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GREEN INTELLECTUAL CAPITAL, INNOVATION CAPABILITIES AND SUSTAINABLE PERFORMANCE OF HOTELS IN MALAYSIA

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ABSTRACT

Green concepts have been widely accepted and supported universally, particularly in today's highly environmentally conscious era. Since the world was hit by the deadly COVID-19 virus, which spread rapidly through the unhygienic environment, the worsening of global warming and destruction of the environment that negatively impacts human health and well-being led to the loss of biodiversity and depletion of the ozone layer. The act of going green or protecting the environment is starting to become popular among players of several industries. One of these is tourism which no longer is a conservative industry that not only merely provides tourism activities, but now is also associated with sustainable concepts. Currently, hotels in Malaysia that apply green concepts in their operation are limited. Nevertheless, this green concept is significant to the hotel industry. Past studies mostly explored the Green Intellectual Capital (GIC) in the manufacturing industry and SMEs. The GIC concept derived from the current study is relevant to the services industry particularly to the hotels. GIC is the implementation of environmental knowledge awareness vis-à-vis the intellectual capital (IC). As widely known, IC is crucial in a firm since by efficiently utilizing it will improve the firm's performance. Human Capital (HC), Structural Capital (SC), and Relational Capital (RC) are the three components of intellectual capital. HC is the knowledge and skills owned by the employees. SC is the supportive infrastructure, strategies and know-how that belongs to the organisation. RC is the relationship between the firm and their stakeholders. Not many researchers have investigated on GIC, hence limited GIC measurement is available. Implementing green concepts can draw in customers through the distinctive use of innovative green solutions, crucial for sustaining and enhancing overall performance. The aim of this study is to explore the indicators of GIC as well as the innovation capabilities of the hotels in Malaysia, to examine the relationship between GIC and sustainable performance, and also to examine the moderating effects of innovation capabilities on the relationship between GIC and sustainable performance of hotels. The significance of this study is to develop a green intellectual capital model in order to improve the hotels' sustainable performance. This study also considers innovation as a driving factor for hotels to achieve sustainability and better perform. This study employs a sequential mixed method approach that started off with a qualitative method (Phase 1) and proceeded with the quantitative method (Phase 2) in order to confirm the result of the first phase. The study identified 14 indicators under SC, 17 indicators under HC, 9 indicators under RC and 12 indicators for innovation capabilities. It was also found that GIC has significant positive relationship towards sustainable performance. Besides, innovation capabilities moderate significantly the relationship between GSC, GRC and sustainable performance. However, innovation capabilities have no significant effect in moderating the relationship between GHC and sustainable performance. The implication of the findings is that GIC can help improve hotels' performance. In addition, being innovative in an organization's operational structure and networking would further improve performance. Hence, the study offers green concept guidelines to the hotel managers. This GIC concept also supports the government's green initiative agenda under the 12th Malaysia Plan and the SDGs 8, 11 and 12.

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CHAPTER ONE

INTRODUCTION

Tourism is one of the fastest-growing sectors in the world, contributing heavily to a country's Gross Domestic Product (GDP) worldwide. As reported by the World Travel and Tourism Council (WTTC) in 2019, the growth of travel and tourism sector outpaced global economic growth for nine consecutive years by 1%. Travel and tourism is one of the world's largest economic sectors, generating 10.3% of global GDP and providing one in ten jobs (330 million) worldwide, making it the best partner for governments to generate employment (World Travel & Tourism Council, 2021). In Malaysia, the travel and tourism sector contributes MYR173.3 billion (11.5%) to Malaysia's economy and 14.7% of total employment (World Travel & Tourism Council, 2022). In 2019, Malaysia showed an increase in the travel and tourism GDP growth by 6.6%, outpacing the economic GDP growth of 4.4% (World Travel & Tourism Council, 2022).

Tourism industry is a very sensitive industry as it can be affected by numerous factors. One of the most significant factors is health hazards. For instance, the COVID-19 had hit the tourism industry badly. At the beginning of the year 2020, the coronavirus, which was declared by the World Health Organization (WHO) and the Public Health Emergency of International Concern (WHO, 2020) as a pandemic, had a devastating effect on the tourism and hospitality industry and put tremendous strain on the healthcare system worldwide. By the end of November 2020, the COVID-2019 had infected over 60 million individuals with a mortality rate of over 1 million deaths across 213 countries (WHO, 2020) until the date of this writing as compared to the severe acute respiratory syndrome (SARS) in 2003 which infected 8098 individuals across 26 countries with a mortality rate of 9% worldwide (Shereen et al., 2020). In Malaysia, it was reported that over 60 000 were infected, and over 300 died as of 25 November 2020 (Department of Statistics, 2020). Although this effect was worldwide for tourism, Thailand, the Philippines, Spain and Italy were the most affected countries as they depended heavily on tourism, where more than one-fifth of their Gross Domestic Product (GDP) relied on this sector (Quinn, 2020). The Malaysian tourism industry also felt an immediate impact from this unknown disease.