Does Green Market focus Learning matters in Achieving Sustainable Competitive Advantage?
- Empirical Evidence from Sri Lankan Hotel Industry

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Abstract — Eco friendly business strategies are on rise all over the world. Eco-friendly or green business initiatives have been well known as a strategic business orientation for winning and sustaining competitive advantage in a turbulent business environment. An empirically observed phenomenon in the Sri Lanka hotel sector paved the way to undertake the present study. The major purpose of the study was to explain as to how green market focused learning practices of the hotels as a source of dynamic capabilities can influence achieving green based sustainable competitive advantage. A conceptual model and hypotheses were developed based on literature review. A random sample consisting of 100 star category hotels were chosen for the survey. A structured questionnaire was developed on priori-basis to measure the predefined variables of green market focused learning and green based sustainable competitive advantage and administered to the senior management of the hotels. Data was analysed using both descriptive and inferential statistical techniques. The findings revealed that market focused learning processes had a positive influence on achieving innovation based sustainable competitive advantage for the star category hotels. The study had implications for mangers as well as academia and suggested directions for future research.

Keywords — Green Marketing, Hotel Sector, Market-focused Learning, Sustainable Competitive Advantage

I. INTRODUCTION

A. Background of the Study

As firms note the positive gains that can accrue through environmentally friendly marketing strategies [1] and the potential pitfalls associated with non-environmentally friendly strategies, going green is beginning to take center stage in boardrooms around the world. There is a growing interest among top managers, stakeholders and academics regarding green marketing strategies and the potential impact on the triple-bottom line. Firms are increasingly adhering to a triple-bottom line performance evaluation, a concept coined to reflect the growing tendency of stakeholders to evaluate organizational performance on the basis of economic prosperity (i.e., profits), environmental quality (i.e., the planet), and social justice (i.e., people).

Specifically, firms are expected to commit to green marketing strategies as (1) the cost of materials and energy continue to rise, (2) public pressure continues to increase, (3) there is increasing awareness that subscribing to triple-bottom line practices can increase consumer demand, and (4) consumers’ growing antipathy to globalization is leading to strengthening NGO activity relative to green performance[2]. In addition, while the costs of such efforts can be substantial, improved environmental performance has been linked to greater financial performance, competitiveness, and innovation benefits [3], [4], [5] and [6].

Given the prominence the green movement has risen to in recent years, it is surprising the marketing literature has paid relatively scant attention to the efficacy of green marketing strategies [7], [8], [9], [10] and [11]. Defined as “doing business while avoiding harm to people and the planet” [12], and identified as an actionable response to calls for organizations to focus on their “triple-bottom line performance” (i.e., measuring performance based on the effects of strategies on people, the planet, and profits), green is clearly an area of increased concern for organizations worldwide. Unfortunately, marketing research that evaluates such strategic initiatives is lacking in comparison to other disciplines. This important strategic marketing awareness has laid the foundation to undertake the present study.

B. Empirical Issue in the Sri Lanka Hotel Industry

As per above highlighted theoretical underpinnings as well as tourism industry experts’ expectations, green initiatives are supposed to make hotels competitive from different perspectives leading to low cost and / or differentiation as well as focus strategy specially targeting European countries. With this hope, Sri Lanka hotels, graded as star, are increasingly adopting it in different ways making green orientation as a mainstream route to competitive advantage and performance. This is made very explicit by the fact that increasing number of green based certification and awards won by local star category hotel during last few years as well. However, certain industry data presented above reveals the following inconsistencies relating to the industry performance of graded hotels in Sri Lanka:

Hotels managers claim that some competitively important green initiatives involve huge cost and investment which make it difficult to recover in the medium term and hence difficulty in achieving
competitive advantage and superior performance. Further, this argument is supported by the facts that the average occupancy rate of graded hotels has been 77% for the last few years [13]. Occupancy is a key performance indicator of the performance of the hotel. Insufficient occupancy means hotels running at a cost/ inability to recover overhead expenses. Star category/ graded hotels have faced this destiny. It is also observed that the incapability to be price competitive and adapt packages and prices in far with competitive hotels in the South-Asian region (higher unjustifiable prices even in the off-season) though the industry justifies that this price increases has been mainly due to the rapid increases in cost accommodation in the last year in Sri Lanka [14]. Anyway, industry experts relate that these price increases cannot be justified without adding sufficient value of the offering. Further, from 2010 to 2011, the growth of foreign guest nights of graded hotels have been reduced whilst that of lower graded and unclassified establishments have been rapidly risen revealing that during the last year graded and star category hotels in Sri Lanka might have directed increasing foreign tourists to unclassified establishments, may be perhaps due to the inability to offer value for foreign tourists at competitive rates within the country. This might have offered some competitive advantage to unclassified tourism establishments keeping graded hotels at disadvantage [14]. This is also confirmed by the reduced number of complaints reported from small and medium unclassified tourist establishments during last year according to the Sri Lanka Tourist Hotel Association. Many star hotels have committed to green based initiatives in varying levels. Some have even implemented green at their hotels at a greater extent with huge investment and been awarded for green initiatives. At the same time, many of star hotels do not show signs of sustainable competitive advantage and superior performance on a constant basis. Some of them complain about unsatisfactory level of occupancy level and greater cost in their operations and hence, being less price competitive in the subsidiary establishments in the local market as well as star hotels in the region. However, theoretically as well as practically, green is supposed to make firms competitive and sustainable in performance. This instance presents puzzling situation in the industry that is difficult to answer straightforwardly.

C. Problem Definition

As a result of the above anomaly and doubtful queries, the study identifies a valid knowledge gap in relation to green marketing and competitive in the industry. As an approach to elucidate this phenomenon, the present study has limited the scope to investigate the link between green market focus learning practices as a source of green marketing capabilities and sustainable competitive advantage Thus, in order to address the above empirical gap as well as theoretical gap, this study raises the following research problem:

How does green market focused learning practices influence sustainable competitive advantage of the local hotels?

D. Objectives of the Study

In order to answer the above research problem, the study is to achieve the following major outcomes:

1. To identify the present level of green market oriented practices in relation to green market focused learning and green based sustainable competitive advantage with special reference to the star hotels in Sri Lanka.
2. To examine the relationship between green markets focused learning and sustainable competitive advantage of star hotels in Sri Lanka.

II. LITERATURE REVIEW AND HYPOTHESES

The following section deals with the key literature related to the major concepts and variables of the study and conceptualizes the underlying hypothetical relationships.

A. What is Green based Sustainable Competitive Advantage?

Sustainable competitive advantage should reflect more than simply financial performance [15]. It is also achieved when the advantage resists erosion by competitor or the resources and capabilities underlying a business's competitive advantage that must resist duplication by other firms [16]. Sustainable competitive advantage can result in superior financial and market advantages and distinctive capabilities [15].

This study defines green based sustainable competitive advantage as a firm to gain not only superior financial and market performance but also firm distinctive capabilities that competitors are unable to duplicate due to eco-friendly initiatives.

B. Green Market-focused Learning

Learning from market changes has emerged as a key source of capability development and continuous innovations and firm performance particularly in the literature on the market driven firm paradigm [17], [18] and [19]. This approach, which has its roots in the “market-pull” or “need-pull” approach to innovation, which emerged in the 1960s, argues that, to be effective innovators, organizations should constantly scan the horizons for new opportunities to satisfy their customers [20]. It has been argued that generating innovative ideas through the collection and dissemination of marketplace information is a starting point for innovation [21]. Because knowledge of market preferences reduces the degree of incompatibility of new products with customer needs, it is likely to enhance the adoption and success of innovations [22]. This has leads to firm level dynamic capability development and competitive advantage. As argued by [23] “the critical task for management is to create an organization capable of infusing products with irresistible functionality or, better yet, creating products that customers need but have not yet even imagined”.

Green market-focused learning capability is conceptualized to incorporate learning activities aimed at both customer preference changes and competitor actions in relation to green market segments. The need to conceptualize market-focused learning activity as an
organizational learning capability for advancing research in strategic marketing has been stressed in the literature [17] and [24]. As ref. [23] suggests, that merely being a learning organization is not sufficient. Learning processes must be translated into the acquisition of managerial competencies that permit the organization to be more efficient than competitors. The first step in this direction will be to arrive at a definition of organizational learning. Based on ref. [24], [25] and [19], organizational learning is defined as the development of new knowledge or insights that have the potential to influence behavior, which can be distinguished from individual learning in an organization.

The organizational learning as conceptualized in the literature [25], [24], [19] and [26] comprises four learning activities, which constitute the overall organizational learning process of the firm. These activities are:

Knowledge acquisition (the development or creation of skills, insights, relationships),

Knowledge sharing (the dissemination to others of what has been acquired by some),

Knowledge utilization (integration of the learning so that it is assimilated, broadly available, and can also be generalized to new situations) and

Unlearning (the review and renewal of existing knowledge and communication of changes within the firm).

Recent literature stresses the importance of unlearning as a vital aspect in the organizational learning process [19] and [26]. A firm’s failure to review past beliefs may constrain generative learning or even encourage ineffective learning if they focus the organization inappropriately [27]. If this happens, a traditional capability can become a “core-rigidity” [28] or a “competence trap” [29].

C. Linkage between Green Market focused Learning and Green based Sustainable Competitive Advantage

Capability development of a firm has been shown to have an important effect on the ability of organizations to acquire sustained competitive advantage [30]. Therefore, firm must constantly re-invest to maintain and develop existing capabilities in order to inhibit imitability [31]. Combining and renewing capabilities contribute to the achievement of superior firm performance [32]. Researchers have argued that a firm’s capability to learn from market changes is a source of both innovation and competitive advantage [17], [19] and [24]. On this ground the study argues that the firm’s green market focused learning in terms of green market knowledge acquisition, green market knowledge sharing, green market knowledge utilization and unlearning of green market related knowledge has a positive effect on green market based sustainable competitive advantage.

D. Conceptual Model

The above review of literature paves the way to develop the following conceptualization depicted in the fig. 1.

![Conceptual Model](image)

**E. Hypotheses**

The study has developed the following hypotheses based on the literature review undertaken above as depicted in the conceptual model.

Hypothesis: Green market focused learning of the hotel positively influences its green based sustainable competitive advantage.

Hypothesis a: The greater green market knowledge acquisition, the greater green based sustainable competitive advantage.

Hypothesis b: The greater green market knowledge sharing, the greater green based sustainable competitive advantage.

Hypothesis c: The greater green market knowledge utilization, the greater green based sustainable competitive advantage.

Hypothesis d: The greater unlearning of green market knowledge, the greater green based sustainable competitive advantage.

III. METHODOLOGY

Following the positivistic research tradition and the quantitative research approach, survey research strategy was adopted.

A. Population and Sample

The population of the study consisted of the 252 local star category hotels of Sri Lanka registered with the Sri Lanka Tourism Development Authority. It was decided to select 100 hotels covering different star categories. Star categories were considered as strata and in order to make inferences of the population, it was determined that a sample of 100 senior managers representing a minimum number from each stratum each would be sufficient for the study as it satisfies rules of thumb proposed by Roscoe, 1975 [33]. In order to collect the data necessary to measure the constructs related to the subjects of the study, a structured questionnaire with a covering letter was emailed to managers. The random sampling techniques were employed in selecting the hotels in each stratum. It was made sure that the respondents included a sufficient number (at least 30 respondents in each stratum) for each sub groups to represent different star grades of hotels. The response rate was around 60% as some few respondents did not return the completed questionnaire.
B. Operationalization of Constructs

Green market focused learning practices of hotels were operationalized using Day’s [34] 14 items based four dimensional instrument, which consists namely knowledge acquisition, knowledge sharing, knowledge utilization and unlearning with regards to green market. Green based sustainable competitive advantage was measured in terms of 13 items instrument [15] which consists of three dimensions namely financial performance, market place position and inimitability of firm’s green strategy and distinctive green capabilities. Self-Administrative Questionnaires were used to collect the predetermined data required to measure the constructs related to green based organizational practices and competitive advantage. A structured questionnaire mainly consisting of 5 point -Likert scales (Strongly Agree – Strongly Disagree) was used to measure the dimensions.

C. Reliability and Validity of Measures

Before conducting the large scale questionnaire survey, a pilot study was carried out to confirm the reliability of the constructs. Cronbach’s alpha was calculated to measure the reliability / internal consistency of the measurement scales. If the value is >= 0.7, the scales were sufficiently reliable [35]. The face / content validity of the scales was assured through experts’ reviews and literature survey. In order to test the dimensionality of the measurement constructs, an exploratory factor analysis was performed by following the procedure recommended by Churchill [36]. A few in-depth interviews with a few respondents were also carried out to improve understanding of the quantitative findings of the study.

D. Data Analysis Strategy

Data analysis strategy in the study consisted of both descriptive statistical analysis and inferential statistical analysis. The hypotheses were tested using multiple linear regression analysis. The Statistical Package for Social Sciences (SPSS) version 16.0 was used for data analysis.

IV. EMPIRICAL FINDINGS AND DISCUSSION

In order to achieve the objective- one and two of the study, a descriptive analysis based on mean values were carried out. The results revealed the following as depicted in the table 1:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green market knowledge acquisition</td>
<td>4.56</td>
<td>0.12</td>
</tr>
<tr>
<td>Green market knowledge sharing</td>
<td>4.11</td>
<td>0.37</td>
</tr>
<tr>
<td>Green market knowledge utilization</td>
<td>4.06</td>
<td>0.18</td>
</tr>
<tr>
<td>Unlearning of green market knowledge</td>
<td>3.36</td>
<td>0.22</td>
</tr>
<tr>
<td>Green based sustainable competitive advantage</td>
<td>3.57</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Mean analysis of the green market focus learning activities highlights that the hotels in the sample are involved in green market knowledge acquisition to a greater extent (4.56 on a Five point Likert scale). In addition, they have green knowledge sharing within organization and green knowledge utilization to a sufficient level (respectively 4.11 and 4.06 on five point Likert scale). However, it is evident that these hotels have relatively little amount of practices related to unlearning of green market knowledge and beliefs (3.36 on a five point Likert scale). The mean value for the enjoyment of green based sustainable competitive advantage is 3.57 (on a five point Likert scale) which describes that the average hotel in the sample does not enjoy green based competitive advantage to considerable extent.

In order to achieve the objective-three, first Pearson correlation analysis was undertaken to identify the association among the key variables. According to the Pearson correlation analysis, it was evident that green market focused learning practices in terms of green market knowledge acquisition, sharing, utilization a had a significantly moderate and positive association with green based sustainable competitive advantage (Pearson coefficients between 0.5 - 0.7) whilst unlearning of green market knowledge had a significant but weak positive association with green based sustainable competitive advantage (Pearson coefficient: 0.1). In testing the hypotheses a, b, c and d based on the conceptual model, the multiple linear regression analysis revealed the following results as shown in the table: 2

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>Significance (p value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Green market knowledge acquisition</td>
<td>0.37</td>
<td>0.001</td>
</tr>
<tr>
<td>b</td>
<td>Green market knowledge sharing</td>
<td>0.30</td>
<td>0.005</td>
</tr>
<tr>
<td>c</td>
<td>Green market knowledge utilization</td>
<td>0.21</td>
<td>0.008</td>
</tr>
<tr>
<td>d</td>
<td>Unlearning of green market knowledge</td>
<td>0.10</td>
<td>0.010</td>
</tr>
</tbody>
</table>

According to the above analysis, hypothesis-a, b, c and d is accepted and there is significant evidence to conclude that the green market focused learning positively influences the green based competitive advantage of star category hotels in Sri Lanka. This reveals that green market focused learning in overall positively affect the green based sustainable competitive advantage of the hotels. As per the regression coefficients (Beta values it is clearly evident that knowledge acquisition, sharing and utilization have a weak positive impact on the green based sustainable competitive advantage but unlearning of market knowledge does not have any significant impact.
on green based sustainable competitive advantage of the hotels.

This confirms that hotel’s knowledge acquisition, sharing, utilization and unlearning related to their green market segments are positively related green based financial performance, green market place position and inimitability of distinctive green capabilities. This implies that the hotel’s commitment to green market related learning can be a predictor of green based sustainable competitive advantage in the Sri Lankan hotel industry. These findings, in overall, are consistent with the findings of the previous studies [17], [19] and [24].

In the regression models predicting green based sustainable competitive advantage, the goodness of fit is predicted using R2 which are respectively 0.56. This implies that green market focused learning can predict only 56% of the total change of green based sustainable competitive whilst there are other important factors that predicts green based sustainable competitive advantage.

V. CONCLUSION, IMPLICATIONS AND FUTURE RESEARCH

A. Conclusion

Based on the above empirical findings, it is evident that in the Sri Lankan context, star category hotels have started adopting green market focused learning. They have mainly concerned on activities related to knowledge acquisition, knowledge sharing and knowledge utilization for green market segments. However, unlearning of green market knowledge and beliefs are not a major factor of green market focused learning in Sri Lankan hotel sector. It is also evident that as a whole, Sri Lankan star category hotels do not experience an adequate level of green based sustainable competitive advantage. Hypotheses revealed that knowledge acquisition, sharing and utilization are important to a certain extent to predict green based sustainable competitive advantage of the hotels. It highlights the unlearning about green market segments and their beliefs have been of little importance in the sector.

B. Managerial and Theoretical Implications

These findings have managerial implications for Sri Lankan hoteliers. They can adopt green initiatives and implement them in terms of knowledge acquisition, sharing and utilization to satisfy the specific wants pertaining to the green conscious customer segments attending the star graded hotels in Sri Lanka. There are managerial implications that mere adoption of green initiatives are not sufficient for winning and sustaining green based competitive advantage but it requires systematic learning management about green market and tourists as the highly volatile nature of the tourism industry. Further, relatively low level of unlearning practices in relation to green markets means the need for adopting unlearning as it is important for developing creativity and innovativeness of green initiatives for low cost advantage, financial performance and inimitability of distinctive capabilities.

Further, the present study theoretically contribute to the existing body of literature as it explains the linkage of market focused learning practices and sustainable competitive advantage in the light of green initiatives. I.e. the study links green based initiatives in the Sri Lankan hotel industry to the theory of sustainable competitive advantage by applying market-focused learning as a dynamic capability.

C. Future Research

Future studies should explore factors other than green market focused learning that guides green based sustainable competitive advantage of hotels in developing context like Sri Lanka. R2 value of the regression model 1 (R2 0.56) implies this possibility to explore other unique factors such as green innovativeness and other types of green related dynamic capabilities leading to green based sustainable competitive advantage in Sri Lankan context for future research. It is also need to identify hotel’s reputation, size, and years of experience as controlling variables of green based sustainable competitive advantage. Further, it is important to identify competitive intensity, market turbulences, technological, regulatory and stakeholder pressure as moderators to the relationship between green market focused learning and green based sustainable competitive advantage in the conceptual model so as to make the findings more conclusive and robust.

REFERENCES


