

ABSTRACT

The hotel service industry, especially environmentally friendly hotels, has an important role in running its businesses, namely that apart from trying to achieve customer satisfaction and meet the companies' economic goals, companies must also consider their social and environmental impacts. This is realized in the form of an environmentally oriented hotel strategy. The implementation of environmentally oriented strategies can increase the green competitive advantage for companies. However, not all the research results revealed that having an environmental orientation can increase the green competitive advantage. This is the main problem in this research. Thus, the aim of this research is to provide a solution for the inconsistent research results regarding the influence of environmental orientation on an environmentally friendly competitive advantage.

Green innovation exploitability is novel in this research, as it uses the resource advantage theory of the competition perspective which acts as a mediating variable in the influence of environmental orientation on a green competitive advantage. The efforts made are expected to improve the environmental performance and firm performance by adding the green absorptive capacity to complement the green innovation hotel research model. The theoretical deduction process has produced concepts and draft hypotheses that need to be tested to explain whether the solution provided is correct. Our study uses environmentally friendly hotels as research objects because this research uses an innovation capability approach where the hotel industry competition is identified on the axis that extends between innovation and sustainability.

The respondents in this research were managers or supervisors of environmentally friendly hotels on the island of Java whose hotels had CHSE certification. There were 361 samples used in the data processing. The data was processed using SPSS 25 and AMOS 26 analysis tools. All the assumptions required by SEM were met. The results of the data processing from the nine hypotheses proposed showed that eight hypotheses were accepted and one hypothesis was rejected. Based on the research results, it can be concluded that environmental orientation which was complemented by green innovation exploitability efforts plays an important role in actualizing a green competitive advantage, environmental performance, and firm performance. This study contributes to the body of knowledge of the concept of green innovation by exploiting environmentally friendly innovations with continuous input from consumers, which will add to the market knowledge from the perspective of the resource advantage theory of competition.

Keywords: green innovation, environmental orientation, green competitive advantage, environmental performance, business performance, the resource advantage theory of competition