmental, social, and economic sustainability practices at all stages and business processes. It's also crucial to evaluate the practices of the trade-off organizations at all the business dimensions, which can only result in the positive long-term interaction effects of sustainability. Previous studies on sustainability missed the service sector as their principal focus and kept aiming at the manufacturing sector for establishing green practices (Xu & Gursoy, 2015). The hospitality sector is one of the largest service sectors with endless existing employees and high potential for new employment. It becomes of the utmost importance to consider this sector for sustainability practices, as such practices are likely to influence travellers' decisions on buying and travelling.

A collaboration among the various dimensions in the hospitality sector, starting from the supply chain organizations to manufacturing and the service staff, can ensure successful implementation of environmental, social, and economic sustainability while improving customer perceptions and attitudes (Seuring et al., 2008). Hospitality researchers have paid insufficient attention to the impact of environmental, social, and economic dimensions of sustainable hospitality services on customer views and customer attitudes.

LITERATURE REVIEW

Even though there are a lot of studies on green practices, there are fewer studies on green practices in the hospitality and tourism industry. Zhang et al. (2009) and Huang et al. (2012), talked about hospitality practices in the context of tourism supply chain management. However, Xu and Gursoy's (2015) conceptual framework is one of the first to talk about hospitality supply chain management in a systematic way. Even though many studies have looked at the importance of training in hospitality organizations (Cortés, 2014; Jaworski et al., 2018; Martnezros & Orfilasintes, 2012), not many have looked at the link between green hospitality practices and environmental performance.

Customer satisfaction is an appraisal of a customer's experience and initial reference basis (Aurier & Evrard, 1998). Environmentally aware enterprises would address both the economic and social interfaces within the natural environment, making them more balanced and comprehensive (Berezan et al., 2013). Environmentally sustainable acts are an intrinsic component of a service offer that promotes client happiness (Berezan et al., 2013). Since the hotel business is energy-intensive, natural resource-consuming, and waste-generating, environmentalists and grassroots organizations have pressured it to become eco-friendlier (Cetinel & Yolal, 2009). This pressure led to the introduction of eco-

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friendly efforts to minimize the "environmental footprint" of hotel industry (Prud'homme & Raymond, 2013). According to studies, customers are more satisfied with organizations that use environmentally friendly service delivery methods (Gao & Mattila, 2014). Green hotel policies may affect visitor satisfaction (Berezan et al., 2013). Sustainable hotel management's social aspect may boost client satisfaction. Internal and external social responsibility can boost consumer satisfaction. Internally, clients care more about staff welfare and working conditions (Costen & Salazar, 2011). Growing consumer outrage against firms over worker conditions indicates this tendency (Knorringa, 2009). Socially responsible companies make public corporate rules that explain how employees work, incorporate ideas about sustainability into different hotel procedures, and make sure that employees agree with and are involved with the company (Brown, 2007).

Customers appreciate local products, so local company practices can boost consumer happiness (Holmes & Yan, 2012). Social dimension acts can also indirectly influence customer satisfaction through improved reputation, brand image, and company performance (Lee and Heo, 2009). Siu et al. (2014) say that socially responsible behaviour can help reduce the negative effects of internal sources of attribution on customer identification and satisfaction after a disaster. Sustainable hotel management's economic aspect affects client happiness. Customers think organizations with strong financial performance offer high-quality products and services, which boosts satisfaction (Lo et al., 2015). Good financial performance allows businesses to function efficiently and deliver better products and services, which are crucial to consumer happiness (Sanchez-Fernandez & Iniesta-Bonillo, 2009). Good financial performance helps firms attract investors and reduce over-or under-investment (Biddel et al., 2009). Assaf et al. (2012) and Loureiro & Kastenholz (2011) mentioned that a company's good financial performance helps it offer and provide high-quality products and services, which increases customer satisfaction (Jung & Yoon, 2013).

Customer Satisfaction and loyalty

Customers who seem to be delighted with a specific brand are more likely to buy multiple products from that brand and are willing to pay a higher price for them if they do so. This helps businesses boost profits to the next level (Hamzah & Shamsudin, 2020). When clients are happy with the services provided by a company, it's a good sign that the company is succeeding in meeting their needs. Customer satisfaction can be defined as the degree to which a customer is pleased with his or her interaction with a business (Kotler & Stonich, 1991). It would be impossible to maintain a successful business without a patron. A company's revenue mostly depends on satisfied customers. Businesses can use feedback from satisfied customers to make their products and services better. There are a select few arguments in favour of customer satisfaction's significance in the corporate world (Larsson & Broström, 2019). It's in everyone's best interest if satisfied consumers offer positive feedback and spread the word about the company's products and services (Ilias & Shamsudin, 2020).

Brand loyalty, vendor loyalty, service loyalty, and retail customer loyalty are just a few of the ways in which this topic has been discussed (Akbar, 2013). According to Yi and Jeon (2003), client loyalty is defined by the frequency with which a certain customer buys a company's products or services over a given time frame. The term "loyalty" is commonly used to describe a customer's commitment to a business, as demonstrated by the customer's continued and, ideally, exclusive use of that business' goods and services, as well as their enthusiasm. Giddens and Hofmann (2010) presented key aspects that are necessary to build brand loyalty and retain customers. These include making a product that can't be beat, giving customers a reason to buy again, guaranteeing the quality of the products the business sells, giving "trophy" customers special treatment, making products easier for customers to get than those of competitors, and becoming an industry leader in customer service.

OBJECTIVES

To gauge the relationship between sustainable hospitality practices and customer attitudes towards organizations that adopt sustainable practices.

To establish the link between sustainable hospitality practices and customer preferences.

RESEARCH METHODOLOGY

The sample size for this study was derived based on the coherence formula. The questionnaire was framed after reviewing adequate literature. The questionnaire was distributed among 300 respondents with convenience sampling and random sampling methods. The guest database was requested from the local travel agencies and tour operators. The questionnaire was distributed through internet channels. Data was collected with the help of personal interviews and telephone conversations. The self-administered survey method was used to get information about the questionnaire's constructs. With the help of multilingual specialists, the back-translation technique was employed to enhance the clarity of the survey questions. This means that one language expert

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translated English questions into Hindi. But most of those who answered liked the English version of the questionnaire better than the Hindi version. A total of 219 complete responses were recorded. A response rate of 73% was observed from the target population. The data was collected between January 2022 and June 2022.

RESULTS AND DISCUSSIONS

Table 1. describes the demographic characteristics of the responding population. A total number of 219 responses were analysed to reach the results of the study. The table displays a marginally larger number of female respondents (70.3%), compared to male respondents (29.7%). The majority of the respondents were between the ages of 26 and 35 (67.1%) and 36 and 45 (14.2%). Also, it is observed that most the members were married (74.4%) from the responding population, and 18.7% of the respondents in this sample were single, while 5.9 percent had been separated after marriage. The majority of the respondents held either a bachelor's or graduate degree (76.7%), with 14.2% post graduate respondents in the sample. The majority of the respondents (64.8%) were employed in the jobs in their respective fields.

Variable	Range	Percentage	Frequency
Gender	Female	70.3	154
	Male	29.7	65
Age	Under 15	0	0
	16–25	13.2	29
	26–35	67.1	147
	36–45	14.2	31
	45 or above	5.5	12
Education	Undergraduate	76.7	168
	Post-Graduate	14.2	31
	Doctorate	2.7	6
	Others	6.4	14
Marital status	Single	18.7	41
	Married	74.4	163
	Separated	5.9	13
	Others	0.9	2
Occupation	Student	15.1	33
	Jobber	64.8	142
	Business	16.4	36
	Retired	2.74	6
	Others	0.91	2
Population Size (n)=219			

Table 1. - Demographic Profile

The data was subjected to confirmatory factor analysis after reviewing adequate literature. The CFA extracted three factors defining maximum variance

Construct		**Items**	**Standardized factor loading**	**AVE**	**Construct reliability**
Customer satisfaction		I prefer eco-friendly hotels	0.85	0.61	0.92
		Sustainable hotels make me happy	0.84		
		Sustainable hotels will please me.	0.81		
		I always choose hotels wisely	0.85		
		One should choose a hotel with sustainable hospitality management.	0.84		
Customer loyalty		My family and I will only stay at a hotel that uses eco-friendly practices in its daily operations.	0.87	0.75	0.92
		Sustainable hospitality management hotels are my top picks.	0.87		
		I'll always stay at	0.86		

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		a green hotel.			
		I will recommend sustainable hotels to everyone.	0.87		
Customer willingness to pay		I will proudly pay sustainable hotels.	0.92	0.75	0.92
		I'll pay more for eco-friendly hotels.	0.91		
		Most of my friends, family, and relatives would pay sustainable hotels.	0.75		
		I'll pay more to stay at hotels that practice sustainability.	0.87		

Table 2. - Factor Analysis

In light of the fact that desirable measurement features were present, it was decided to investigate the interrelationships between the components by applying a structural model that included a covariance matrix. Figure 1 displays the standardized path coefficients for all of the suggested relationships between entities. The following goodness of fit statistics were provided by the structural model: 32 = 940.18, (df = 336; p 0.01), RMSEA = 0.066, CFI = 0.98, NFI = 0.97, NNFI = 0.98, IFI = 0.98, and RFI = 0.97. The goodness-of-fit indices give the impression that the proposed structural model provides a satisfactory level of fit to the data.

According to the findings as a whole, increasing customer happiness can lead to an increase in customer loyalty, which in turn can lead to an increase in customers' willingness to pay a premium for environmentally friendly products and services. Actions taken in the social dimension only increase consumer happiness on a direct level, whereas actions taken in the environmental and economic dimensions boost customer contentment, loyalty, and the readiness to pay a premium.

Researchers have a idea that a customer's level of satisfaction may operate as a mediator between the relationship between social dimension acts and customer loyalty. This theory is based on the fact that the researchers found no significant connection between the two concepts.

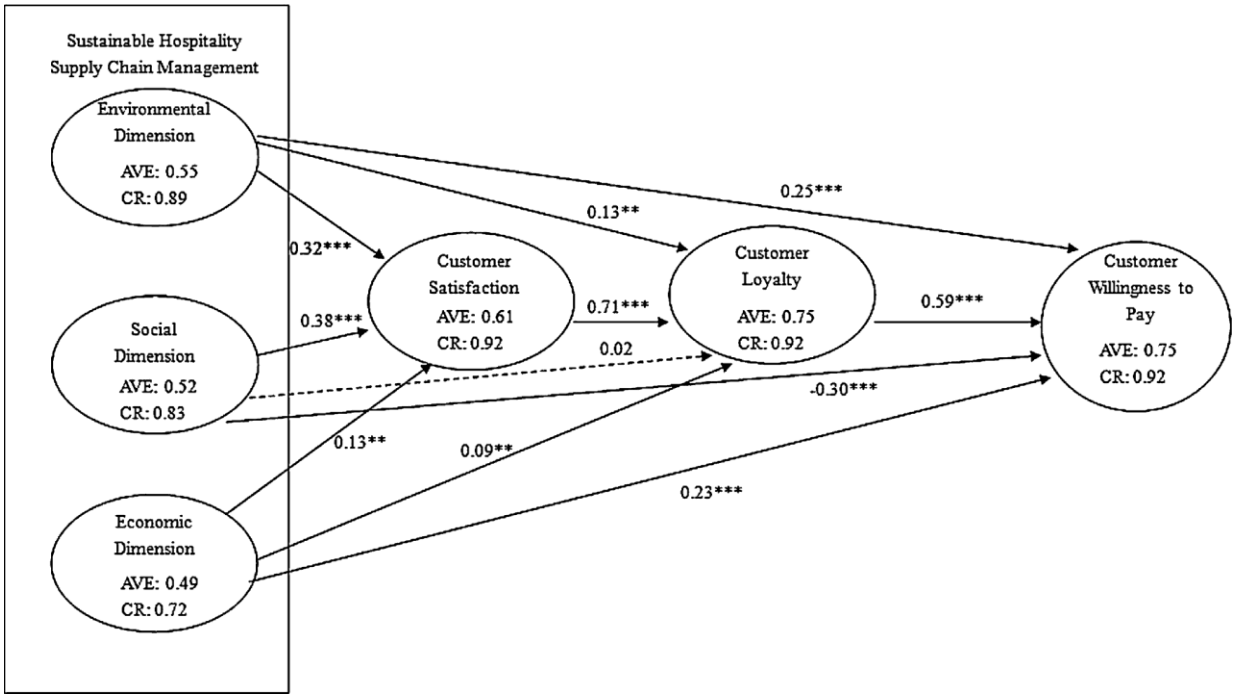


Figure 1. - coefficients of relationships

CONCLUSION AND RECOMMENDATIONS

This research examines the full scope of the effect that the sustainable hospitality practices of different types of hospitality enterprises have on the opinions of their clients. Actions in the environmental and economic dimensions of sustainable hospitality practices are found to positively affect customer satisfaction, loyalty, and willingness to pay a premium; actions in the social dimension are found to positively affect customer satisfaction but negatively affect customer willingness to pay a premium.

The effects of three elements of sustainable practices on consumer perceptions and actions are analysed here. This study adds to existing knowledge in three distinct areas. To begin with, the findings corroborate the results of earlier studies showing that eco-friendly practices in the hospitality industry increase customer happiness (Berezan et al., 2013), loyalty (Su and Wei, 2011), and the willingness to pay a premium for sustainable goods and services (Han and Hsu, 2009). Second, consistent with the results of other studies, it appears that the social component acts of sustainable hospitality supply chain management boost consumer happiness (Lee and Heo, 2009). A key finding of this research is to establish the association between activities in the social dimension and customer loyalty. Although the findings corroborate those of prior empirical research, suggesting that satisfied customers are more likely to remain loyal, the results also show that there are other factors that contribute to customers' commitment to a company (Chaudhuri & Holbrook, 2001).

LIMITATIONS OF THE STUDY

There are limitations to this study, despite the fact that it has made important contributions to green hospitality practices. This research does not break down customers' opinions on specific categories of hospitality organizations that practice sustainable hospitality supply chain management. Sustainable business practices (Han et al., 2011) can have a positive or negative effect on the public's opinion of a company depending on its category (stars, location and ownership). Furthermore, different customer demographics may mitigate the effects of these factors. To better understand the relationship between a hospitality company's sustainable hospitality supply chain management and its customers' perceptions, further research can examine the moderating impacts of customer characteristics and business type.

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