



## Viewpoint

## ESG for the hospitality and tourism research: Essential demanded research area for all

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## 1. Introduction

The environmental, social, and governance (ESG) movement involves environmental (e.g., climate, waste, water), social (e.g., diversity, equity, inclusion, education, well-being), and governance (e.g., corporate structure, information disclosure, remuneration system) issues that are critical to the well-being of all business stakeholders. The ESG movement's core focus is sustainability management and development. Thus, ESG has informed sustainable policies, from the 1972 United Nations Environment Programme (UNEP) to the 2021 European Commission's Sustainable Finance Disclosure Regulation (SFDR), pushing financial industries to be ESG-conscious well before other sectors. Simultaneously, corporate social responsibility (CSR) and creating shared value (CSV) evolved into standard ESG sustainable management practices.

Two significant factors accelerated the importance of implementing ESG strategies. First, in 2015, the United Nations announced 17 Sustainable Development Goals (SDGs) in their mission for global citizens to enjoy peace and prosperity by 2030. Thus, numerous organizations began using SDGs to inform ESG sustainable management activities. Secondly, the COVID-19 pandemic critically enhanced awareness of environmental and social impacts on all stakeholders' well-being, thus prompting political agendas and organizational strategies to include the sustainable development movement. This movement requires developing a balanced production and consumption system, a transparent

communication system, and stakeholders sharing their wealth and well-being (from environmental, social, and corporate governance aspects).

As the hospitality and tourism industry heavily depends on natural resources and human capital, it is vital to use ESG practices to inform effective food waste management systems, enhance community engagement, and ensure the fair treatment of employees. Unfortunately, according to [Legendre et al. \(2024\)](#) bibliometric analysis of hospitality and tourism literature, existing ESG literature suffers from inconsistent conceptualizations, measurements, and reporting systems. To address these types of inconsistency, more ESG studies should be conducted to understand the needs of society further using collective and collaborative efforts. Thus, this viewpoint article aims to raise questions and suggest solutions concerning ESG issues relevant to hospitality and tourism researchers. Specifically, it focuses on the following questions: (1) How are ESG concepts developed and used in academia? (2) What ESG reporting system would be the most appropriate? and (3) What are the gaps and shortcomings of the hospitality and tourism academia, and how can we move forward?

1) How are ESG concepts developed and used in academics?

ESG refers to a company's non-financial elements regarding environmental, social, and governance practices to reduce financial risks and achieve sustainable development. In the hospitality and tourism industry, environmental practices may focus on effectively dealing with

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CO<sub>2</sub> emissions (the airline and cruise industry), food waste management (the restaurant industry), and water usage issues (the hotel industry), while social practices address employee well-being, community engagement, and customer experiences. Although environmental and social components are similar to corporate social responsibility, additional governance practices make the concept of ESG unique. Diversity, gender equality, decent work environments, fair pay systems, transparent policies, and clear communication structures are commonly stressed in ESG-related academic studies.

Numerous researchers have conceptualized the ESG framework using several theories (e.g., stakeholder, institution, regulatory focus, and persuasion). As consistent with most researchers, I believe the *stakeholder theory* best supports the ESG-related model as all stakeholders are invested in the company's ESG report due to separate and joint impacts on their well-being. Also, we can argue that [Dahlsrud \(2008\)](#) supports the rationale that corporate social activity is a process in which organizations identify stakeholder needs and social responsibilities for internal and external communities. Furthermore, each stakeholder depends on a company's sustainable development processes regarding decision-making, production, and consumption.

While stakeholder theory is inclusive of every stakeholder demand, *institution theory* stresses the institutional boundaries in which they operate. Institution theory suggests that organizations are strictly influenced by their institutional system's general climate, norms, and values; thus, institutional boundaries limit the organization's ability to behave accordingly ([DiMaggio & Powell, 1983](#)). Similarly, *regulatory focus theory* can explain an organization's response to demanding the prevention or promotion of ESG activities. According to [Higgins \(1997\)](#), a company's promotion focus incorporates competitive advantages (e.g., growth, accomplishments), whereas a prevention focus involves avoiding potential adverse losses (e.g., safety, responsibility). As the ESG reporting system details promotion and prevention focus attributes that appeal to external stakeholders (e.g., customers, communities, investors), *regulatory focus theory* can better explain the firms' perspectives.

On the other hand, *persuasion theory* can explain how readers of ESG reports interpret, form attitudes, and behave toward companies' ESG practices. For example, advertising research widely adopted persuasion theory to explain how engagement with advertisements sculpted customers' attitudes and behaviors ([Meyers-Levy & Malaviya, 1999](#)). Additionally, readers, whether investors or customers, can apply the elaboration likelihood model to persuasion theory, thus expounding on the ESG report's message, building positive or neutral attitudes toward the company, and comparing it with a comp set to act accordingly. Based on *persuasion theory*, an effective ESG reporting system can create positive brand awareness and engage target audiences to build trust and commitment with companies. In sum, no single theoretical framework explains everything like any other research topic. It depends on the objective and the scope of the study. Also, researchers should continue exploring additional theoretical explanations and development to best meet the needs of the research topic and use holistic approaches to justify further the theoretical framework for dealing with ESG practices.

## 2) Which ESG reporting system is the most appropriate?

Intentional model refinement better identifies environmental, social, and corporate governance issues most relevant to industries in creating unique profiles in a competitive market. Thus, most industries, including the hospitality and tourism industry, use a combination of several measurement and scoring systems to examine and refine their model. With the increasing demand for quantifiable information inspecting companies' ESG practices, numerous scoring systems became available to various industries. For instance, Morgan Stanley Capital International (MSCI) inspected 35 key ESG issues in the financial industry, ranking more than 8500 companies on a scale of AAA (leader) – CCC (laggard). Unquestionably, a consistent ESG scoring system is critical for investors

and companies to help identify which ESG performance components align with their organization's sustainable vision, assess the overall comparability against competing organizations, and ensure contributions to societal well-being.

ESG reporting systems offer many different options to various industries, the most widely used being the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP), and the Sustainability Accounting Standards Board (SASB). Specifically, the GRI reporting system is commonly used to anticipate emerging regulatory disclosure needs, such as the EU Corporate Sustainability Reporting Directive and the IFRS plans for enterprise value standards. Also, it is designed to work in conjunction with the UN's 17 SDGs in describing and comparing companies' ESG activities. Most hospitality and tourism companies listed in the Fortune 500 have adopted the GRP reporting system to communicate with the stakeholders.

Recently, as researchers struggle with multiple sources of information, they argue for the necessity of consolidating diversified scoring and reporting systems for specific industries, especially for the hospitality and tourism industry ([Legendre et al., 2024](#)). Because the hospitality and tourism industry has diverse characteristics for each sector (e.g., casino, restaurant, event), it is difficult to standardize one for all. Thus, I would recommend having an industry segment-specific scoring and reporting system to clearly represent the company's activities and match society's expectations. Also, I would argue that the most critical aspects should focus on stakeholders relying on ESG as a strategic data source to build positive perceptions and attitudes, consumption behaviors, perceived corporate image, and brand loyalty.

## 3) What are the gaps and shortcomings of the hospitality and tourism academia, and how can we move forward?

While hospitality and tourism practitioners are innovative and active regarding ESG practices (e.g., Hilton and Las Vegas Sands), ESG studies in the hospitality and tourism academia are still in the growth stage. Most pre-pandemic studies focused on CSR or dealt with separate ESG components. Specifically, the research gaps are evident when differentiating CSR from ESG. Where hospitality and tourism CSR researchers have considered CSR practices as practical activities of sustainable movement, most ESG studies focused only on the investment perspective in the financial aspects. However, there has been a recent movement of hospitality and tourism researchers initiating ESG research, and several journals, like the *Journal of Travel and Tourism Marketing*, have even published special issues on ESG this year. This special issue assembled a series of ESG research, such as applying ESG practices in various hospitality industry segments, the customers' acceptance of ESG marketing strategies, and employees' engagement with various hospitality and tourism organizations. Additionally, several researchers conducted content analysis on ESG studies, discovering that most previous studies relied on the United Nations' SDGs and stakeholder theory while emphasizing the macro-level social capital perspective. As a result, most ESG researchers sought a standardized reporting system for each hospitality and tourism sector. Moreover, due to the complexity of current scoring systems and each industry sector's uniqueness, numerous researchers suggested developing valid industry segment-specific measurements and reporting systems.

Furthermore, relationships between ESG practices and company performance must be assessed longitudinally. As ESG practices are an effective corporate strategy, it is necessary to determine their immediate and long-term effectiveness in financial performance, employee productivity and retention, customer satisfaction and loyalty, and government relations. In assessing ESG's impact on those positive consequences, it is worthwhile to investigate their effects separately and jointly. Doing so would be beneficial to practitioners in identifying the different effects of each ESG dimension and allocating resources based on the urgency and demands of various stakeholders.

Finally, based on the exploration of numerous ESG-related research

and the practitioners' needs, several suggested areas for further investigation are as follows.

- Developing effective ESG scoring and reporting systems: Validation of measurements, standardization pros and cons, and industry segment-specific reporting systems
- Investigating ESGs' impacts on customer behaviors: Positive and negative customer reactions to the ESG report, recovery strategies for the failure of ESG practices, and processes for building brand loyalty
- Exploring theoretical underpinnings for the ESG's role in engaging multiple stakeholders
- Conducting destination marketing studies: Use of ESG strategies for destination marketing, dealing with over-tourism issues, and accessible tourism promotion using ESG strategies
- Developing internal marketing strategies for achieving SDGs: Macro-level governance structured at governmental and international organizational levels
- Developing effective digital marketing strategies with ESG issues
- Conducting cross-cultural studies on ESGs: How do different cultures perceive ESG practices?
- Developing effective ESG training and education programs
- Suggesting global leadership competencies dealing with ESGs and SDGs

- Conducting longitudinal and cross-sectional studies involving ESG strategies

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## Further reading

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