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Green Leadership and Experience Innovation: A Case Study of ESG Practices in the Hospitality Industry

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Abstract. As consumers pay more and more attention to the environmental, social and corporate governance performance of enterprises, ESG has become a key factor in market competition. Enterprises rely on the value goals of their leadership to implement the ESG concept. However, there are relatively few studies on how to transform these concepts into innovative experiences that customers can perceive. The purpose of this study is to solve this problem by taking Yifeng Hotel and Huazhu Group as the research objects and using the method of thematic analysis. The results show that green leaders can promote experiential innovation through two paths. The first is the path of value internalization, which is leaders internalize employees' green values to create meaningful experiences. The second is the experience contact design path, which is leaders use the system's service processes and product design to enable customers to naturally perceive the company's green practices. These two paths are continuously strengthened through the interaction between employees and customers, forming an enhanced value co-creation cycle. Based on this, this study constructs a dual-path integration model. It provides a practical framework for hotel managers to help them turn environmental, social and governance practices into competitive advantages.

Keywords: Experience Innovation, Green Leadership, ESG Practices, Hotel Industry, Case Studies

1. Introduction

The experience economy was proposed by scholars Pine and Gilmore in 1999, which states that consumers' needs have surpassed high-quality products or services and are now seeking unforgettable experiences [1]. At the same time, the concept of ESG (Environment, Society and Governance) has attracted worldwide attention [2]. In the hospitality industry, millennial and Gen Z consumers will prioritize brands that perform well in environmental protection and social responsibility [3]. The implementation of ESG concept by enterprises depends on the value guidance of leaders. However, most of the existing research focuses on the impact of green leadership on organizational performance. There is little exploration on how to transform ESG into innovative experience through employee behavior and service design. This research gap provides a starting point for this study. The purpose of this study is to explore the path mechanism of transforming green leadership into a perceptible innovative experience in the hotel industry. Taking Yifeng Hotel

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and Huazhu Group as the research objects, the dual case study method is used to reveal the specific path. The case study method is suitable for exploring the 'how' aspect of the problem and can reveal the microscopic mechanism behind the phenomenon [4]. This study has two important implications. From a theoretical point of view, the research links ESG and experiential innovation, and fills in the gaps in the transformation mechanism. From a practical point of view, this study provides an operable reference framework for hotel managers to help transform ESG into actual market advantages.

2. Literature review

2.1. Experience economy and hotel industry experience innovation

Pine and Gilmore's research suggests that experience is the fourth economic provider after products, goods, and services [1]. The experiential innovation of the hotel industry refers to the process of introducing new service methods or product design concepts, aiming to create added value beyond traditional accommodation for customers. The experiential innovation of contemporary hotels is mainly reflected in three aspects: personalization, immersion and sense of meaning [5]. Personalized means that the hotel can accurately meet the unique needs of each customer. Immersion means that customers can be completely immersed in the environment created by the hotel. Sense of meaning refers to the psychological satisfaction of customers in the process of consumption, which is usually closely related to the values of enterprises. More and more consumers regard green practice as an important source of experiential innovation.

2.2. Connotation of green leadership

The core of green leadership is sustainable development, and sustainable leadership is the key mechanism to promote the transformation of hotel governance [6]. Different from traditional leadership, green leadership not only focuses on economic interests, but also emphasizes social responsibility. There are three main ways to promote organizational green transformation. First, practice environmental behavior. Secondly, continuously communicate green values with employees. Third, design an internal system to support employees' green behavior. Through these methods, employees can internalize the green concept and actively promote innovation.

2.3. ESG practices and consumer behavior

Many studies have confirmed that ESG practices have a significant impact on consumer behavior. An analytical study shows that the correlation coefficient between ESG practice and consumer purchase intention reaches 0.528 [7]. In the hotel industry, this relationship is more specific. When the hotel uses environmentally friendly materials or actively develops the community, the customer's evaluation of the hotel will be significantly improved. Green brand image and brand trust will also be significantly improved [8]. At the same time, the positive impact of social and emotional values perceived by consumers on brand trust will lead to more positive consumer behavior. This finding shows that ESG practices not only reflect corporate social responsibility, but also bring real market returns. Consumers are increasingly expressing their values through their consumption behavior and tend to choose companies that are consistent with their own values.

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2.4. Research gaps

In general, the research on experience economy, green leadership and ESG practice has developed in their respective fields, but the internal transformation mechanism between these three aspects has not been systematically integrated and explained. Most of the existing research focuses on the impact of green leadership on organizational performance, or the impact of ESG practice on consumer attitudes, and lacks a comprehensive analysis of the chain of 'green leadership → ESG practice → employee behavior → customer experience'. Especially in the service-intensive hotel industry, how green leadership translates into customer experience through employee behavior and service design is a topic worthy of in-depth study.

3. Research design

3.1. Research methods

This study adopts a dual case study method, which is suitable for answering 'how' questions and can reveal the processes and mechanisms behind the phenomenon [9]. Compared with single case studies, double case studies can enhance the generalizability of research conclusions and the robustness of theoretical construction through comparative analysis.

3.2. Case selection

This study selected Yifeng Hotel and Huazhu Group as research subjects. These two cases have their own characteristics in green leadership practice and are suitable for comparative analysis. Yifeng Hotel is an emerging lifestyle brand that has shown outstanding performance in promoting the transformation of green concepts into practical actions through employee empowerment and community activities. Therefore, it is regarded as a representative case of the 'internalization of values' path. Huazhu Group is a leading hotel group in China, with systematic advantages in ESG governance architecture, service process design, and digital system construction. Its 'Green Stay' program and other initiatives enable customers to naturally participate in green practices through thoughtful design, making it a representative case of the 'experiential touchpoint design' path. Two cases represent two different innovation driven starting points, and comparative analysis helps to construct theoretical models.

4. Case analysis and findings

4.1. Case 1: Yifeng Hotel - practice of value internalization path

At Yifeng Hotel, green leadership presents a development path from the inside out, and leaders promote green practices through multiple measures [10]. Firstly, through the design of organizational structure, employees are given more autonomy. Yifeng Hotel adopts a flat organizational structure and reduces the management level, transforming employees from passive executors to creators of green practices. For example, employees can organize their own community activities and invite nearby residents and guests to participate. This autonomy enhances employees' sense of trust and stimulates their enthusiasm to participate in green practices. Secondly, use data feedback to motivate employees. Yifeng Hotel records employees' green behavior through a digital system, including water-saving data, waste recycling data, and data on organizing environmental protection activities. These data enable employees to intuitively see the impact of their behavior on

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the environment and community, thereby enhancing their sense of meaning to work. Finally, leaders translate ESG investments into forms that customers can participate in, such as 'coffee grounds activities' and 'green lifestyle lectures'. Coffee grounds activity refers to the hotel collecting coffee grounds and providing them to customers as plant fertilizer or body scrub. The Green Life Lecture refers to the hotel invites experts or employees to share their eco-friendly life skills. This process shows that when employees truly accept the green concept, they will actively create a meaningful experience. In the process of participation, customers will have emotional resonance, and employees and customers can achieve value co-creation through interaction.

4.2. Case 2: Huazhu Group - practice of experiential touch point design path

In Huazhu Group, the concept of green leadership is implemented through a gradual approach from the outside to the inside [11]. The group first carries out systematic top-level design. The group has established a three-level ESG governance structure including the ESG committee, the business department working group and the store executive team to institutionalize the concept of sustainable development. At the same time, the group has also established a comprehensive staff training system. All new employees must receive ESG-related training to understand the Group's green concepts and specific requirements. In addition, the group has established incentive mechanisms such as 'Huawei Planet', where employees who practice green behavior can receive point awards. These institutional arrangements make employees naturally accept the green concept in their daily work. In terms of customers, for example, the 'green check-in' project, customers can choose 'green check-in' when booking, which means that customers are willing to reduce the frequency of changing bed sheets and towels during check-in. This choice will be synchronized with the store system, and employees will perform this operation accurately. Customers will receive point rewards after completing their check-in, and can also link with Ant Forest to obtain green energy. The entire process forms a complete closed loop from booking to execution to incentives. The 'de wood' design of Haiyou Hotel is another typical case. Haiyou is an economy hotel brand under Huazhu. The hotel has reduced the use of wood from the design phase and adopted alternative materials. This approach can reduce deforestation and lower costs. The design itself can become a green story that the hotel tells to its customers. When the system design is robust, employees execute accurately, customers perceive clearly, and employees recognize their contribution to environmental protection during execution, which strengthens their sense of work value.

4.3. Cross case comparison and dual path integration model

By comparing these two cases, it can be found that their starting points are different. Yifei Hotel starts with internal staff training and implements experience design. Leaders first encourage employees to accept the green concept, and then employees actively create a green experience in the service process. Huazhu Group starts with system design to support the execution of employees. Leaders first design systems and processes, and then employees perform green services within the framework of the system, so that customers feel the green experience in the process. These two paths are not mutually exclusive, but complementary.

The hotel's approach relies more on employee initiative, which is appropriate for brands that emphasize creativity and individuality. Huazhu Group's approach is more dependent on the reliability of the system, which is suitable for brands that emphasize scale and standardization. In practice, these two paths can promote each other. The innovation measures of Yifei employees can provide innovative inspiration for system design, and the reliability of Huazhu system can provide

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institutional guarantee for employees' innovation measures. Based on the above research results, this study constructs a dual-path integration model. The model shows that green leadership promotes experiential innovation through two paths. The first path is the internalization path, that is, leaders make employees truly accept the green concept through organizational design, employee empowerment and value communication [12]. The second path is the externalization path, that is, leaders transform ESG investment into an experience that customers can perceive through system design, process reengineering, and contact point planning [13]. When employees actively provide high-quality services due to internalization, these two paths will converge, thereby enhancing the customer experience. When customers give positive feedback due to good experience, employees' sense of value will also be enhanced.

5. Conclusion

This study compares the cases of Yifeng Hotel and Huazhu Group to reveal the internal mechanism of green leadership driving experiential innovation: firstly, the internalization path of values, where leaders use organizational design and employee empowerment to make employees identify with green concepts and actively create meaningful experiences in their work; The second is the design path of experiential touch points, where leaders transform ESG investments into customer perceptible experiences through system design and process reengineering. These two paths reinforce each other through the interaction between employees and customers, forming a virtuous feedback cycle.

The theoretical contribution of this study is to construct a dual-path integration model. The model links the three areas of leadership, ESG practice and experiential innovation, and reveals the transformation mechanism at the micro level. At the same time, it provides a practical reference framework for hotel managers, so that they can start with employee empowerment or contact point design. Managers can choose entry points according to brand positioning : brands that emphasize creativity and personality can start from the internalization path of employees, while brands that emphasize scale and standardization can start from the system design path. These two paths have finally achieved the goal of value co-creation.

There are some limitations in this study. The sample size of the case study is limited, and the constructed dual-path integration model needs to be tested and revised through more samples. Future research can apply this model to more types of hotels, such as luxury hotels and resort hotels, to explore the differences in green leadership mechanisms in different environments. In addition, this study focuses on two stakeholder groups: employees and customers. Future research can introduce more stakeholder perspectives, such as investors and suppliers, to further expand the scope of this study.

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