CHAPTER I

INTRODUCTION

1.1   Background

Sustainability program has been growing trend in the hotel industry for the past 10 years. It becoming important part of the corporate stategies. Hospitality industry historically had impact to the environmental through energy from lighting, fuel, HVAC operations, and others power. Then, water consumption that is used for bathrooms, laundry, F&B, as well as other general operations (cleaning and maintenance). Further, solid and hazardous waste creation like disposal of paper, batteries, bulbs, furniture, equipment, appliances and more.

Many hotels and resorts around the world are now adopting green hotels practices. Green hotels practices most common form are waste management systems, recycling practices, energy management systems as well as green certifications (Verma and Chandra, 2018). Green Hotel Association (2019) mentioned that green practices perform water saving and energy saving such as low-flow showerheads; linen reuse program; replacing central air-conditioning with room air conditioners/individual wall units and motion sensor for rest room. Also, by using eco-friendly purchasing policies such as non-toxic cleaning supplies and local supplier. Then reducing emission or waste disposal such as not offering bathroom toiletries; recycling and avoid wastefully-packaged product in order to protect the natural environment and reduce operational costs. Sustainability adopted by hotels, that is, not only by environmentally-oriented

practices, but also by social and economic oriented practices (Barber and Deale, 2014; Prud'homme and Raymond, 2013).

Green hotel is a hotel that are nature-oriented, environmentally friendly focused in use of energy, water, and materials that do not increase the impacts on the earth and environment (Chen and Peng, 2012; Fryxell and Lo, 2003; Suki and Suki, 2015). Green hotels, also called eco-friendly hotels, ecologically friendly hotels, or environmentally friendly hotels (Millar and Bongulo, 2011). According to Asia Leading Green Hotel (2019), green hotels in the Asia region are include Parkroyal on Pickering, located in Singapore, Sheraton Incheon Hotel in South Korea, Banyan Tree Bangkok in Thailand, Fairmont in Singapore, The Orchid Hotel in India, and The Sultan Hotel & Residence Jakarta in Indonesia.

Travelers are making more eco-friendly choices every year, and that includes making choices for a green hotel. Green hotel practices aren't just good for the environment; they're good for guests' well-being. Green hotels are growing in popularity among travelers. A survey conducted by TripAdvisor (2013) shown that nearly two-thirds of travelers, 62 percent, often or always consider the environment when choosing hotels, transportation and meals. According to Timetric's Global Business Traveler Survey (2013), it was found that 47 percent of business travelers prioritize green hotels when staying out of town for work. Booking.com (2017) also reveals that 68% of global travellers expressed their intention to stay in eco-friendly accommodation. Summarising the findings, it is clearly shown that there is a significant demand for green hotel practices.

Considering the environmental concerns and the popularity of green practices, many hotels from the economic to the luxurious scale are taking steps to make business and operational more sustainable. In this thesis, researcher will do the research in AccorHotels Chain in West Sumatra, is a French multinational hospitality company. AccorHotels brand ranging from luxury, midscale and economic hotels. In West Sumatera, AccorHotels has several hotels, which are ibis Padang, Mercure Padang and Novotel Bukittinggi. AccorHotels has been actively pursuing sustainable hotel management practices in order to protect people and the environment. In 2010 AccorHotels launched their sustainability programme called Planet 21(Accor, 2019).

According to Jang et al. (2011), among all generational groups, generation Y consumers are a generational group with strong opinions about green issues. They are currently one of the largest generational groups in the world, accounting for more than 25 percent of the world's population (GAIA Insights, 2016). Generation Y is generational cohorts that is confident, relational, participative and achieving (Benckendorff et al.,2010, cited in Tang and Lam, 2017). They are multitasks who are like to network rather than individually focused; hence they are strongly influence by friends or peers. They are team-oriented, and focus on how they feel and experience to an events or workplaces. Further, Bolton et al. (2013) found that Generation Y are frequently on using the social media and actively create content.

Generation Y also known as millennials, have become target customers for many companies (Parment, 2013). According to Forbes (2017) millennials has the most spending power of any generation with estimated $200 billion per year

spend, and $10 trillion lifetime spend as a generation. Eventbrite (2017) also found that 78% of millennials prefer to spend more money on experiences than on material things. Further, millennials are most concerned generation when it comes to environmental sustainability and social issues.

Previous studies have investigated green practices and issues, where generally examined guest attitudes and behavior toward green practices (Chan and Wong, 2006; Kim and Han, 2010; Han et al., 2010). However, in spite of fact that consumer behavior literature shown that a person personalities can play a significant role in affecting decision-making, not many have studied the role of personality traits to green attitude and behavioral intentions (Tang and Lam, 2017) Further, Yoon et al. (2011) found Generation Y play an important and powerful role in the spreading of environmentally friendly products and services.

Personality traits, also known as "Big Five" personality traits, consist of openness, conscientiousness, extraversion, agreeableness, and neuroticism. Carlo et al. (2005) mentioned that, from all of the traits, agreeableness and extraversion shown the most positive orientation toward other individuals. Also, both traits are closely related to prosocial behaviors (Elshaug and Metzer, 2001). Extraversion traits is related to outgoing, sociable, tend to be enthusiastic, like to talk with other people, and assert themselves. They are generally helpful, and willing to compromise their interests with others (Rothmann and Coetzer, 2003). Meanwhile, agreeableness related to compassion, generosity and cooperation, also include soft heartedness, understanding and trusting (O'Neill and Xiao, 2010). According to Soto (2018), agreeableness person have emotional concern for others' well-being, hold positive beliefs about others, and treat others for personal

rights and preferences Therefore, in this research, extraversion and agreealeness traits will be examined.

According to Han et al., (2010) theory planned behavior control positively affected intention to stay at a green hotel. Theory of planned behavior model proposed by Ajzen in 1991, consist of three main variables, are attitude, subjective norms, and perceived behavioral control. Kim and Han (2010) found that the theory planned behavior influence individual behavioral intention such as intention to revisit, intention to offer positive recommendations to others and willingness to pay. Jang et al. (2011) mentioned that the Generation Y behavior intention to green practices could have a huge impact on hospitality industry.

Willingness to pay (WTP) is an amount or cost that consumer intends to pay for a designated improvement or compensation (Rao and Bergen, 1992). Many studies have reported consumers' willingness to pay for green hotel practices. Han et al. (2011) found that green attitudes influence guest intentions to visit a green hotel, intention to spread positive word-of-mouth, and intention to pay more. Kang et al. (2012) examine that customers who are more concerned about environmental issues show a greater degree of willingness to pay for the additional costs incurred by conducting green practices. Han et al. (2009) also implied that positive images of green hotels are willing to stayto recommend it and willing to pay more. However, Manaktola and Jauhari (2007) mentioned that most consumers stated that they have concern for the environment and would like to stay in eco-friendly hotels, however, not willing to pay higher prices for it. Furthermore, Suki and Suki (2015) mentioned that consumers' environmental knowledge influence young consumer behavior in their decision-making process,

awareness and acceptance of green products and services. Understanding consumer willingness to pay is important for the green hotels as price is the most important barriers to green consumption (Gleim et al. 2013).

Based on the research background, the researcher will investigate and analyze how the role of Generation Y personality traits to green attitudes and behavioral intention, with the tittle is: **The Role of Personality Traits on Generation Y Consumer Toward Willingness To Pay for Green Hotel Practices Mediated by Green Attitudes (Study on: AccorHotels Chain in West Sumatra)**

1.2 Problem Statement

Based on the research background above. Therefore, the research questions addressed in this study are:

1. How does extraversion traits associated with green attitudes toward green hotel practices?

2. How does agreeableness traits associated with green attitudes toward green hotel practices?

3. How does green attitudes related with willingness to pay for green hotel practices?

4. How extraversion and agreeableness traits related to willingness to pay mediated by green attitudes?
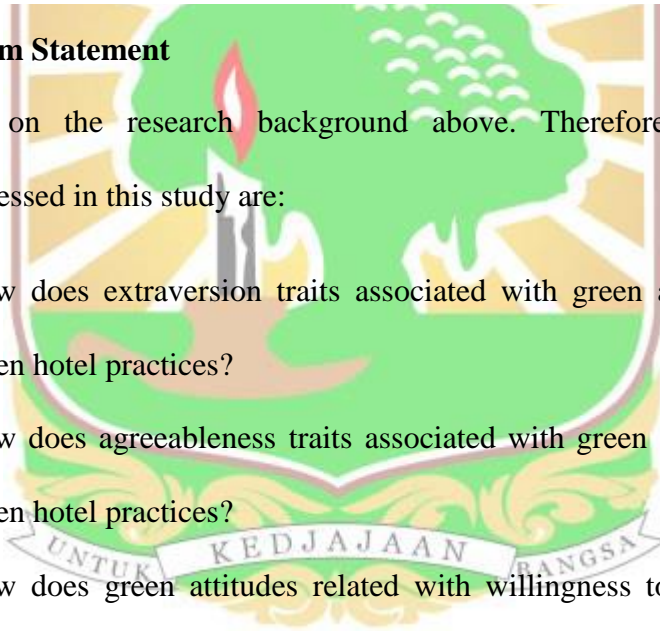
1.3   Research Objectives

Based on the problem statement above, the goal of this study is to obtain data and information that is appropriate for analyzing the data. The objectives of this study are:

1. To study and analyze the relationship of extraversion traits with green attitudes toward green hotel practices

2. To study and analyze the relationship of agreeableness traits with green attitudes towards green hotel practices

3. To study and analyze green attitudes relation with willingness to pay for green hotel practices

4. To study and analyze extraversion and agreeablenelss traits to willingness to pay mediated by attitudes

1.4   Significant of Study

This research hopefully will give a contribution to:

1. Researcher

   This research could be reference for researcher future research and could be used as information on the advanced knowledge in the future. This research is also used by researcher to accomplished thesis for final assignment of graduation.

2. For literature and next study

   It could be used to develop other references and add some insight and knowledge related personality traits, green attitudes and willingness to pay for green hotel practices.

3. Practices

The results of this research could be useful and measurement for the company to recognize in what factors that can be increasing company performance.

1.5   Scope of Research

There are some limitations that should be taken into notice in term of variable and object of the research. The researcher limit the research context by focusing on Generation Y, a generation who were born between the early 1980s and the end of the 1990s (Oxford Learners Dictionaries, 2020) whom are staying at AccorHotels Chain in West Sumatra.

1.6   Research Outline

In order to make it easier and make the moderate forwarding of the context for this research, therefore it is divided into five chapters, those are:

Chapter I   **Introduction.** Containing the background of the problem, the formulation of the problem, the aim of the research, the benefits of research, the scope of research and systemic writing.

Chapter II   **Literature Review**. Containing the theoretical foundation of the basic concept of the personality traits, theory planned behavior and willingness to pay.

Chapter III   **Research Methodology**. Containing about the population and sample research, the technique of data collection, research variables and operational

definitions, testing data and data analysis techniques.

Chapter IV   **Result and Discussion.** Explaining about surveys result that consist of respondent characteristics, frequency of distribution of each variable, validity test, reliability test, and discussion.

Chapter V   **Conclusion, Limitation, and Recommendation**. In this chapter, the researcher will explain about the conclusion of research, suggestion of research, limitation of the research and recommendations for further research.