Sustainable development practices in the hospitality industry: An empirical study of their impact on customer satisfaction and intentions

Brigitte Prud'homme [1], Louis Raymond *

Institut de recherche sur les PME, Université du Québec à Trois-Rivières, 3351, boul. des Forges, C.P. 500, Trois-Rivières, QC, Canada G9A 5H7

ARTICLE INFO

ABSTRACT

The adoption of sustainable development (SD) practices in the hospitality industry is meant to limit the negative impacts of this industry's activities on natural and social environments, and to increase its benefit to host populations. Our study aims to address the following research questions: What are the antecedents of customer satisfaction in the hospitality industry including those related to the SD practices adopted by hotels? In particular, does customer satisfaction toward these practices vary by the hotel's size (small and medium-sized vs. large) and ownership type (independent vs. chain-affiliated)? Through a survey of 473 customers in eleven hotels located in the province of Quebec, Canada, it was found that customer satisfaction is positively influenced by the hotel's adoption of SD practices, and the level of customer satisfaction varies according to the hotel's size and type of ownership.

1. Introduction

Since the 1950s, the tourism industry has been growing almost constantly. As such, the World Tourism Organization (WTO, 2010) has estimated at 5% (up to 10% in some countries) this industry's share of the world's GDP. For instance, the International Hotels & Restaurants Association (2010) numbered 300 000 hotels and eight million restaurants in 2009, generating economic benefits of 950 billion US dollars. In satisfying the growing needs of tourists, there are however many negative impacts such as the degradation of the biosphere, the destruction of coastal and mountain areas by the construction of hotel, parking and entertainment sites (Middleton and Hawkins, 1998), non-compliance with fundamental labor standards, and the growth of prostitution (Frangialli, 2002). Therefore, a sustainable development (SD) orientation is a strategy for organizations in tourism to minimize the negative impacts of their activities on natural, cultural and social environments (Barr et al., 2003; United Nations Organization, 1999), and thus counter this industry's self-harming activities (Cazelais et al., 1999), given its reliance on nature and culture to thrive (Lindberg, 1991).

In the tourism industry, managers preoccupied with the environment have undertaken various initiatives in this regard (Hobson and Essex, 2001) while others have adopted SD practices rather unmindfully (Paradas, 2006). Moreover, these practices have focused for the most part on the environmental dimension of SD (Ayuso, 2007), for instance through international eco-labels such as ISO 14001 and the European Regulation EMAS (Eco-Management and Audit Scheme) (Bohdanowicz, 2005). Yet the level of adoption of such practices remains modest. For example, in 2004, less than 1.5% of Spanish hotels possessed an environmental certification (Ayuso, 2007). In a survey done within six European regions, only 30% of tourism SMEs declared having a formal environmental policy (CAST, 2009). And in the Canadian hospitality industry, 14% of establishments were "Green Key" certified, a program offered by the Hotel Association of Canada (Green Key Global, 2010).

With regard to the previously mentioned eco-labels and certification programs, emphasis is placed on energy and water conservation, that is, on the environmental dimension of SD in order to promote their adoption (Hobson and Essex, 2001). Thus few enterprises in the tourism sector, including the hospitality industry, have adopted a SD orientation that also integrates the economic and social dimensions. In comparison to what has been learned on environmental management systems in the hospitality industry, there is still little knowledge on the integration of the three dimensions of SD (economic–environmental–social) into a hotel's business strategy and on the impact of such practices on hotel customer satisfaction.

At the individual consumer level, studies have looked at the customer's attitudes toward the environmental practices that have been adopted in the hospitality industry (Clarke, 2001; Dalton et al., 2008; Watkins, 1994). Given that a general attitude toward a product or service is insufficient to predict a behavior (Fishbein and

* Corresponding author. Tel.: +1 819 376 5011x4295; fax: +1 819 376 5138.
  E-mail address: louis.raymond@uqtr.ca (L. Raymond).
[1] Tel.: +1 506 858 3752; fax: +1 506 858 4093.

Ajzen, 2010), one could put into question the determinants of the choice of a SD-oriented hotel by the consumer.

Now, as opposed to customer attitudes, customer satisfaction requires a buying experience (Vanhamme, 2002). Moreover, researchers have clearly established a positive relationship between customer satisfaction and the firm's financial performance (Cronin and Taylor, 1992; Lee et al., 2000; Reichheld, 1996). Hence it seems more relevant to evaluate those aspects of hotel customer satisfaction more directly linked to financial performance, for instance the customer's intention to return and to recommend the hotel following a satisfactory experience (Anderson et al., 1994; Brady et al., 2002).

To the best of our knowledge, previous empirical studies only looked at the customer's attitudes toward – rather than satisfaction with – one dimension of the sustainable development practices adopted in the hospitality industry, that is, the environmental dimension to the exclusion of the economic and social dimensions. Consequently, our study of sustainable development practices in this industry distinguishes itself both by analyzing hotel customer satisfaction and behavioral intentions rather than attitudes, and by including all three dimensions of SD rather than solely the environmental dimension.

In addition, the criteria traditionally used to establish tourism consumer profiles, that is, the purpose of trip (business vs. leisure) and the demographic characteristics of customers (Chesworth, 1999), appear insufficient to profile tourists concerned by SD and by corporate social responsibility (CSR), as shown by the equivocal results of certain studies (Bergin-Seers and Mair, 2009; Dolnicar, 2004; Dolnicar et al., 2008; Straughan and Roberts, 1999).

Therefore, a study was designed to overcome this lack of knowledge and given the fact that no conservation of natural and social resources can be done without the consent of consumers, or in such a way they do not perceive any reduction in the quality of service (Kirk, 1995). We will explore the hotel customers' satisfaction and behavioral intentions with regard to the sustainable development practices adopted on all three dimensions, namely economic, environmental and social, in order to answer the following research question: *In the hospitality industry, what are the antecedents, including those related to SD, of customer satisfaction and the customer's intention to return and recommend?*

2. SD and CSR in the hospitality industry

Now, more than 20 years after the adoption of a universal definition of sustainable development, this concept as well as that of corporate social responsibility are still unclear to a large number of individuals. Although distinct, these two concepts are inseparable. The first refers to a macro-societal and macro-economic project that targets the social and individual welfare of the world's population (Tremblay, 2007), that is, a project that challenges business firms. The second concept, CSR, corresponds to the firms' strategic and operational answer to this project (Capron and Quairel-Lanoizelée, 2007).

Sustainable development is defined by the World Commission on Environment and Development as "a kind of development that meets the needs of the present population without compromising the ability of future generations to meet their own needs" (WCED, 1987). It is based on the principles of intergenerational solidarity, equity, ethics and precaution (Stead and Stead, 1994), promotes responsibility for the actions of each, to avoid risks to others and to the community (Capron and Quairel-Lanoizelée, 2007, p. 13), and requires a review of organizational values and beliefs of individual members (Stead and Stead, 1994).

Ever since Carroll (1979) conceptualized corporate social responsibility (CSR) under four dimensions, namely economic,

ethical, legal and philanthropic, CSR has been viewed from diverse perspectives, notably instrumental, normative and managerial. Given this concept's breadth and complexity (Mohr and Webb, 2005), it has given rise to a multiplicity of viewpoints and led to debates (Capron and Quairel-Lanoizelée, 2007, p. 24) that leave a certain ambiguity as to its definition and its operationalization (Lapointe, 2007). For example, the World Business Council for Sustainable Development defines CSR, with a corporate perspective, as "the commitment of an organization to contribute to sustainable economic development by working with employees, their families, the local community and the society at large to improve their quality of life" (WBCSD, 1999). The economic and social dimensions are explicit, but this definition does not mention the firm's responsibility to protect the natural environment.

From a social perspective, CSR is in the form of a social contract between the organization and the society in which it operates, and whose aim is to integrate the interests of all stakeholders (Coors and Winegarden, 2005). The European Commission provides a broad and multidimensional definition that is more relevant to the specific environment in which the firm evolves in interdependence with society and takes all stakeholders into account. This definition of CSR begins with "the responsibility of enterprises for their impacts on society", followed by the "respect for applicable legislation, and for collective agreements between social partners, [...] enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" (European Commission, 2011, p. 6). The firm's purpose is seen here as maximizing the creation of shared value for its owners/shareholders, for other stakeholders and society at large, and preventing, identifying and mitigating the negative impacts of its business operations.

In the "stakeholder approach" to strategic management, a stakeholder is defined as "an individual or group of individuals who can affect or be affected by the achievement of organizational objectives" (Freeman, 1984, p. 46). The emphasis on stakeholders comes from their different interests, sometimes conflicting, and the power they can exert on the organization (Morin et al., 1994; Ritchie et al., 2002). Therefore, to prevent the negative impacts of stakeholders on the organization and encourage their cooperation, managers must identify and acknowledge the concerns that drive them. Such stakeholders can be classified as (a) organizational (most notably customers, employees, suppliers), (b) community (e.g. local residents, special interest groups), (c) regulatory (e.g. municipalities, regulatory systems) and (d) media (Maignan and Ferrell, 2004).

In order to render actionable the two concepts of SD and CSR in the tourism industry, the principles of sustainable development underlie the operationalization of corporate social responsibility. The first set of principles emerged in 1991 (Blamey, 2001) and was enhanced by a recent partnership between the United Nations Environment Program, the Rainforest Alliance and the World Tourism Organization that has enabled the development and universal acceptance of Global Sustainable Tourism Criteria (2008). These criteria are grouped under four main principles, namely:

(a) demonstrate effective sustainable management;
(b) maximize social and economic benefits to the local community and minimize negative impacts;
(c) maximize benefits to cultural heritage and minimize negative impacts;
(d) maximize benefits to the environment and minimize negative impacts.

Guidelines emanating from these principles help managers in adopting and implementing a SD orientation, and especially in choosing the appropriate eco-certification program. These