



GUESTS' BEHAVIORAL INTENTION AT  
ECO-RESORTS: SOME EMPIRICAL EVIDENCE FROM  
MALAYSIA

BY

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## **ABSTRACT**

Guests' experience studies and the consequences towards satisfaction and behavioral intention have gained attention by recent scholars since the experience of guests play a significant role in the success of resort businesses. This consequently leads to hospitality businesses focusing on their guests' needs, wishes and desires to make their service hospitable, thus creating a true experience that leads to loyal guests. Since Malaysia has a remarkable significance of the natural attractions to the tourists, the government highly increased initiatives to continue developing sustainable and balancing eco-tourism and development of resorts. Subsequently, the importance of the service experience equity, perceived greenness and emotions of guests in creating memorable experiences for them to visit the resort again is strictly undeniable and limited considered among researchers especially in Malaysia. Therefore, this study attempts to investigate the guests' behavioral intention at eco-resorts by addressing the mediating role of green consumer values and emotions on the mentioned variables. This study also aims to discover the new experience and phenomenon of eco-tourism particularly in eco-resort setting in Malaysia. There is also an urgency to explain the new model pertaining to the antecedents of behavioral intention among the tourists and guests staying at Malaysia's eco-resorts. The study is quantitative in nature and the selection of respondents is based on purposive sampling. With regards to the aim of this study, the result of the hypotheses is tested using partial least square of structural equation modeling (PLS-SEM) and several conclusions were achieved. Notably, the outcome of the study supported the underpinning theories which contribute to the remarkable findings to the field of study (i.e., marketing) as well as to the new insight to Malaysian eco-tourism development. Noticeably, the exogenous constructs (i.e., service experience equity, green consumer values and emotions) of this study showed significant influence on the endogenous variable (i.e., behavior intention) both individually and collectively. On the other hand, the mediating role of green consumer values was found to significantly mediate the relationship between service experience equity and behavioral intention among eco-resorts' guests. On the contrary, the other mediating variable (i.e., emotions) provided an insignificant result which concluded that emotions do not mediate the relationship between service experience equity and behavioral intention of the study. The finding of this study is recommended to enhance the customer equity in staying at eco-resorts and foster the remarkable image of eco-resorts among tourist to visit Malaysia.

## ملخص البحث

اكتسبت دراسات تجربة الضيف والعواقب نحو الرضا والنية السلوكية الاهتمام من قبل العلماء مؤخرا منذ تجربة الضيف تلعب دورا كبيرا في نجاح الأعمال منتج. هذا بالتالي يؤدي إلى شركات الضيافة تركز على احتياجات ضيوفها وأمنياتهم ورغباتهم ليجعل خدمتهم مضياف، وبالتالي خلق تجربة حقيقية التي تؤدي إلى ولاء الضيوف. ماليزيا لديها أهمية بارزة من مناطق الجذب الطبيعية للسائح، فإن الحكومة زادت درجة عالية من المبادرات الرامية إلى مواصلة تطوير المستدامة وموازنة السياحة البيئية وتطوير المنتجعات. وفي وقت لاحق، أهمية الإنصاف تجربة الخدمة، ينظر الأخضر والمشاعر من الضيوف في خلق تجارب لا تنسى بالنسبة لهم لزيارة المنتجع مرة أخرى هو لا يمكن إنكارها تماما ومحدودية تعتبر من بين الباحثين وخاصة في ماليزيا. لذا، تحاول هذه الدراسة إلى التعرف على نية الضيف السلوكية في المنتجع البيئي من خلال التصدي للدور الواسطة من القيم الاستهلاكية الخضراء والعواطف على المتغيرات المذكورة. تهدف هذه الدراسة أيضا إلى اكتشاف تجربة جديدة وظاهرة السياحة البيئية ولا سيما في وضع المنتجع الإيكولوجية في ماليزيا. وهناك أيضا حاجة ملحة لشرح النموذج الجديد المتعلقة السوابق من سلوك نية بين السائحين والضيوف المقيمين في بيعة المنتجعات في ماليزيا. وتعد هذه الدراسة الكمية في الطبيعة، ويستند اختيار المشاركين على راحة أخذ العينات هادفة. وفيما يتعلق الهدف من هذه الدراسة، يتم اختبار النتيجة من الفرضيات باستخدام مربع أقل الجزئي للنمذجة المعادلة الهيكلية (PLS-SEM) وتحقق عدة استنتاجات. تجدر الإشارة إلى أن نتائج الدراسة تدعم النظريات الدعامة التي تساهم في نتائج ملحوظة في مجال الدراسة (أي، التسويق)، وكذلك إلى رؤية جديدة لتطوير السياحة البيئية الماليزية. بشكل ملحوظ، وبتشديد الخارجية (أي خدمة تجربة الإنصاف والقيم الاستهلاكية الخضراء والعواطف) من هذه الدراسة أظهرت تأثير كبير على متغير الذاتية (أي نية السلوك) سواء على المستوى الفردي والجماعي. من ناحية أخرى، تم العثور على دور الواسطة من القيم الاستهلاكية الخضراء للتوسط كبير في العلاقة بين تجربة خدمة العدالة وسلوك نية بين الضيوف البيئية المنتجعات. على العكس من ذلك، المتغير التوسط الآخر (أي العواطف) قدمت نتيجة ضئيلة الذي خلص إلى أن العواطف لا توسط العلاقة بين تجربة خدمة العدالة ونية سلوك الدراسة. ويوصى باستنتاج هذه الدراسة لتعزيز حقوق العملاء في البقاء في المنتجعات البيئية وتعزيز الصورة الرائعة للمنتجعات البيئية بين السياح لزيارة ماليزيا.

## **APPROVAL PAGE**

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## DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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*To*  
*My Cherished Parents,*  
*Beloved Husband and Adorable Daughter*

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## LIST OF ABBREVIATION

AVE	Average Variance Extracted
BI	Behavior Intention
CMV	Common Method Variance
CR	Composite Reliability
CR	Construct Reliability
ES	Employee Service
GCV	Green Consumer Value
GoF	Goodness of Fit
HS	Hedonic Service
LV	Latent Variable
PLS	Partial Least Square
SC	Service Convenience
SE	Service Environment
SEE	Service Experience Equity
SEM	Structural Equation Modeling
SPSS	Statistical Package for Social Science

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 OVERVIEW**

The tourism industry has become the second largest foreign exchange earner and also the seventh largest Malaysian economy contributor with the total of RM47.2 billion in a Gross National Income (GNI) in 2013. This industry experienced an outstanding growth with tourist arrivals registered at 25.03 million and contributing RM60.6 billion in tourist receipt for the year 2012 as reported in ARUNA (2013). Besides, the travel and tourism sector in Malaysia performed significantly well during year 2009 till 2013 and contributed drastically to the nation's economy, thus becoming the area of focus for investment. Other than Malaysia, tourism has become a significant economic driver for most countries in the world especially Asian countries namely Indonesia, Vietnam, China and Korea. Nowadays, the business volume of tourism is much higher than giant economic volumes of exports such as oil, food products and automobiles.

Malaysia puts a significant amount of investment in tourism by extensively promoting tourism and developing good infrastructure which resulted in high tourist volume domestically as well as internationally. According to the Tourism and Culture Minister, Datuk Seri Nazri Aziz in 2013, tourism notwithstanding offers enjoyable experiences for visitors. However, tourism and culture play a significant role in creating a greater understanding among different people by enriching the life experiences of the residents into being the pride of their heritage. Hence, to make the gist of tourism come to life, the government, under the Economic Transformation

Projects, aims to increase the number of five star hotels and resorts in order to accommodate the increasing number of tourists as well as to ensure the quality of services rendered by the hospitality industry. It is crucial for hotels and resorts to have a competitive advantage to sustain in the market share.

To attract more customers and make good profits, companies are devoted to developing new strategies and better ways to make them unique from their rivals. One of the tactics is to create favorable requirements to gain customers' service experience equity through the design of the service environment, high interactions with employees, provide good service convenience and increase the hedonic service during the service encounter (Prahalad & Ramaswamy, 2004; Wilburn, 2006). Subsequently, the importance of the service experience equity in creating delight experiences is strictly undeniable (Lovelock & Wirtz, 2007; Reimer & Kuehn, 2005). Unfortunately, this concern is still considered minimal by many practitioners especially in the hospitality industry (Ezeh & Harris, 2007).

In addition, the perception of the service environment can influence the emotions of the guests and consequently affect their behavior intention (Kim & Moon, 2009; Donovan & Rossiter, 1982). Moreover, tourists nowadays, especially foreigners, highly appreciate greenness and environmental sustainability provided by the ecoresorts. Thus, this research will examine the influence of service experience equity on the customers' behavioral intention and also to measure the mediating roles that might affect guests behavioral intention at eco-resorts.

## **1.2 BACKGROUND OF THE STUDY**

Malaysia is a unique country that consists of people of multi-ethnicity and multi-religious and beliefs as well as being surrounded by wide-ranging geographical

diversity, tropical forests, exotic wildlife and amazing and wonderful beaches. As stated in UNESCO World Heritage, Malaysia is well known for the archeological heritage of Lenggong Valley, Historic Cities of the Straits of Malacca and Gunung Mulu National Park and Kinabalu Park. Besides, shopping related tourism activity held by this country lead to remarkable increase in the expenditure on tourist shopping in Malaysia which grew by 6.3 percent from 2012 to year 2013 with stipulated amount of MYR19.8 billion (USD6.3 billion) in 2013 as reported by ARUNA (2013). Furthermore, the government has made gigantic efforts to attract more international arrivals to Malaysia by organizing Visit Malaysia Year 2014 and Year of Festivals 2015; improving air connectivity, infrastructure and promoting the country as the leading host country for big events and occasions. In line with the tourism efforts, the number of hotels and resorts establishment in Malaysia is expected to rise from 2,807 in year 2013 to 3,212 in 2018 which indicates an increase of 405 in five years time. This development will be driven by increments in relaxation and business travel, the advancement of the tourism crusade and the improvement of e-trade.

Then again, utilization of numerous services ordinarily determined by utilitarian (practical) reason, for example, on-line ticketing administrations, though utilization of relaxation administrations (e.g., staying at resort) is additionally determined by hedonic reasons (enthusiastic motives). According to Bitner (1992), administration environment can be depicted as the physical surroundings in which a commercial center trade is executed, conveyed and devoured inside an administration association (Zeithaml, Bitner & Gremler, 2009). The ecological jolts comprises of three measurements; in any case, incorporating circumstances such as atmosphere, temperature, air quality, clatter, music and fragrances; second is spatial organization and convenience for events where the equipment and game-plan of the furniture and

the limit of those things empower the satisfaction of the consumers; and next are signs, pictures and antiques. Signs, images and ancient rarities resemble signage and embellishment that are utilized as a part of request to impart and improve a specific picture or state of mind, or to direct clients to wanted goals (Lin, 2004; Brady & Cronin, 2001; Hightower, Brady & Baker, 2002). Besides, these stimuli of service environment lead to guests' or tourists' decision to stay or not stay at the particular resorts (Parish, Berry & Lam, 2008).

Recently, researchers have begun to pay more effort and attention to the effect of service experience towards behavior intention in the hospitality industry. At the same time, academic scholars are interested in developing better understanding of the role of customer experience in the service encounter (Wong, 2013), as the experience gained by customer is created by the service provider as a whole of the development process (Sundbo & Darmer, 2008). In creating service experience, Crosby and Johnson (2007) as cited in Wong (2013) advocates that guests' experience ought to be installed in each and every development along with the service conveyance process that blended with emotional attributes such as excitement, fun, enjoyment and physical attributes (e.g., physical setting, ambient and service product) and value attributes such as the prompt location and place of the service offered to be able to achieve competitive advantage and sustainable customer loyalty.

Shortly, as taken from the exploratory study conducted by Wong (2013), service experience equity can be alluded to as the compilation of guests' perceived experience in view of the utilitarian and emotional drives amid the service encounter which consists of four dimensions namely – service environment, employee service, service convenience and hedonic service. The service experience equity supersedes value equity as developed by Rust (2004) since this equity is considered as a more

relevant construct to measure the customers' outcomes in the hospitality industry. In addition, Lorentzen and Hansen (2009) supported that service experience equity is significant to many hospitality and relaxation suppliers (for example, tradition focuses, shopping centers, amusement stops and resorts) in improving guests' experience discernments.

Besides, there are various studies which have uncovered the inside reactions to the conduct expectations that lead to approach and avoidance behavior. Approach practices are like connection, investigation or staying longer while avoidance behavior is the inverse of methodology conduct which indicates frustration, distress and quit the particular service consumed. Meanwhile, many empirical studies have supported that environmentally friendly or perceived greenness of hotels and resorts' guests are influenced to stay longer and revisit the particular service setting (Han, Hsu & Sheu, 2010; Han & Kim, 2010; Lee & Moscardo, 2005). Despite this, numerous studies have discovered that guests' emotions give major contribution to the repeating purchase behavior (Burns & Neisner, 2006) which leads to the development of brand loyalty (Lee & Jeong, 2009; Martin & Simintiras, 1995).

Nonetheless, most of the literature only focused the studies on guests' emotions with behavior intention while other studies determined the green consumer values towards behavior intention but the relationship as whole was not depicted especially in the hospitality industry. Hence, it is imperative to discover the effects of green consumer values and emotions towards the guests' behavioral intention at ecoresorts. The comprehensive literature regarding the relationship between service experience equity, green consumer values and emotions towards guests' behavioral intention is further discussed in the second chapter.

### **1.2.1 Tourism Industry and National Agenda in Malaysia**

Malaysia has made a remarkable escalation in tourism as it recorded an overall growth of 15.9 percent in tourist with approximately 6,449,398 tourists in the first quarter of 2013. Hence, the government has recognized the potential of this industry to be highlighted as one of the biggest contributor in achieving high-income status by 2020. In line with this aspiration, the Tourism and Culture Ministry has put outstanding efforts and targets to be achieved through various initiatives, activities and campaigns to stimulate the sustainable development of the industry. Since tourism has proven to be a mechanism for nation's development, it is believed that this industry will be the key driver for economic growth. In addition, the Minister of Tourism and Culture, Datuk Seri Nazri Aziz announced that tourism will be the vital economic driver for the nation as the great efforts made by the country's trade and media partners in promoting the name or brand of Malaysia has made the country become one of the most favored tourist destinations in recent times.

Tourism was identified as one of the twelve National Key Economic Areas (NKEAs) under the Economic Transformation Programme (ETP). This is in line with the Malaysia Tourism Transformation Plan towards achieving 36 million tourists, targeting to gain MYR168 billion in receipts by 2020. The government is setting more noteworthy exertion towards expanding the yield per visitor to pull in the higher yield portion. Also, measures in each and every perspective have been taken to upgrade and overhaul vacationer offerings and administration to enhance the nation's network to key need markets. In the year 2012, visitors spent an aggregate of MYR19 billion on shopping which has expanded by 5.7 percent compared to the earlier year. Moreover, Malaysia's image as an important shopping destination resulted from the initiatives undertaken by the Tourism NKEA. Other than that, there are a couple of procedures

taken to advance the nation as a travel destination. One of it is by facilitating universal and significant occasions by presenting the spa industry as a special item offered to resorts' guests. To further upgrade eco-tourism, the administration have set up Centers of Excellence to produce spa specialists. Henceforth, monetary enhancement and specialty tourism exercises would describe the way the business pushed ahead (ARUNA, 2013). Therefore, the resorts play a significant role as the platform to establish the niche industry of spa and to cater to accommodating tourists with a pleasant surrounding and memorable experience of service.

### **1.2.2 The Importance of Resorts in Malaysia and for the Study**

The height of the significance of physical environment can fluctuate from the aggregate impacts of the ensuing qualities, for example, time spent in the office, utilization reason and diverse dealers and social orders. The degree of the impact of physical situations on customer's feeling and reaction might be particularly declared if the service is expanded for hedonic intentions instead of utilitarian purposes, just like the case in the resorts. Hedonic utilization is characterized as joy or emotional achievement, instead of useful helpfulness, from the service experience (Babin, Darden, & Griffin, 1994). In light of the hedonic or emotional connection, guest's of the resorts will probably be delicate to the tasteful characteristics of their environment (Wakefield & Blodgett, 1996).

The more time the guests spend in the leisure setting, the more it impacts their mentality or fulfillment towards the service given. The physical surroundings may have little effect on service experiences of moderately brief length as in fast food eateries (Wakefield & Blodgett, 1996). Here, service experience alludes to a period amid which a buyer specifically associates with a service (Shostack, 1985). In service