

## Strategic Implications of Stakeholders' Green Expectations for Organizational Performance

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### ABSTRACT

This study aims to identify the key enabling factors and their interrelationships that facilitate the successful implementation of sustainability initiatives, driven by increasing stakeholder expectations and global commitments to environmental sustainability, thereby enhancing organizational performance. The hotel industry, which is a major source of greenhouse gas emissions in the service sector, has shown different levels of dedication to eco-friendly measures. While large, branded hotel chains have increasingly embraced sustainability often in response to growing customer appreciation small and mid-sized hotels frequently lag behind, citing high implementation costs and limited awareness as major barriers. In the context of developing economies like India, which is witnessing rapid growth in the number of small and mid-sized hotels, it becomes imperative to examine this segment more closely. The impetus for this investigation is to comprehensively examine the factors influencing sustainability across various categories of hotels, thereby establishing them as exemplars of the wider hospitality sector. With global targets such as achieving net-zero emissions in the near future, it is essential for organizations regardless of size to integrate sustainability into their core business strategies to remain relevant and competitive. **Purpose:** Today customers, both internal and external, increasingly expect and value environmentally responsible practices. Hence, this study aims to fill a critical research gap by examining the interlinkages among enabling factors that support sustainability efforts, without compromising the major goals of profitability and long-term organizational performance. **Design/methodology/approach:** Grounded in institutional theory, this study employs Interpretive Structural Modelling (ISM) to explore the relationships among key variables and their collective impact on organizational performance. **Results:** The findings show that sustainability efforts suggestively enhance organizational performance, especially regarding profitability. Profitability, in turn, is strongly influenced by an enhanced brand image and the organization's ability to secure an optimal market share. At the foundational level, key driving factors such as an organizational culture that promotes green practices, adherence to government mandates, evolving customer expectations, and employees' positive attitudes towards sustainability emerge as critical enablers. These basic parts are the main forces that start and keep the process going toward higher-order results. This helps the organization reach both its environmental and economic goals. **Practical implications:** This study provides actionable insights for hotel managers, especially those in small and mid-sized establishments, to better appreciate the strategic benefits of adopting sustainable practices. Importantly, it dissipates the delusion that sustainability requires heavy financial investment. Instead, it emphasizes the importance of having a clear vision and strategic focus, representative that impactful sustainability outcomes can be achieved with thoughtful preparation and resource alignment. **Originality/value:** The study offers a novel framework that elucidates the hierarchical structure and influence pathways among sustainability-related variables and their role in enhancing organizational performance. By highlighting the driving and dependent factors, the findings provide a strategic roadmap for decision-makers to implement green initiatives with greater confidence and clarity. The ISM-based approach further enhances the study's value by offering a structured method to prioritize actions and allocate resources effectively toward sustainability goals.

**Keywords:** Environment, Sustainability, Organizational Performance, Institutional Theory, Green Expectations, Profitability, Hotel industry



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## 1. INTRODUCTION

The emphasis on environment and sustainability is rising steadily with each passing day (Hsu et al., 2022). The current attention is driven by stakeholders' growing interest, including heightened awareness and commitment towards achieving net zero emissions (Sindhvani et al., 2022). Sustainability can be assumed as a state where human beings and future generations can lead their lives holistically in co-existence. Climate change poses the most significant threat to development as well as sustainable living. With its unprecedented and far-reaching impacts, sustainable development on a global scale disproportionately affects the most impoverished and vulnerable populations (Gerdt et al., 2019). The interconnection between sustainable development and climate action is essential for the well-being of humanity, both in the present and the future (Gerdt et al., 2019). Considering the importance of sustainability for different aspects of life, the United Nations has established seventeen Sustainable Development Goals (SDGs) encompassing environmental sustainability, social accountability, and effective governance (Agbedahin, 2019). By aligning climate action with SDGs, the international community can work together to address the urgent challenges of climate change, environmental stewardship, social growth, and the well-being of present and future generations (UNEP, 2019). According to the report from the United Nations Environment Programme (UNEP) in 2019, the member countries of G20 are considered significant contributors to greenhouse gases (GHGs) emissions, which causes serious harm to climate and ultimately to sustainable living (UNEP, 2019). India is highlighted among the top four countries responsible for CO<sub>2</sub> emissions (GHG) within the G20 nations (Sharma et al., 2023). Recent studies have raised concern about reducing GHGs in activities linked to manufacturing and services provided by different organizations (Sharma et al., 2023).

In addition, in the recent past, environmental sustainability initiatives and their influence on an organization's financial and non-financial performance (e.g., Agyabeng-Mensah et al., 2020) have captured the attention of researchers; however, thorough literature review has revealed three pertinent gaps in the literature. First, although past scholars have focussed on the importance of green expectations of stakeholders (e.g., Rubio-Mozos et al., 2020). However, there is still a dearth of research from the viewpoint of stakeholders (top and middle-level management). Stressing the need for more research from the perspective of stakeholders, Dhir et al. (2024) pointed out that stakeholders' opinions are critical to achieving sustainability goals, especially in the case of the hotel industry. Considering this argument, we contend that examining the relative

importance of stakeholders' green expectations will guide policymakers in better understanding the role and weightage of green expectations of stakeholders (Nunez et al., 2024), which may eventually go a long way towards appreciating the concern for sustainability in the fulfilment of SDGs. Second, the limited literature offering insight into stakeholders' green expectations primarily focuses on five/four-star or luxury hotels (e.g., Dhir et al., 2024). Thus, there is a knowledge gap concerning the motives perpetuating stakeholders in small and mid-segment hotels. The need to focus on small and mid-segment hotels becomes more pertinent, especially in emerging economies like India, which has seen extensive growth of hotels in this category (Anand et al., 2020). As a prominent emerging economy, India presents an interesting scenario as the hotel industry has shown a juggernaut recovery post-COVID-19 and is expected to grow at a whopping rate of 8.6% by 2025 (Sharma and Aggarwal, 2021). Furthermore, with regard to hospitality industry, although past studies offer insight into stakeholders' green expectations, however most prior studies focus on five/four-star or luxury hotels (e.g., Dhir et al., 2024). There Surprisingly, most hotel managers, particularly in small and mid-segment areas, are ignorant of the basic tenets of sustainability, which activists the reduce, reuse, and recycle philosophy to optimize resources (Roach, 2023). Scholars have suggested that the possible reason for this ignorance may be that managers might not be aware of what benefits sustainability can bring them regarding the relationship of sustainability to business performance (Everingham et al., 2020). However, the paucity of research from the stakeholders' perspective limits the generalizability of these findings. Hence, it becomes imperative to consider the stakeholders' viewpoint from the perspective of small and mid-segment hotels. Third, past scholars have advocated not only the need to identify factors that contribute to a phenomenon but also to decipher the relative importance of the identified factors for a granular understanding of the phenomenon (Gupta et al., 2024). The lack of research on this aspect limits our understanding of the relative reputation of factors influencing stakeholders' green expectations of organizational performance.

In addition, what are the influencing factors that need to be considered or what is the level of importance of each factor. Or how an organization can strategize the important influencing factors towards achieving the green goals of the organizations are not yet researched well. Thus, the authors propose that by tentative the relative importance of stakeholders' green expectations of policymakers and other relevant stakeholders, companies will have better understanding and prepared ness while providing the due weightage of green expectations of stakeholders, which may eventually go a

long way towards appreciating the concern for sustainability in the fulfilment of SDGs.

## 2. THEORETICAL BACKGROUND

### 2.1 Institutional Theory

Institutional theory is one of the management theories that scholars have applied widely (Struckell et al., 2022). Past literature has acknowledged institutional theory as the most appropriate for conducting organizational analysis (e.g., Khan et al., 2021). Giving credibility to the dynamic nature of institutional theory, scholars have extensively applied this theory in the fields of information systems, management, economics, political science, sociology, and human relations (Kemnet et al., 2024). According to the institutional theory, institutional norms are influenced by market forces and competition, which subsequently influence organizational actions. These organizations' dynamic processes are consistent with the mixed processes related to the economic and social norms of the organization (Budros, 1999). Here, in the case of the hotel industry, institutional norms towards accomplishing sustainability goals are defined by regulatory bodies, which the top management of such institutes need to follow. In addition, there are expectations for achieving sustainability goals driven by market forces. Stakeholders, such as customers and internal employees, also appreciate and value green organizations as a better place to work. Organizations have to manage a balance among varied contexts related to economic, social, governance, and the environment. However, while balancing varied stakeholders, organizations' choices are always driven by efficacy considerations as per the institutional theory recommendations (Budros, 1999). Thus, hotel industry stakeholders need to focus their strategic planning so that multi-dimensional issues related to sustainability and green human resource practices are aligned with business strategy.

Researchers have advocated that ISM is appropriate when assessing the relationship among variables and analysing complex conditions and cooperating influences (Girubha et al. 2016). With the help of maps of hierarchical structures, it becomes easy to comprehend the direct and indirect relationships among complex variables (Girubha et al. 2016).). In the present study, authors try to analyze the interactive influences and hierarchical relationships among the factors that enable the performance of EMS of organizations in the hospitality industry.

#### Objectives:

To fill the identified gaps, the study is anchored on institutional theory to decipher the green expectations of stakeholders. As per institutional theory (Dimaggio and Powell, 2013), organizations need to follow certain norms under the institutional environment. These are generally based on broader expectations by the stakeholders under an industry, government organizations, customers, suppliers of goods and services, employees, etc.

To analyse the factors as key enablers that influence the implementation and performance of green practices within the hotel industry.

To analyze the interactive effects and hierarchical relationships among these enablers to understand their relative importance and interdependencies in driving sustainable organizational performance.

Additionally, the study utilizes the Interpretive Structural Modelling (ISM) technique to examine the relative importance of various factors contributing to stakeholders' green expectations. Researchers have advocated that ISM is appropriate when assessing the relationship among variables and analysing complex conditions and interactive influences (Gupta et al., 2024). With the help of maps of hierarchical structures, it becomes easy to comprehend the direct and indirect relationships among complex variables.

By addressing the aforementioned gaps, this study, in particular, provides threefold improvement over earlier research finding. First, although prior literature has examined factors depicting stakeholders' green expectations on organizational performance in the hotel industry, the study makes a significant contribution to the literature by examining the relative position of these factors by applying the ISM technique. Second, the study makes a pertinent contribution to the literature on sustainability by considering the expert's green expectations on organizational performance in the hotel industry. Lastly, the study is focussed on India, a prominent emerging economy, which has not sufficiently received attention as extant literature is more focussed on developed economies like the USA.

## 3. REVIEW OF LITERATURE

The 2030 Agenda under UN-SDGs emphasizes that sustainable business models contribute to achieving SDG targets and offer competitive advantages to the business (Manifesto 2020). The United Nations Global Compact, a voluntary initiative involving businesses, highlighted the private sector's pivotal role, which comprises over 75% of global GDP, in addressing SDG challenges in the coming decade (United Nations Global Impact Agenda 2030). Safonov et al. (2020) suggested creating "new and sustainable business models" that recognize the worth of nature, as our health and well-being are intricately linked to it. Acknowledging the responsibility towards future generations, various stakeholders from civil society, business, and academia advocated for transitioning from the current economic model to one that promotes progress, prioritizing the well-being of both people and the planet (Agrawal and Puri, 24). Rubio-Mozos et al. (2020) argued that companies should create wealth and achieve human and societal aspirations, reflecting broader social concerns. Consequently, corporate performance should not only be assessed by financial returns but also by environmental, social, and governance objectives. In this regard, organizations are also gradually interested in developing their capacities and allocating resources to conserve the environment (Imbrogiano, 2022). Manufacturing organizations are more common than the service sector



in taking proactive steps to reduce greenhouse gas emissions (GHG) (Roberts et al., 2021). In addition, it has been pointed out that it is not only related to GHGs and pollution but also to the conservation of nature, which needs to be acknowledged (Imbrogiano, 2022). Although a lot of attention has been given to the manufacturing sector to reduce the emission of GHGs, however in recent years, scholars have spotlighted the need for the service sector to take necessary steps to lower the GHGs (Austin Roach, 2023). Among the service sector industries, the hotel industry is one of the significant sources of water and energy consumption (Roberts et al., 2021) and green gas emissions (Austin Roach, 2023). As a result, scholars have advocated that environmental conservation is mandatory for one of the largest resource-consuming industries, such as the hotel industry (Wisker and Kwiatak, 2019). Highlighting this issue, it was agreed by members in a Conference of Parties that the global hotel industry needs to reduce GHGs by 66 percent by 2030 and 90 percent by 2050 (UN, 2018).

In recent years, various reporting contexts have emerged to facilitate the evaluation of companies' sustainability practices. In India, the **Business Responsibility and Sustainability Report (BRSR)** was introduced through the Financial Year (FY) 2021–22 as a voluntary disclosure framework. However, starting from FY 2022–23, it became compulsory for the top 1,000 listed companies (by market capitalization) to disclose information based on nine principles aligned with India's **Environment, Social, and Governance (ESG)** framework under the **National Guidelines on Responsible Business Conduct (NGRBC)**. The NGRBC framework draws inspiration from the **United Nations' Sustainable Development Goals (SDGs)**, which emphasize addressing climate change, promoting responsible environmental practices, advancing societal well-being, and ensuring a sustainable future for generations to come. The ESG concept, increasingly recognized worldwide, has its roots in sustainable organizational practices. It emphasizes dipping carbon footprints, aligning with human rights principles, and addressing social aspects related to workforce management. By 2021, investments guided by ESG considerations reached an estimated **USD 330 billion** (EY Global, 2021). According to the **EY Global Investor Survey (2021)**, 74% of institutional investors indicated a likelihood of divesting from companies with unsatisfactory ESG performance. Similarly, **Demastus et al. (2025)** highlighted the critical role of organizational culture in promoting sustainability through green innovation and compliance with sector-specific regulations. In the **hospitality and tourism sector**, **Al-Romeedy (2023)** established a direct link between employees' environmental citizenship behaviors, supported by HR initiatives fostering a green organizational culture, and developed organizational performance. **Gulakdeniz and Karadas (2024)** further emphasized that positive employee perceptions of their organization's sustainability efforts lead to multiple benefits, including enhanced employee advocacy (as internal customers), which strengthens the

organization's reputation and reach. The integration of ESG principles into organizational strategies, as advocated by **Newton et al. (2024)**, is essential for achieving sustainable development goals while delivering ethical and financial advantages. This approach aligns corporate activities with broader social responsibilities and highlights the organization's contributions to the communities it serves. Efforts to foster diversity and inclusion, refine labor practices, and implement community well-being projects fall within this domain. Additionally, governance practices emphasize transparency, ethical conduct, and strong corporate protocols to ensure responsible decision-making. Research suggests that companies with strong ESG performance enjoy a competitive edge, including the ability to attract and retain top talent (**Ismail et al., 2022**). **Schleich (2022)**, analyzing **Morgan Stanley Capital International (MSCI)** ESG indicators since 1991, hypothesized a significant positive relationship between workforce performance and ratings assigned to the social dimension of ESG metrics. These findings underscore the tangible benefits of integrating ESG practices into fundamental business strategies.

### 3.1 Factors Influencing Sustainability Organizational Culture (Promoting Green Initiatives (Vision and Mission)):

An organization's vision for promoting green culture is important as it guides toward its focus; a clear understanding of the agenda of sustainability becomes handy in that context as it helps bring together all the stakeholders (Baral and Pokharel, 2017). Thus, these organizations can focus explicitly on achieving the organization's green mission. In addition, some of the keywords related to sustainability, such as 'Go green', 'Environment and sustainability', 'Sustainable organizations', 'Responsible organizations', and 'reduce, reuse, recycle' are used more in general (Lim and Cooper, 2008). In addition, it is also expected that actions that justify a responsible nature are expressed more and are actively linked with the firm's consequence (Baral and Pokharel, 2017).

**Sustainability strategy:** When an organization links its strategic goals with sustainability, it is understood that the organization is conscious and understands the risks in case the mandatory compliances are not met due to a lack of linkage between strategy and practice (Pirameli et al., 2025). In addition, to achieve a valuable impact, both should be linked well and are institutionalized (Naveenan et al., 2022). It is found that a number of organizations have already been successful in achieving the objective (Pirameli et al., 2025). However, even today, organizations do not have much clarity on integrating the two to achieve more sustained goals (Pirameli et al., 2025). How organization's strategy and green culture influence organizational citizenship behaviour Al-Romeedy, B. S. (2023)

**Employees' Expectations:** As per (Dhaliwal *et al.*, 2011), employees find an organization more attractive when they find a positive image of the organization towards the environment and social consciousness. The hospitality and tourism industry are also driven to follow sustainable operational practices due to the expectations of the customers, environmental statutes, managers' personal values and ethics, and the need for aesthetics-greens aping (Sarami *et al.*, 2025). A study on hospitality by demonstrated that stakeholders had a major influence on the environmental stance of the organization (Sarami *et al.*, 2025).

**Government Mandate:** In an organizational context, if there is a push in terms of government compliance that needs to be followed, then the organization is more concerned about following the same (Azimli *et al.*, 2024). Here, in the case of sustainability, there is external motivation from both the government and other industries towards following environmentally friendly practices (Best and Thapa, 2013). These factors become important for making an organization more responsible and environmentally friendly (Azimli *et al.*, 2024).

**Customer expectation:** Customers and prospective employees prefer associating with sustainability-oriented organizations (Gulakdeniz, and Karadas, 2024). Organizations have begun offering sustainable products in response to the customers' preferences for greener alternatives. Research has shown that customers are ready to employ more on products designed and packaged sustainably (Jeong *et al.*, 2014). Thus, the expectations from employees towards green as well as innovative way of offering products and services are well taken care of in this way as found by Gulakdeniz, and Karadas, 2024

### Top Management

It is seen that organizations that have managed to align the environmental intent with the day-to-day functioning of the organization have the backing of the senior leadership team (Jang *et al.* 2017). The top leadership's guidance and green commitment shape the organization's environmental inclination (Jang *et al.* (2017). Williams *et al.* (2014) have suggested a moderating relationship between the top leadership commitment to the mission and organizational outcomes. The senior team can facilitate the conversion of the organization's mission into its actions through the creation of systems and structures, communication, and continuous monitoring of the actions to check progress concerning the organization's mission.

### Green HRM (GHRM) Practices

Research studies have corroborated the growth in the number of organizations that have adopted sustainability to enhance their financial outcomes (Nguyen & Nguyen, 2024). HR practices and sustainability in an organization are closely connected (Agrawal and Puri, 2020). Lack of environmental awareness, green competencies, and common indifference seem to deter the effective implementation of environment-friendly policies in organizations (Zaiman *et al.*, 2024). These need to be

substituted with understanding of environmental impact, pro-environmental attitudes and responsible behaviour (Agrawal and Puri, 2020). Sustainability-linked HR practices can help in shaping pro-environmental behavior among employees. H.R. practices can ensure that employees have the requisite skills and motivation to contribute to the organization's sustainability projects (Abualoush, 2022). Recruitment and Selection, Training and Development, Compensation Systems, and Employee Involvement can be integrated with sustainability to ensure pro-environmental employee behavior and sustainable organizational outcomes (Renwick *et al.*, 2013).

### Employee Positive Attitude

The environmental orientation of an organization is heavily influenced by the employees' commitment to the green cause and adoption of green practices (Agrawal and Puri, 2020). Employees need to be convinced of the need to become sustainable (Sonenshein *et al.*, 2014), which will help promote green attitudes and pro-environmental behavior between the employees (Bissing *et al.*, 2013). They also found in a study of Indian managers, found that the managers treated environment and sustainability as being the same without realizing that there were other dimensions, such as economic and social, besides the environmental one, which defines sustainability. According to the study by Aukhoon *et al.* (2024), it was thoroughly researched and conclusively demonstrated that employees are among the most critical stakeholders to engage and involve in achieving the goal of greening the organization.

### Brand Image

Environmental performance significantly impacts the organization's performance (Agrawal and Puri, 2020). The adoption of green methods of production and lean manufacturing ways can help an organization gain a better name in the market (Porter *et al.*, 1995). It is established that environmental performance impacts an organization's financial as healthy as overall performance (Obeidat *et al.*, 2018).

### Market Share

Better product quality leads to an enhanced reputation for organizations, which naturally leads to an increase in the top line. The other means of enhancing revenues could be reaching out to newer markets, increasing the customer base and reducing wastage during production (Agrawal and Puri, 2020). Revenues will also get a confident boost when the organization commits to going green, adopts environmental management practices, and offers sustainable products (Carter *et al.*, 2000). Automobile companies improved their international standing by following sustainability-linked production methods (Rivera, 2002). Going green has helped organizations find new market opportunities and increase their income (Carter *et al.*, 2000).

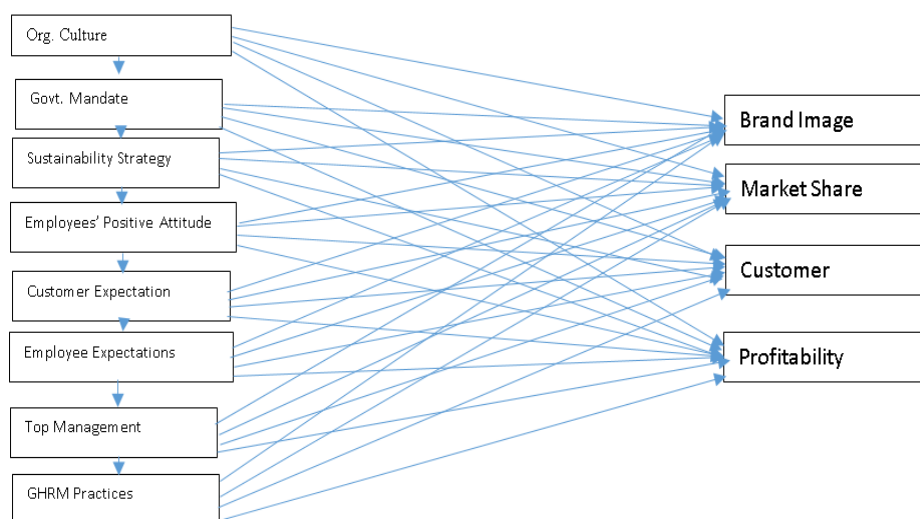
### Profitability

The bottom line can be positively impacted by reduced expenses or increased revenues (Ghose *et al.*, 2025). Organizations that go green have been found to be

profitable, especially organizations that have adopted green supply chain methods (Agyabeng-Mensah *et al.*, 2020; Woo *et al.* (2016). Green value chain has also been instrumental in helping organizations gain a sustainable competitive edge in the market (Cater *et al.*, 2009). Employees with a green orientation contribute to the environmental performance of the organization ((Longoni *et al.*, 2018), which in turn leads to better revenues and profits for the organization (Longoni *et al.*, 2018). Woo *et al.* (2016) found that sustained internal environmental developments influenced the return of assets, bottom line, and change in organizations' revenues (Ghose *et al.*, 2025).

## Customer Satisfaction

## 4. Research Model



## 5. METHODOLOGY

### 5.1 Sample and Data Collection

The analysis was performed on data collected from 10 professionals in the tourism industry with more than 15 years of work experience. The reason for doing so was to understand the importance of different parameters and variables for the conceptual model. The professionals

Feng and Wang (2016) found linkages among the organization's overall performance, competitiveness, and customer satisfaction. Prior literature has reported a connection between a hotel's environmental performance with its overall performance, competitive advantage, and customer satisfaction (e.g., Feng and Wang, 2016). Customer satisfaction led to increased financial outcomes for the organizations as the customers' reaction to the green initiatives impacted the organization's overall performance. Customers tend to be more satisfied and loyal if they positively receive the green initiatives of organizations (Feng and Wang, 2016). Abdel-Maksoud *et al.* (2016) found through a meta-analysis that customer satisfaction, green supply chain, and financial results of companies were very closely associated.

were given a worksheet with all the interrelationships mapped out, and they were requested to respond yes and no to validate or invalidate relationships among the variables. The process helped the authors conceptualize the model based on the results received after discussing the experts in great detail. The data collection and analysis were done according to the methodology adopted by past literature (e.g., Gupta *et al.*, 2024).

**TABLE 2: BASIC INFORMATION ABOUT THE SAMPLE EXPERTS**

Organization	Position	Experience in Years	Area of experience
(Amusement park)A1	General Manager HR	25	In a senior position with a variety of experience in HR and had a variety of experience.
(Luxury hotel) A2	Manager Quality and Training	11	She is responsible for managing quality, training new recruits, and looking after an ongoing need for training and development.
(Luxury hotel) A3	Assistant Manager HR	8	Looks after recruitment and selection and overall HR.
(Budget hotel)A4	Regional Head - Business Development, Expansion and Operations	16	Managers business development, operations, and expansion-related matters
(Small segment green club) A5	Dy. General Manager	25	Responsible for strategic initiatives and overall management

(Luxury hotel in Delhi) A6	Engineer	8	Responsible for overall operational processes
(Govt. supported luxury hotel) A7	Sr. Manager HR	12	Responsible for overall H.R. and sustainability-related matters
(Mid-segment hotel) A8	V.P.	26	Looks after sustainability and HR-related matters
Academician A9	Professor of HR and OB	20	Teaches courses on CSR, sustainability, H.R. and O.B., labor laws. Also have rich experience on consultancy to leading PSUs and MNCs
Academician A10	Professor of HR and OB	30	Teaches courses on sustainability, H.R. and OB, diversity, change management. Holds senior leadership position with rich experience on consultancy to leading PSUs and MNCs

Due to the confidentiality, the names of participating hotels are kept anonymous ISM steps are explained below:

Using Interpretative Structural Modelling (ISM)

ISM is an interactive learning process to derive a structured and comprehensive systemic model from various factors related to each other (Sage, 1977).

### Construction of ISM Methodology

This research employs Interpretive Structural Modeling (ISM) to systematically identify and structure the complex relationships among the key factors influencing sustainable organizational performance in the hospitality sector. ISM is particularly suited for this study as it facilitates the development of a hierarchical framework, allowing for a deeper understanding of how these variables interact and influence one another. This structured approach is essential when dealing with multifaceted issues like sustainability, where factors are often interdependent rather than isolated. By using ISM, the study not only uncovers the key drivers but also clarifies the underlying linkages and influence pathways among them. This insight is critical for hotel management and policymakers to prioritize initiatives and allocate resources more effectively. The findings will assist stakeholders across the hospitality sector especially in emerging economies in recognizing the strategic importance of each factor and how they contribute collectively to achieving sustainable performance. The research underscores that sustainability is not merely about having well-documented policies or frameworks. Its success hinges on the awareness, involvement, and shared responsibility of all stakeholders, including management, employees, customers, and regulatory bodies. The ISM-based model thus serves as a valuable decision-making tool, qualifying organizations to align their sustainability efforts with long-term business performance and societal expectations.

### The empirical evaluation

#### Calculation of weights

A number of pair-wise comparison matrices were developed based on experts' opinions.

Interpretive structural model (ISM). Prof. John N. Warfield developed an interpretive Structural model in 1974. It can be used to define the relationship among variables and develop a process hierarchy. ISM provides us with resources by which ranking can be forced on the involvedness of such variables (Mandal and Deshmukh, 1994). ISM is used to map the complex relationships among variables as well as to understand the behavior of variables with respect to other present variables. The idea behind ISM is to use experts' insights and experience on subject matter to understand the complex system by dividing it into small parts and developing a structural model.

### 3.2 Analysis

The steps involved in developing an interpretive model are the following:

Step 1: Identification of coolness dimensions through literature review and experts' opinions.

Step 2: A relationship among all the dimensions of coolness is established.

Step 3: Developing a Structural self-interaction matrix (SSIM), pairwise comparison among coolness dimensions is made to develop SSIM. The pairwise relationship (Table-2) is expressed in the form of V, A,

X and O where,

V: variable CD<sub>i</sub> influences CD<sub>j</sub>.

A: variable CD<sub>j</sub> influences CD<sub>i</sub>.

X: variable CD<sub>i</sub> and CD<sub>j</sub> influences each other, and,

O: variable CD<sub>i</sub> and CD<sub>j</sub> are not related.

(Where CD<sub>i</sub> and CD<sub>j</sub> are two variables)



**Step 4: Developing a reachability Matrix by converting SSIM into binary matrix**

Symbol used	Conversion in the initial reachability matrix
V	If the entry (i, j) in the SSIM is V, the entry (i, j) in the initial reachability matrix becomes 1 and the entry (j, i) becomes 0.
A	If the entry (i, j) in the SSIM is A, the entry (i, j) in the initial reachability matrix becomes 0 and the entry (j, i) becomes 1.
X	If the entry (i, j) in the SSIM is X, the entry (i, j) in the initial reachability matrix becomes 1 and the entry (j, i) becomes 1.
O	If the entry (i, j) in the SSIM is O, the entry (i, j) in the initial reachability matrix becomes 0 and the entry (j, i) becomes 0.

Step 5: Developing a final reachability matrix after transitivity check in reachability matrix. Transitivity means if there are three variable i, j and k. and if i influences j and j influences k then i influence k.

Step 6: Developing the level hierarchy/level portioning after series of iterations.

Step 7: Construct the level hierarchy in diagram.

**TABLE 3: Formation of Structural Self Intersection Matrix**

S.No.	12	11			10	9	8	7	6	5	4	3	2	1
1	V	V			V	V	V	V	V	V	V	V	V	
2	V	A			O	O	V	X	V	V	O	O		
3	O	O			A	A	V	X	O	V	X			
4	O	O			O	O	V	X	X	V				
5	O	O			O	X	X	X	X					
6	O	O			O	V	O	V						
7	A	V			V	V	X							
8	A	O			O	O								
9	X	O			X									
10	V	V												
11	O													
12														

**Table 4: Initial Reachability Matrix**

S.NO.	1	2	3	4	5	6	7	8	9	10	11	12
1	1	1	1	1	1	1	1	1	1	1	1	1
2	0	1	0	0	1	1	1	1	0	0	0	1
3	0	0	1	1	1	0	1	1	0	0	0	0
4	0	0	1	1	1	1	1	1	0	0	0	0
5	0	0	0	0	1	1	1	1	1	0	0	0
6	0	0	0	1	1	1	1	0	1	0	0	0
7	0	1	1	1	1	0	1	1	1	1	1	0
8	0	0	0	0	1	0	1	1	0	0	0	1
9	0	0	1	0	1	0	0	0	1	1	0	1
10	0	0	1	0	0	0	0	0	1	1	1	1
11	0	1	0	0	0	0	0	0	0	0	1	0
12	0	0	0	0	0	0	1	1	1	0	0	1

**Table 5: Transitivity Matrix**

S.NO.	1	2	3	4	5	6	7	8	9	10	11	12
1	1	1	1	1	1	1	1	1	1	1	1	1
2	0	1	1*	1*	1	1	1	1	1*	1*	1*	1
3	0	1*	1	1	1	1*	1	1	1*	1*	1*	0
4	0	1*	1	1	1	1	1	1	1*	1*	1*	0
5	0	1*	1*	1*	1	1	1	1	1	1*	1*	1*
6	0	1*	1*	1	1	1	1	1*	1	1*	1*	1*
7	0	1	1	1	1	1	1	1	1	1	1	1*
8	0	1*	1*	1*	1	1	1	1	1*	1*	1*	0
9	0	0	1	1*	1	0	1*	1*	1	1	1*	1
10	0	1*	1	1*	1*	0	1*	1*	1	1	1	1
11	0	1	0	0	1*	1*	1*	1*	0	0	1	1*
12	0	1*	1*	1*	1*	0	1	1	1	1*	1*	1



**Table 6:** Reachability, Antecedents and Interaction

Reachability Set	Antecedents	Interaction	Iteration
1,2,3,4,5,6,7,8,9,10,11,12	1	1	
2,3,4,5,6,7,8,9,10,11,12	1,2,3,4,5,6,7,8,10,11,12	2,3,4,5,6,7,8,10,11,12	
2,3,4,5,6,7,8,9,10,11	1,2,3,4,5,6,7,8,9,10,12	2,3,4,5,6,7,8,9,10,12	
2,3,4,5,6,7,8,9,10,11	1,2,3,4,5,6,7,8,9,10,12	2,3,4,5,6,7,8,9,10,12	
2,3,4,5,6,7,8,9,10,11,12	1,2,3,4,5,6,7,8,9,10,11,12	2,3,4,5,6,7,8,9,10,11,12	1
2,3,4,5,6,7,8,9,10,11,12	1,2,3,4,5,6,7,8,11	2,3,4,5,6,7,8,11	
2,3,4,5,6,7,8,9,10,11,12	1,2,3,4,5,6,7,8,9,10,11,12	2,3,4,5,6,7,8,9,10,11,12	1
2,3,4,5,6,7,8,9,10,11,12	1,2,3,4,5,6,7,8,9,10,11,12	2,3,4,5,6,7,8,9,10,11,12	1
3,4,5,7,8,9,10,11,12	1,2,3,4,5,6,7,8,9,10,12	3,4,5,7,8,9,10,12	
2,3,4,5,7,8,9,10,11,12	1,2,3,4,5,6,7,8,9,10,12	2,3,4,5,7,8,9,10,12	
2,5,6,7,8,11,12	1,2,3,4,5,6,7,8,9,10,11,12	2,5,6,7,8,11,12	
2,3,4,5,7,8,9,10,11,12	1,2,5,6,7,9,10,11,12	2,5,6,7,9,10,11,12	1

**Table 7:** Reachability, Antecedents and Interresction II

Variable	Reachability Set	Antecedents	Interaction	Iteration
1	1,2,3,4,6,9,10,12	1	1	
2	2,3,4,6,9,10,12	1,2,3,4,6,10,12	2,3,4,6,10,10,12	
3	2,3,4,6,9,10	1,2,3,4,6,9,10,12	2,3,4,6,9,10	II
4	2,3,4,6,9,10	1,2,3,4,6,9,10,12	2,3,4,6,9,10	II
6	2,3,4,6,9,10,12	1,2,3,4,6	2,3,4,6	
9	3,4,9,10,12	1,2,3,4,6,9,10,12	3,4,9,10,12	II
10	2,3,4,9,10,12	1,2,3,4,6,9,10,12	2,3,4,9,10,12	II
12	2,3,4,9,10,12	1,2,6,9,10,12	2,9,10,12	

**Table 8:** Reachability, Antecedents and Interaction III

Variable	Reachability Set	Antecedents	Interaction	Iteration
1	1,2,6,12	1	1	
2	2,6,12	1,2,6,12	2,6,12	III
6	2,6,12	1,2,6	2,6	
12	2,12	1,2,6,12	2,12	III

**Table 9:** Reachability, Antecedents and Interaction IV and V

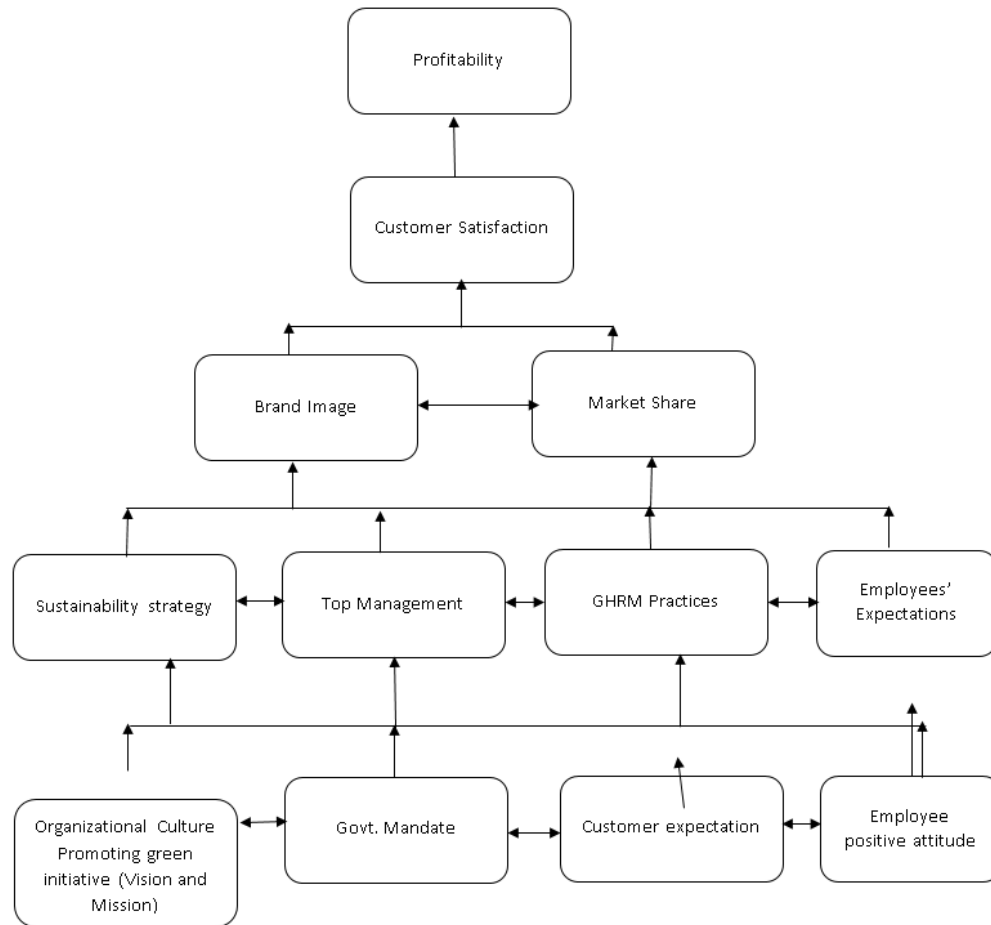
Variable	Reachability Set	Antecedents	Interaction	Iteration
1	1,6	1	1	V
6	6	1,6	6	IV

## 6. RESULTS DISCUSSIONS AND CONCLUSIONS

The results of the study are in line with the conceptual model developed by the authors. It is found that factors identified conceptually, later are found as important influencers (Figure 1) after the analyses. The results indicate that the hotels' overall green and sustainability efforts have influenced 'Profitability' as an indicator of organizational performance. The 'Profitability' is the top-level variable in the results (Figure 1), thus is considered as the outcome variable. However, it can also be interpreted that the variable 'Profitability' is dependent on other variables, thus has a weak driving power. It can also be interpreted that the profitability of the organization is increased because of the right enabling environment or having the right enabling factors in place, which help in achieving profitability thereafter leads to overall organization performance.

In one of the study Woodside (2000) had mentioned that the value of a tour is increased depending on the expectations of the tourists and accordingly, the value proposition offered to them by the service providers. Woodside (2000), in a study used 'tour value' as an outcome variable. He found that 'tour value' can also be influenced by the tourists' ability to participate in environmentally sustainable society. Although, in general, it is perceived that the tourists visit a place for leisure related activities, or pursue spiritual experiences. But, when they were exposed to activities helping building an environment friendly society, they appreciated the experience a lot and it helped in increasing their satisfaction with the overall 'tour value'. Thus, the outcome variable, 'tour value' depended on variables here another influencer such as ability to participate in environment and sustainable society.

**Figure 1: Results after ISM**



The findings of this study are consistent with the conceptual model initially developed by the authors. The factors identified during the conceptualization phase were empirically validated as key influencers (Figure 1). Specifically, the analysis revealed that hotels' overall efforts towards green and sustainable practices significantly impact **organizational performance**, with **'Profitability'** emerging as the top-level outcome variable. While **'Profitability'** occupies the highest level in the ISM hierarchy, its low driving power indicates that it is largely **dependent** on several underlying factors. This supports the interpretation that profitability is achieved through the creation of an enabling environment shaped by critical antecedents such as **organizational culture**, **government mandates**, **customer expectations**, and **employee attitudes**. This aligns with the logic of outcome-based models observed in previous literature. For instance, Woodside (2000) demonstrated that the perceived **'tour value'** in tourism services was not solely a function of leisure or spiritual activities, but was significantly enhanced when tourists could participate in environmentally sustainable practices. Thus, value creation was directly linked to sustainability-focused experiences paralleling our finding that profitability is a product of sustainability enablers.

Furthermore, **customer satisfaction** emerged as a significant underlying factor in the sustainability-performance relationship. As prior studies affirm, understanding how customer satisfaction can be maximized is central to achieving profitability. Environmental management practices—especially when visible and authentic—are strongly associated with enhanced financial performance (Agrawal, 2022). Closely tied to customer satisfaction are variables such as **'Brand Image'** and **'Market Share'**, both positioned at the top level of the hierarchy. These variables are reciprocally influential: a strong brand image enhances market share, which in turn reinforces customer satisfaction. Hotels that integrate green practices into their operations report improved market share and organizational reputation, establishing a **sustainable competitive advantage** (Carmona-Moreno et al., 2004).

Importantly, mid-level variables such as **'Sustainability Strategy'**, **'Top Management Commitment'**, **'Green Human Resource Management (GHRM) Practices'**, and **'Employee Expectations'** demonstrate dual characteristics—they both influence and are influenced by other variables. These variables form the **strategic core**, shaping the organization's approach to sustainability while being molded by foundational cultural and regulatory elements (Figure 1). Support for these relationships is found in prior literature. In the Spanish hotel sector, a strong link was observed between **environmental management proactivity** and

**competitive advantage** (Pereira-Moliner et al., 2015). Proactive hotels reported not only higher customer satisfaction but also operational efficiencies and cost savings (Leonidou et al., 2013). Similarly, Turban and Greening (1997) emphasized the role of **corporate social performance** in shaping brand reputation, with sustainable branding efforts significantly influencing occupancy rates (Walsh & Dodds, 2017).

At the **lower-mid level**, strategic enablers such as the **alignment of sustainability strategy with the firm's overall vision**, GHRM practices, and employee-centric initiatives play a foundational role. Global hotel chains have demonstrated how aligning environmental initiatives with organizational strategies enhanced brand value and stakeholder trust (Gutierrez et al., 2015). GHRM practices—including recruitment for environmental values, green job design, and sustainability-linked recognition systems—further institutionalize sustainability (Renwick et al., 2013). Examples such as designating employees as **'green champions'** and offering incentives for sustainable behavior have proven effective in embedding green values across operations. The **bottom-level variables**—'Organizational Culture Promoting Green Initiatives' (through Vision and Mission), 'Government Mandates', 'Customer Expectations', and 'Employee Positive Attitude'—act as **strong drivers**. These factors shape the organizational context in which sustainability is either embraced or resisted. Interestingly, despite conventional wisdom that external pressures drive green behavior, findings in the hospitality sector suggest that **internal motivations**—rooted in values, beliefs, and employee engagement—are more influential (Alvarez-Gil et al., 2001). Past studies supported this insight. Customer expectations and community engagement play pivotal roles in influencing hotel behavior (Verma & Chandra, 2018). Employees' green attitudes are both shaped by and contribute to organizational green practices, with spillover effects into personal and community behaviors (Raineri & Paillé, 2016;). Leadership also plays a crucial role. Alvarez-Gil et al., 2001, found that hotel managers' personal beliefs significantly influenced environmental action, reinforcing the idea that **transformational green leadership** is essential (Mittal & Dhar, 2016). **Organizational culture**, particularly when sustainability is embedded into the **vision and mission**, further strengthens commitment to green initiatives. Multinational firms like IBM, Coca-Cola, and Unilever exemplify how integrating sustainability into core business values enhances both reputation and performance (Mittal & Dhar, 2016). Moreover, motivations for hotels to adopt green practices include aligning with **corporate social responsibility**, enhancing operational efficiency, reducing costs, and improving both customer and employee satisfaction (Gerdt et al., 2019). Empirical studies show that observes such as **waste management, energy conservation, and eco-friendly operations** positively influence customer perceptions and choices (Verma & Chandra, 2018). Guest satisfaction and positive online reviews often stem from visible environmental efforts,

even when minor inefficiencies are present (Chen, 2025).

## CONCLUSION

In summary, the study emphasizes a **multi-level hierarchy of variables** that together drive organizational performance in the hospitality sector. Profitability, while an important outcome, is dependent upon a network of interrelated variables, beginning with foundational elements like culture and regulation, moving through strategic and managerial practices, and culminating in customer-centric outcomes like satisfaction, brand image, and market share. The results offer both theoretical clarity and practical guidance for hotels especially in emerging economies to adopt sustainability as a **strategic lever** for long-term growth.

## 7. Management implication

### Managerial Implications of Sustainability Enablers in the Hotel Industry

The findings presented in **Figure 1** highlight the key enablers of sustainability in the hotel industry and establish a clear hierarchy of variables based on their **driving and dependence power**, as analyzed through the Interpretive Structural Modelling (ISM) technique. By integrating expert insights with a structured analytical framework, the study identified the interrelationships among variables and how they progressively contribute to improving **organizational profitability**. For hotel executives and decision-makers, these results offer a strategic roadmap. Understanding the relative importance and positioning of variables within the sustainability-performance hierarchy enables them to allocate resources, set priorities, and implement targeted actions. The ISM framework provides a **tested and practical tool** for navigating sustainability integration not as a peripheral initiative but as a core business strategy.

### Breaking the Myth: Sustainability Is Not Only for Big Players

One of the key managerial insights emerging from this research is the **dispelling of a common misconception**—that sustainability requires significant investment and is only feasible for large or luxury hotels. The study finds that **profitability and organizational performance are not necessarily driven by financial investment**, but rather by the **presence of enabling factors** such as a clear vision and mission aligned with sustainability, supportive government mandates, customer expectations, and a positive employee attitude. These variables, identified as **base-level enablers** in the ISM model, carry the highest driving power. This implies that **even budget or mid-sized hotels** can achieve sustainability outcomes by fostering the right mindset, embedding green values into their culture, and aligning stakeholder expectations.

### Institutional Pressures and Strategic Alignment

The study reaffirms the importance of **institutional and market forces**—such as evolving government norms, customer awareness, and regulatory pressures—in influencing organizational behavior. In an industry that

relies heavily on natural resources, **adapting to environmental regulations and sustainability expectations is no longer optional**. Hotels that proactively align their operations with these expectations, rather than reactively complying, are better positioned for long-term success. A prime example is **ITC Hotels in India**, which has institutionalized green practices, setting a level for others in the industry. ITC's success demonstrates that embedding sustainability in the company's **vision, mission, and corporate strategy** can lead to enhanced brand image, greater market share, and improved profitability. This offers a compelling case for hotel managers to move beyond mere compliance and view sustainability as a **strategic differentiator**.

#### Employee and Customer Engagement as Catalysts

Another critical insight is the **dual influence of internal and external stakeholders**. Internally, employee attitudes and green HRM practices are vital. Externally, customer expectations and regulatory requirements create pressure and motivation. The study suggests that incorporating sustainability into recruitment, onboarding, and training practices by hotels help in building an environmentally conscious workforce. Employees who understand and value the sustainability agenda are more committed and productive. In addition, customer awareness of green initiatives contributes to loyalty and satisfaction, positively influencing hotel occupancy rates and online reputation. Thus, hotel managers are encouraged to **invest in employee engagement**, align HR practices with sustainability goals, and communicate their environmental efforts effectively to customers.

#### Strategic Integration and the Role of Leadership

Sustainability should not be seen as an isolated effort but as an integral part of the **organizational fabric**. When the top leadership champions sustainability, integrates it into the organizational strategy, and supports it with enabling systems and processes, the path to sustainable performance becomes clearer and more achievable. The research findings support the view that **visionary leadership**, coupled with supportive policies and performance management systems, is crucial. Creating a culture that prioritizes sustainability right from the top to the frontline is essential for long-term impact. Leadership's visible commitment motivates employees and builds trust with customers and partners.

#### Triangulated Insights: From Theory to Practice

This study also draws on real-world practices and expert insights from senior HR professionals and sustainability leaders. The triangulated findings reinforce the conceptual framework, validating the relevance of the identified enablers in **practical organizational contexts**. For hotel managers, this provides not just a theoretical model, but an **actionable blueprint** to develop measurable sustainability goals, align internal processes and workforce capabilities, and create a competitive, responsible, and profitable hotel brand. Thus, the study emphasized that **sustainability is not a cost but an opportunity**. It offers a pathway to enhance operational efficiencies, strengthen stakeholder

relationships, build competitive advantage, and drive financial performance. For the Indian hotel industry—across segments from budget to luxury—the message is clear: **a sustainability-driven approach is both desirable and feasible**. By aligning institutional norms, leadership intent, employee engagement, and customer expectations, hotels can achieve not only compliance but **strategic excellence**. Hotel managers are thus advised to view sustainability as a **core business enabler**, capable of delivering tangible business benefits and long-term organizational resilience.

#### 8. Limitations and Future Scope of Research

While the present study offers valuable insights into the enablers of sustainability in the hotel industry through the application of Interpretive Structural Modelling (ISM), it is not without limitations. One key limitation lies in the assumption of equal contribution of all enablers at each hierarchical level. The ISM approach effectively identifies relationships and structures among variables but does not quantify the relative strength or weight of each enabler. Therefore, it remains unclear whether all enablers at a particular level exert similar influence or whether some have a disproportionately higher impact. To address this, future research could incorporate quantitative techniques such as machine learning algorithms for example, K-Nearest Neighbors (KNN)—to assess and rank the relative importance of variables. This would allow for a more nuanced understanding of each enabler's contribution, helping hotel managers prioritize strategic actions based on data-driven insights. Moreover, the study's scope could be expanded by including a larger and more balanced sample drawn from across the budget, mid-range, and luxury segments of the hospitality industry. Such a design would enhance the generalizability of the findings and offer tailored insights for managers operating in different market tiers. Although ISM serves as a valuable tool for strategic thinking and management brainstorming, future studies could build on these insights using more advanced, data-rich analytical frameworks. The integration of sophisticated models and algorithms possibly incorporating real-time operational and customer data could further enhance predictive capabilities and provide more actionable recommendations for achieving sustainability. Thus, in short, advancing this line of research through larger samples, weighted analysis, and modern data science approaches could yield deeper and more precise insights. This would support hotel leaders in making evidence-based decisions as they align their sustainability strategies with evolving industry dynamics and stakeholder expectations.

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