



## Indirect Correlation between Hotel's Environmental Policy and its Performance through Employee's Environmental Abilities

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### Abstract

**Purpose:** This study examines the impact of employees' green abilities as a mediator on the relationship between hotel green policy and hotel green performance within a hotel group in Bali. Numerous efforts have been made to pursue business sustainability, particularly within the hospitality tourism sector.

**Method:** The sample of this study consists of 161 employees with supervisor status working in the operations department, selected through convenience sampling. Data analysis was conducted using path analysis with Smart PLS.

**Result:** The results reveal a significant direct effect of the Hotel Green Policy on Hotel Green Performance and a significant indirect effect through the mediator of employee's green abilities. Therefore, this study concludes that employees' green abilities mediate the significant indirect relationship between Hotel Green Policy and Hotel Green Performance.

## INTRODUCTION

The Ministry of Tourism 2017 made a concerted effort to promote sustainable tourism development by Regulation 14 of 2016, establishing Indonesia as a sustainable tourism destination. To encourage these initiatives, the Ministry recognizes and rewards destinations that effectively implement sustainable tourism practices (Irawan et al., 2020; Prawibowo & Purnamasari, 2018). The rapid expansion of the hotel industry in Indonesia has led to unprecedented economic growth, but it has also resulted in significant environmental challenges. Hotels, as crucial members of the tourism sector, are increasingly linked to environmental pollution and ecological degradation. Recent research (Sugiyanto & Febrianti, 2021) highlights the increasing waste production and energy consumption associated with the growing hospitality sector in Indonesia. This environmental dilemma emphasizes the urgent need for sustainable practices within the hotel industry, thus promoting the concept of environmentally friendly or green hotels. Recognizing urgency, Chen & Tung (2014) emphasizes the crucial role of green policies in shaping sustainable hotel management. In particular, the significance of employees' green abilities as a catalyst for successful policy implementation cannot be exaggerated. A green hotel, as described by Setiawati & Sitorus (2016), refers to an environmentally conscious and sustainable lodging establishment. These hotels actively integrate policies and practices to reduce their ecological footprint (Vona et

al., 2018). Green hotels take a holistic approach to sustainability, including energy conservation, waste reduction, water efficiency, and eco-friendly materials (Buer, 2013). The primary goal is to lessen the negative environmental impact associated with the hospitality industry. Green hotels often participate in initiatives such as recycling programs, energy-efficient technologies, and community involvement to positively contribute to the local and global environment. By following environmentally friendly principles, green hotels balance quality service for guests with preserving natural resources and ecosystems on which their operations depend (Bamberg, 2003).

As outlined by ASEAN (Standard, 2016), the criteria for green hotels encompass a comprehensive set of principles that emphasize sustainability and environmental responsibility in the hospitality industry. These criteria include measures to enhance energy efficiency, reduce water consumption, manage waste effectively, and promote community engagement. Additionally, green hotels are encouraged to implement eco-friendly practices, including using renewable energy sources, energy-efficient technologies, and water conservation measures, as stated by (Abdou et al., 2020). Waste management involves minimizing single-use plastics, promoting recycling programs, and responsibly disposing of waste. The ASEAN criteria also emphasize community engagement and encourage hotels to support local communities, protect biodiversity, and raise environmental awareness among guests and staff. By following these criteria, hotels within the ASEAN region aim to promote a more sustainable and responsible tourism industry. Stakeholder grievances play a crucial role in recognizing areas for improvement within the hotel industry. According to Erdogan & Baris (2007) and Putri (2020), stakeholders may articulate dissatisfaction with various aspects, such as service quality, environmental practices, or community engagement. For example, concerns regarding inadequate waste management, insufficient community involvement, or a lack of transparency in sustainability practices may prompt stakeholders to express dissatisfaction (Putri, 2020). In Indonesia, where the tourism sector is essential for economic growth, the government is pivotal in overseeing and regulating the hospitality industry. Recent research by Sabon et al. (2018); Widiati & Permatasari, (2022), and Setiyaningrum & Sulistyaningsih (2019) emphasizes the significance of the Indonesian government's active participation in enforcing and improving regulations to ensure that hotels adhere to sustainable practices. By implementing and monitoring strict guidelines, the government can contribute to the emergence of a more responsible and sustainable hotel sector, addressing stakeholder concerns (Chen & Tung, 2014; Abdullah & Pebriyanti, 2016; Gärling et al., 2003) and fostering a positive impact on both the environment and the local communities involved.

Sustainability refers to the practice of meeting current needs while safeguarding the ability of future generations to meet their own needs. It encompasses a balanced and responsible approach to environmental, social, and economic considerations to establish enduring systems that support human well-being and preserve the planet's health and resources (Sulistyaningsih & Bimo, 2023). The tourism industry demonstrates the challenges in implementing this definition, particularly the need for more awareness among hotel employees in various departments regarding environmentally friendly practices (Tudor et al., 2008). Despite efforts by management to implement environmentally friendly hotel policies, practical execution often faces obstacles, such as employees' lack of concern for proper waste management, insufficient understanding of operational waste classification for recycling, and inadequate waste disposal facilities on the hotel premises (Mandip, 2012; Jyoti, 2019). Additionally, using non-environmentally friendly fuel for power generation is a significant concern (Kokkinen, 2013). According to Kim et al. (2015), the management's well-intentioned policies encounter barriers to achieving effective implementation due to varying levels of employee awareness and compliance. Addressing these challenges requires a comprehensive approach that includes enhanced training programs, improved waste management infrastructure, and a transition to more sustainable energy sources. This study draws on previous research, such as (Mbasera et al., 2018) analysis of the impact of green hotel policies on hotel performance from a manager's perspective.

This article aims to investigate the indirect relationship between hotel green policies and performance while shedding light on the mediating influence of employees' green abilities, all within the specific context of Indonesia. Building on the latest findings (Yuniati, 2021) and

incorporating relevant regional data, this study aims to provide insights that contribute to promoting sustainable practices in the Indonesian hospitality industry. In a study (the second study that this research used) conducted by Wu et al. (2016), the effects of human resources employed in hotels that have implemented environmentally friendly policies were analyzed. The study concluded that employee competencies, including environmental awareness, knowledge, and skills, positively influence hotel performance capabilities. The third study, carried out by Kim et al. (2015), examines the commitment of the Hotel General Managers to implementing environmentally friendly hotels. Research indicates that the commitment of hotel leaders to the environment has a direct and indirect impact on the company's involvement in environmental practices. The fourth study, conducted by Song et al. (2021), focuses on the significance of environmentally oriented human resource management in enhancing the company's innovation capabilities. The study reveals that implementing environmentally oriented human resources indirectly affects the company's innovation capabilities but has no direct effect. The fifth study, conducted by Chen (2016), emphasizes the importance of implementing environmentally friendly hotels from the human resources perspective. According to the study, employee awareness, knowledge, and skills related to the environment can improve hotel performance in carrying out environmentally friendly hotel policies. Meanwhile, the sixth study, undertaken by (Putri, 2020), examines the influence of environmentally oriented hotel policies on hotel performance. Unlike the previous six studies, this study further explores the application of environmentally friendly hotel policies to hotel performance, using human resource capabilities as a mediator within specific hotel groups in Bali. This study analyzes the relationship between hotel green policy and hotel green performance, employing employees' green abilities as mediator.

### **Green Policy**

Setiawati and Sitorus (2016) explain that environmentally friendly hotel operations are becoming increasingly necessary and desirable to guests. This is due to the growing awareness among visitors about the need to protect the environment from issues such as air pollution and waste. Without a commitment to preserving the hotel environment, the absence of employee concern can result in a dirty and uncomfortable atmosphere. Hotels regarded as environmentally friendly integrate daily operations with initiatives to minimize environmental impacts through various measures such as energy efficiency systems, recycling programs, and renewable energy and organic products. The implementation of environmentally friendly operations can bring numerous benefits to hotels. Cost savings are a crucial benefit for hotels; according to Buer (2013), by maximizing efficiency effort and reducing waste, hotels can achieve cost savings compared to their competitor. A hotel can reduce energy consumption by 20% - 40% (Buer, 2013). It is also noted that green hotel operations contribute to an industry's competitive advantage. The cost of non-renewable resources increases, regulations become stricter, and environmentally friendly hotel operations become a significant requirement.

Additionally, consumers have a growing demand for sustainable practices. Customer satisfaction can be achieved by catering to the values of environmentally conscious consumers through eco-friendly hotel operations. Graci & Dodds (2008) found that companies that consider environmental concerns in their business decisions and reduce their environmental impact can enhance their position, secure their investment, and improve their company reputation. Employee performance can be positively influenced by supporting sustainable growth objectives boosting enthusiasm, motivation, job satisfaction, morale, pride, and employee loyalty. Regulatory compliance is crucial, as state regulations govern waste, water, greenhouse gas emissions, and energy use. Anticipating future regulation and including associated costs is essential for hotels. Implementing green practices consistently can ease the adaptation to regulations and avoid potential costs. Risk management can also benefit from integrating environmental issues into every business decision, as it can improve a company's position, secure its investment, and enhance its reputation (Graci & Dodds, 2008). Based on the literature review and arguments above, the first hypotheses to be tested are:

H1: The adoption of green policy by hotels has a direct impact on their environmental performance

### **Employee's Green Abilities:**

Rajani et al. (2023) assert the significance of an organization or business entity having human resources with expertise in environmental friendliness (green ability) to enhance the company's performance in sustainability. To achieve this, the organization must provide the necessary facilities and infrastructure to support the development of employee green ability, which includes motivation and ample opportunities for learning and growth in matters of environmental friendliness. (Rajani et al., 2023) describe how companies can achieve this by integrating environmental consideration into the employee recruitment process training and fostering individual values that align with the organization's values. Developing green abilities in employees has several positive impacts on human resource management innovation, employee compliance with environmentally friendly organizational rules, employee development, and direct involvement in environmentally friendly work practices (Rajani et al., 2023). Based on the literature review and arguments above, the second hypothesis to be tested is:

H2: The adoption of a green policy by hotels has a direct impact on the green practices and abilities of their employees

### **Employee Green Awareness, Knowledge, and Skill.**

Employee green awareness encompasses genuine concern for environmentally friendly activities and issues, as defined by Chan et al. (2014). According to Bamberg (2003), environmental knowledge and awareness are closely related and can be analyzed through environmental education, environmentally friendly lifestyles, and habits. As indicated by Zsóka et al. (2013), environmental knowledge is crucial in influencing individuals' decisions, as emphasized by Fryxell & Lo (2003). Individuals tend to avoid situations where they lack sufficient knowledge to determine their behavior, as stated by Kotchen & Reiling (2000). On the other hand, employee green skills refer to the ability to implement skills in environmentally friendly fields, as stated by Vona et al. (2018). Skill improvement involves continuous training and practical experience, as highlighted by Untari et al. (2018). Skill is acquired through practice and experience, allowing individuals to complete their work more efficiently. Skills assessment includes tools and work attitudes, job analysis and work sequencing, task speed, picture and symbol interpretation, and compliance with predetermined shapes and sizes. Based on the literature review and arguments above, the third hypothesis to be tested is

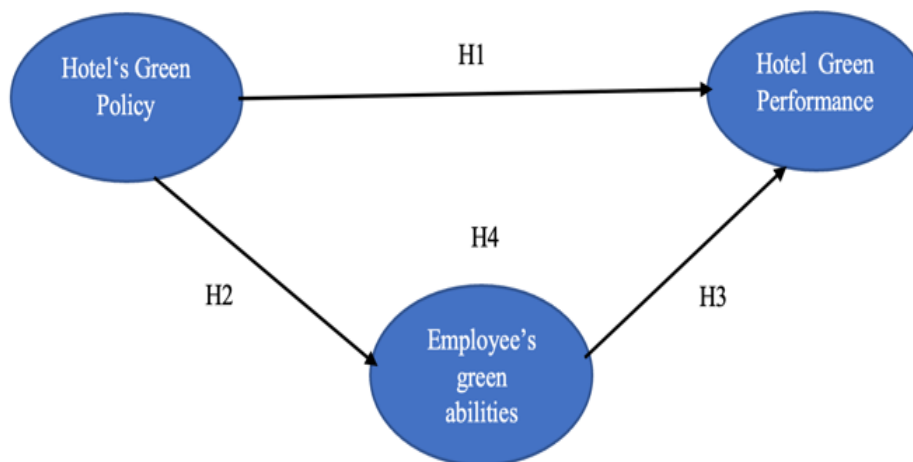
H3: The green practices and abilities of employees have a direct impact on the environmental performance of the hotel

### **Hotel Green Policy and Performance.**

The transition to becoming a green hotel involves a shift in operational practices from neglecting environmental concerns to prioritizing environmentally friendly strategies. This transformation requires the implementation of environmentally friendly policies. By hotel management and training existing staff to ensure they possess the necessary knowledge, skills, and awareness to operate in an environmentally friendly manner. It is anticipated that the implementation of these policies and the support of trained human resources will significantly improve the performance of environmentally friendly hotels. Hotels with environmentally friendly policies and skilled staff are expected to have a competitive edge over their counterparts, leading to cost savings, increased occupancy rates due to a cleaner and more comfortable environment for guests, and improved job satisfaction and performance among employees. Based on the literature review and arguments above, the fourth hypothesis to be tested is:

H4: The green practices and abilities of employees act as a mediator in the influence of hotel green policies on their environmental performance.

From the explanation of the framework above, the research model used in this study is as follows (see Figure 1).



**Figure 1. Research Model**

Figure 1 depicts a single independent variable, referred to as hotel policies (X), along with the dependent variable, hotel green performance (Y), and an intervening factor in the form of an employee's green abilities (M), which acts as a mediator. The hypotheses formulated for this study are as follows:

- H1: The adoption of green policy by hotels has a direct impact on their environmental performance.
- H2: The adoption of a green policy by hotels has a direct impact on green practices and abilities of their employees.
- H3: The green practices and abilities of employees have a direct impact on the environment and performance of the hotel.
- H4: The green practices and abilities of employees act as a mediator in the influence of hotel green policies on their environmental performance.

## RESEARCH METHODS

The research methods employed in this study involve considering all supervisors within the operational lines of hotels managed by specific Hotel Groups in Bali as the population. The sample for this study consists of 161 individuals from the management team who act as proxy supervisors under the management of the Specific Hotel Group in Bali. The demographics of the sampled supervisors indicate that 78.9% are male, 21.1% are female, and their average work experience exceeds five years. The respondents are primarily distributed across various departments, with 23.6% in F&B products, 24.2% in F&B service, and 52.2% spread across Housekeeping, Engineering, Front Office, and Marketing.

This study focuses on three variables: hotel green policy, employees' green abilities, and hotel green performance. Data was collected through a questionnaire distributed via social media (WhatsApp) and email using the Google platform. The questionnaire was prepared using a Likert Scale, a tool used to measure the attitudes, opinions, and perceptions of individuals or groups regarding a symptom or phenomenon. The responses to statements in the questionnaire are expressed using a scale of five answer options.

The variable operation definition was established within the parameters of the theoretical framework, focusing specifically on green hotel policy within the hospitality industry context. The green environment was defined based on the research (Putri, 2020), which was modified to include four specific criteria. Similarly, the definition of employee green abilities was derived from the practices that employees engage in to fulfill their responsibilities in alignment with the organization's environmental goals based on research by Vona et al. (2018), which was modified to include three dimensions and five specific criteria. Lastly, the hotel green performance variable

was established based on research by Wu et al. (2016) research, which was modified to include two dimensions and five specific criteria.

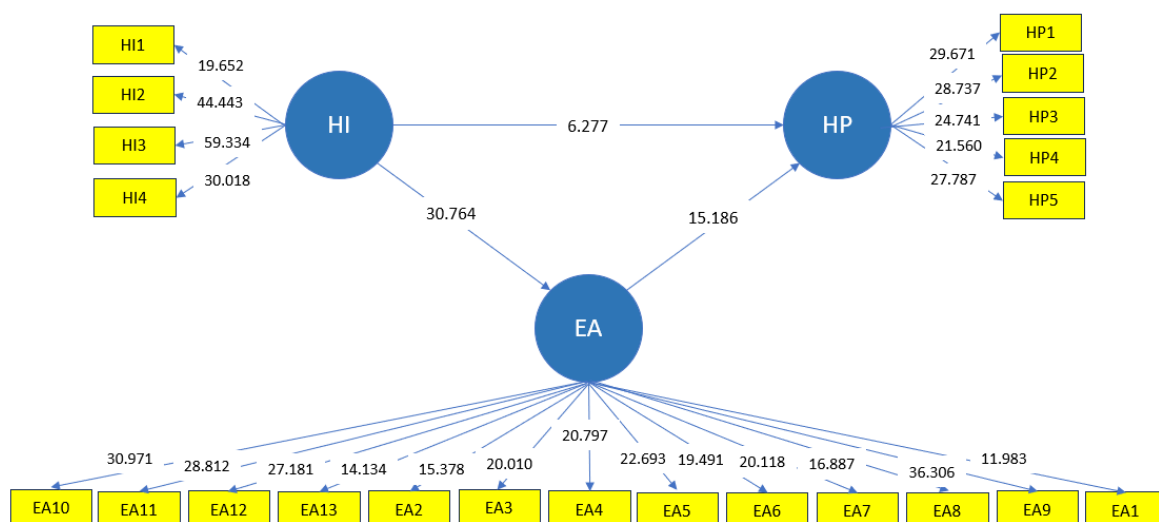
The study utilizes quantitative analysis for data processing, following a numerical approach as described by Istijanto (2013). The data analysis to test hypotheses involves a variance-based or component-based model using the Partial Least Square (PLS) method based on Ghozali & Latan (2015), conducted through Smart PLS software. This research focuses on the opinions of supervisors at the operational level of hotels regarding their employees. Data collection for this study is conducted through questionnaires designed to align with the target sample and the research instrument described.

## RESULTS & DISCUSSION

In Structural Equation Modeling (SEM) utilizing variance or PLS-Path Modeling, the Outer model (measurement model) is the critical component. The Outer Model, alternatively known as the Measurement Model, is designed to define the connections between latent variable indicators. The outer model assessment utilizes the PLS Algorithm technique. The outer model in PLS-SEM is categorized into reflective and formative measurements.

The initial assessment in the outer model consists of reflective measurement, which is evaluated through reliability and validity tests. Cronbach's Alpha is commonly used for reliability and reflects the reliability of all indicators in the model. The minimum acceptable value for Cronbach's Alpha is 0.7, with an ideal range of 0.8 to 0.9. The  $\rho$  (composite reliability) value is also used, interpreted similarly to Cronbach's Alpha. Reflective indicators with standardized loadings below 0.4 should be removed from the measurement model. In the outer model, two types of relationships exist between indicators and constructs, namely reflective and formative indicators (Ghozali & Latan, 2015). The outer model introduces the concept of Loading Factors, where the loading factor value signifies the correlation between an indicator and its construct. Indicators with low values represent the correlation between an indicator and its construct. Indicators with low loading values indicate that they need to contribute to the measurement model effectively. Loading values above 0.7 are anticipated.

Figure 2 demonstrates the outcome derived from the Smart PLS model. The pathway descriptions between the research variables are noticeable in this figure. In this model, hotel green policy (HI) is indicated as the independent variable, hotel green performance (HP) is the dependent variable, and employees' green abilities (EA) are the mediating variable.



**Figure 2.**  
**Result of the Smart PLS Model**

The measure of discriminant validity within the outer model is cross-loading. It is anticipated that each indicator will have a higher loading value for its measured construct than for other constructs. Composite Reliability is also introduced in the outer model to indicate internal consistency. A high composite reliability value reflects the consistency of each indicator in measuring its construct, with a desired CR value above 0.7. The result of the PLS-SEM model measurement, presented in Table 1, demonstrates the validity of all indicators used in the research instrument. Additionally, Table 1 includes the results of collinearity testing, which show that all VIF values are below < 5.00. Consequently, there are no issues of multicollinearity in the model testing.

**Table 1.**  
**Results of the Validity and Reliability test of Employee's Green Abilities, Hotel Green Policy, and Hotel Green Performance**

Variables	Mean	Multicollinearity test	Outer Loading Test	Description	Reliabilities	
EA1*	4.63	2.308	0.711	valid		
EA2	4.64	3.696	0.732	valid		
EA3	4.59	2.264	0.766	valid		
EA4	4.63	3.606	0.779	valid		
EA5	4.60	3.132	0.789	valid		
EA6	4.66	3.719	0.753	valid		
EA7	4.59	3.434	0.765	valid	0.592	0.942
EA8	4.45	3.515	0.730	valid		
EA9	4.59	3.816	0.832	valid		
EA10	4.52	3.42	0.800	valid		
EA11	4.54	3.298	0.811	valid		
EA12	4.57	2.932	0.812	valid		
EA13	4.51	3.394	0.711	valid		
HI1**	4.66	2.317	0.839	valid		
HI2	4.54	2.994	0.901	valid	0.770	0.900
HI3	4.16	3.463	0.918	valid		
HI4	4.49	2.293	0.850	valid		
HP1***	4.54	2.419	0.838	valid		
HP2	4.66	2.366	0.848	valid		
HP2	4.53	2.518	0.816	valid	0.687	0.886
HP4	4.63	2.485	0.804	valid		
HP5	4.52	2.376	0.836	valid		

Note: \*EA = Employee's green abilities, \*\*HI = Hotel green policy, \*\*\*HP = Hotel green performance

The findings from the determinant test have been outlined in Table 2, indicating that the R square value for employee's green abilities is 0.686. This suggests that a hotel's green policy impacts 68.6% of employees' green abilities, while factors beyond the scope of this study influence the remaining 31.4%. Moreover, the R square value for hotel green performance is 0.902, indicating that 90.2% of hotel green performance is influenced by both employees' green abilities and hotel green policy, with 9.8% attributed to other external factors.

**Table 2.**  
**The Results of the Determinant Coefficient Test**

Variable	R Square	R Square Adjusted
Employee's Green abilities	0.686	0.684
Hotel's green performance	0.902	0.901

The discriminant validity assessment utilizes the Fornell-Larcker Criterion, which involves comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlations between other constructs in the model (Dijkstra & Henseler, 2015). The results of the Fornell-Larcker Criterion test are presented in Table 3. If the square root of the AVE for each construct is greater than the correlation between that construct and other constructs in the model, then the model is regarded as having excellent discriminant validity (Fornell & Larcker, 1981; Wong, 2013).

**Table 3**  
**Result of Fronell Criterion Test**

Variabel	Employee's green abilities	Hotel's green policy	Hotel green performance
Employee's green abilities	0.869		
Hotel's green policy	0.828	0.878	
Hotel green performance	0.835	0.868	0.929

Additionally, Table 4 displays the path analysis outcomes, followed by the depiction of the research model after the path analysis results are available (Figure 3).

The findings from the path analysis in Table 4 indicate that hypothesis one, the adoption of green policy by hotels, directly impacts their environmental performance. In Table 4, the p-value for the impact of hotel green policy on hotel green performance is 0.00, below the alpha value set at 0.05. Consequently, the null hypothesis is rejected in favor of the alternative hypothesis. This conclusion is further supported by a t-statistic value of 6.277, which is positive and more significant than the critical t-table value for a two-tailed test with 158 degrees of freedom and an alpha of 0.05, is 4.30265. Therefore, hotel green policy has a significant positive direct impact on hotel green performance. This finding aligns with the results of Mbasera et al. (2016) and Mbasera et al. (2018), who also examined the impact of green hotel policies on hotel performance from a manager's perspective. Based on the feedback from supervisors at both Hotels in Bali, it can be inferred that the management has taken steps to incorporate environmentally conscious practices in the workplace. This is particularly significant in the hospitality sector and mirrors the firsthand observations that the management of hotels in Bali has established eco-friendly policies about hotel cleanliness, environmentally friendly cleaning products, waste management, and minimizing the use of plastic for guest amenities. Refer also to the findings of studies by Park et al. (2014) and Tudor et al. (2008).

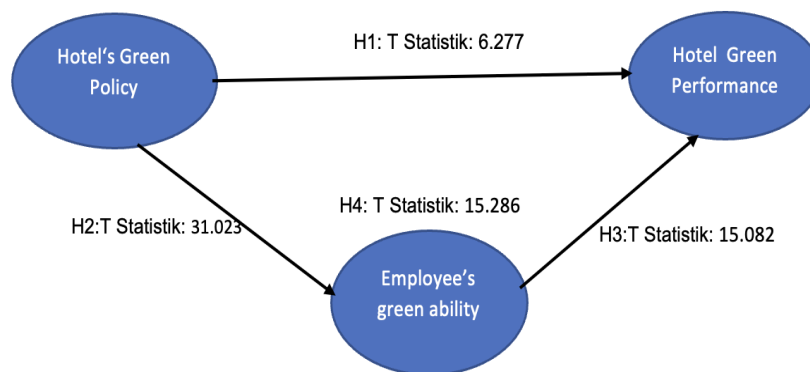
**Table 4.**  
**Results of Path Analysis**

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
H1 = HI → HP	0.300	0.306	0.048	6.277	0.00
H2 = HI → EA	0.828	0.831	0.027	31.023	0.00
H3 = EA → HP	0.686	0.682	0.045	15.082	0.00
H4 = HI → EA → HP	0.568	0.566	0.037	15.286	0.00

For hypothesis two, the adoption of a green policy by hotels directly impacts the green practices and abilities of their employees. The analysis from Table 4 reveals that the p-value for the influence of hotel green policy on hotel performance is below the alpha value set at 0.05. Consequently, the null hypothesis is rejected in favor of the alternative hypothesis. This conclusion is supported by a positive t-statistic value of 31.023, which exceeds the critical t-table value for a two-tailed test with degrees of freedom 161-2=158 and alpha 0.05, 4.30265. Therefore, the hotel's green policy has a significant positive direct influence on employees' green abilities. This indicates that environmentally friendly policies implemented in hotel management can influence the environmental capabilities of employees, consistent with the study of Wu et al. (2016).



Implementing environmentally friendly policies by management encourages the development of environmentally friendly skills among employees, which is a critical focus in the hospitality industry. Management's commitment to contributing their best to enhancing performance within their respective roles supports human resources with high environmental friendliness skills. This finding is consistent with the result of the study of Park et al. (2014) and Untari et al. (2018).



**Figure 3.**  
**Research Model and Results of Path Analysis**

For hypothesis three, employees' green practices and abilities directly impact the Hotel's environmental performance. The p-value obtained from Table 4 for evaluating the impact of an employee's environmental skills on the Hotel's environmental performance is 0.00, which falls below the predetermined significance level of 0.05 (alpha value). Consequently, the null hypothesis is rejected in favor of the alternative hypothesis. This conclusion is reinforced by a positive t-statistic value of 15.082, exceeding the critical t-table value for a two-tailed test with degrees of freedom  $161-2=158$  and alpha 0.05, which equals 4.30265. As a result, it can be concluded that an employee's environmental skills significantly positively influence environmental performance. This suggests that employees' environmental abilities can affect the Hotel's environmentally focused performance. To improve overall company performance, the management of the two Hotels in Bali has introduced ongoing training programs to enhance employees' environmental skills and competencies. These training programs are designed to raise employees' awareness, knowledge, and skills, thus supporting the objective of improving overall company performance (Chen, 2016; Fryxell & Lo, 2003).

For hypothesis four, employees' green practices and abilities act as a mediator in the influence of hotel green policies on their environmental performance. The mediation analysis results show that the p-value for the effect of employees' green abilities on the relationship between hotel green policy and Hotel green performance is 0.00, indicating significance at the 0.05 alpha level. Therefore, the null hypothesis is rejected in favor of the alternative hypothesis. This conclusion is further supported by a positive t-statistic value of 15.286, which exceeds the critical t-table value for a two-tailed test with 158 degrees of freedom and alpha 0.05, set at 4.30265. Employee's green abilities mediate the influence of hotel green policy on hotel green performance, suggesting that their environmental capabilities enhance the impact of the Hotel's environmental policy on environmentally oriented performance. Supervisors' feedback indicates that employees' environmental capabilities affect the implementation of environmentally friendly policies, signaling a need for management to consider implementing rewards for environmentally proficient employees and penalties for those who struggle to apply environmentally friendly skills. Management is expected to implement environmentally friendly operational standards in the future to enhance sustainable performance. A high level of commitment is essential to improve company profits and employee well-being (Fryxell & Lo, 2003).

The analysis and discussion results indicate that the management of environmentally friendly hotels should pay attention to employees' green abilities as they have a high mean score

impacting the Hotel's green performance. Consequently, hotel management should prioritize education and training programs to enhance employees' abilities in environmentally friendly aspects. This includes increasing awareness, knowledge, and skills for implementing operational procedures and establishing environmentally friendly policies. Management must create a policy and procedure module for environmental friendliness as employee learning material. The module should also outline employee rewards and consequences based on their environmental friendliness abilities. With ongoing commitment and implementation by management, employees are expected to continuously apply environmentally friendly capabilities, leading to cost-saving actions, energy conservation, and other environmentally friendly behaviors. This approach aims to improve the company's overall performance through environmentally friendly policies. Additionally, the test results demonstrate that the Hotel's green policy directly affects employees' Green Ability and the Hotel's Green Performance. Meanwhile, the lowest overall means score on other variables suggests that hotel management should focus more on environmental initiatives.

Additional test findings indicate that the Green Ability of employees plays a mediating role in the impact of the Hotel's Green Policy on the Green Performance of the hotel. These findings suggest that hotel management should prioritize and fully commit to implementing standards and procedures related to the Green Ability of employees. This could involve establishing educational and training programs aimed at enhancing employees' capabilities. For instance, these programs could focus on initiatives to reduce consumption, such as minimizing the laundering of towels and bed linen to conserve water and electricity, as well as reducing waste that is harmful to the environment; moreover, the hotel could consider using refillable dispensers for items like shampoo, soap, conditioner, and refrain from using disposable materials like plastic and Styrofoam, which are environmentally challenging to decompose. Additionally, efforts to save paper could also be emphasized.

Furthermore, an energy-conservation initiative has been implemented, encouraging guests to conserve water and electricity in their rooms through signage reminding them to turn off faucets and lights when not in use. Additionally, hotel staff can receive training and education on the hotel's eco-friendly programs, enabling them to support implementing these initiatives. Hotel management can also communicate the green program to guests, such as during check-in, to ensure guests better understand the program and can take an active role. By reducing consumption, hotel management is expected to continue developing the sustainable green hotel program, positively impacting the environment and improving its performance.

## CONCLUSION

This study is focused on analyzing the effects of environmentally oriented hotel policies, also known as a hotel's green policy, on the hotel's environmental performance. It also aims to explore the influence of these policies on the environmental capabilities of the employees, known as employee's green abilities. Additionally, the study seeks to evaluate the impact of employees' environmental capabilities on hotel green performance and analyze the role of employees' environmental abilities as a mediator between a hotel's green policy and its performance. Specifically, the research focuses on two hotels owned by a specific Hotel Group in Bali, with 161 supervisory employees from operational departments serving as the respondents for this study. The result of this study demonstrates that the hotel's environmental policies directly affect the hotel's environmental performance, as well as the environmental abilities of its employees. In turn, employees' environmental abilities directly impact the hotel's environmental performance and act as a significant mediator in the relationship between the hotel's environmental policies and its environmental performance.

According to the conclusions reached, the authors suggest several recommendations. Firstly, companies should be dedicated to rewarding employees with high environmental capabilities who effectively carry out environmental policies in their daily operational activities. Similarly, companies should enforce penalties on employees who do not display their environmental capabilities when performing their duties and responsibilities. Secondly, the management should continuously assess training programs designed to improve the environmental capabilities of

employees, particularly those related to knowledge and skills that promote environmentally friendly behaviors. This ensures that all employees can implement company policies through their knowledge and skills, thus supporting the company's environmental-friendly initiatives and enhancing the hotel's environmentally oriented performance. Management must consistently commit to hotel environmental policies and evaluate them to ensure they align with the current organizational needs. This approach allows for the effective implementation of policies to facilitate tasks and responsibilities within specific department areas, ultimately leading to sustained improvement in company performance. For future researchers, it is advisable to broaden the scope of respondents, not only within operational departments but also in back-office departments. This expansion can enhance subsequent research findings, particularly in departments such as Accounting and Human Capital.

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