

## **Sustainable Horizons: Navigating ESG Reporting Challenges in the Hospitality and Tourism Industry**

### **Abstract**

A review of ESG reports shows that hospitality companies often take an external, fragmented approach to ESG reporting, failing to consider the sector's diverse stakeholder groups and unique operational challenges. A more cohesive, theoretical foundation to guide the reporting of ESG activities in the sector is necessary. Integrating stakeholder salience theory and sustainability materiality framework, the study examined the current ESG issues reported by firms in the hospitality industry, to offer preliminary directions for ESG reporting based on material ESG issues per subsector. Based on a sequential mixed-methods design, we analyzed 140 ESG reports, and followed up with a-typical structured interviews with ESG experts. We find that ESG firms across subsectors predominantly report on legislation, regulations, and salaries, with limited emphasis on stakeholder engagement. We extend the literature by including key informants' views on effective communication of ESG, highlighting challenges, and offering recommendations to improve ESG disclosure across the industry.

Keywords: ESG reporting; sustainability materiality; hospitality subsectors; stakeholder theory

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## **Introduction**

The hospitality and tourism (H&T) industry, recognized as the world's largest service sector, has a significant environmental and social impact due to its heavy reliance on natural resources and human capital (Legrand et al., 2022). The industry's focus on short-term economic gains in developing key infrastructures such as hotels, restaurants, and recreational facilities often leads to long-term environmental damage, highlighting the urgent need for more sustainable practices in the industry (Legendre et al., 2023). For example, hotels utilize 60–700 kilowatt hours per square meter (kWh/m<sup>2</sup>) of energy per year in comparison to office buildings (210-280 kWh/m<sup>2</sup>), retail stores (160-250 kWh/m<sup>2</sup>) and warehouses (30-95 kWh/m<sup>2</sup>) (Dibene-Arriola et al., 2021; U.S. Energy Information Administration, 2018), are vulnerable to becoming stranded assets, and are frequently criticized for substandard working conditions and lack of engagement with their communities (Legrand & Mathew-Bolofinde, 2021).

Restaurants dispose of approximately 390,000 tons of edible food per year, thus resulting in considerable amounts of food waste (Cochran et al., 2018), while the casino/gaming sector is subject to top-down regulatory mandates that call for socially responsible gaming practices to mitigate negative impacts such as increased gambling addiction, crime, and household debt that are typically associated with the industry (Park et al., 2024). While these subsectors fall under the tourism industry, they face distinct environmental, social, and governance (ESG) issues that necessitate attention to their unique operational demands and stakeholder expectations to guide ESG prioritization (Legendre et al., 2023).

ESG is an extension of corporate social responsibility (CSR) practices, with an emphasis on governance and measurable indicators of sustainability (Chen et al., 2022; Gillian et al., 2021); however, the lack of industry-specific ESG solutions creates a significant research gap (Legendre et al., 2024; Ye et al., 2025). Previous studies have focused on the impact of aggregated ESG metrics on firms (Kim & Lee, 2020) and industry performance (Lin et al., 2024b; Su & Chen, 2020). Others examine specific components of ESG (e.g. environmental and workplace diversity) (Singal, 2014), on a particular destination (e.g. China and Greece) (Lin et al., 2024a; Ye et al., 2025). However, research “developing valid industry segment-specific measurements and reporting systems” are limited (Back, p.2).

Although the World Travel and Tourism Council (WTTC) emphasized the need to differentiate ESG information disclosure in the tourism sector due to its unique characteristics (WTTC, 2024), less than 1% of the global hotel industry have adopted their Hotel Sustainability Basics program (WTTC, 2024). In fact, the majority of hospitality firms tend to employ external sustainability frameworks that focus on the reliability of quantitative data, therefore neglecting sector-specific data for inclusion in the reports (Edgley et al., 2014; Uyar et al., 2021). Given the hospitality industry’s engagement with a variety of stakeholders with different expectations (Chen et al., 2022), it is critical to apply in-house procedures to investigate the importance of individual ESG domains for subsectors within the industry. This approach can guide focused intervention to improve performance of firms within each sector and mitigate risk management strategies (Grewal et al., 2017). In Back’s (2024) review of ESG studies in the H&T industry, he also discovered that there is a lack of studies investigating the theoretical underpinnings for the role of ESG in engaging multiple stakeholders. Future studies were directed to adopt a more collective, collaborative

approach that better aligns ESG reporting with societal needs and improves the methods by which the industry communicates its sustainability efforts (Back, 2024).

In response to these research gaps, this study applies a collaborative approach by using stakeholder salience theory (Mitchell et al., 1997) and the sustainability materiality framework (Adams et al., 2021) to identify and prioritize relevant ESG issues for hospitality subsectors, based on their significance to various stakeholders. By focusing on the reporting needs of different subsectors and stakeholders within the hospitality industry (Guix et al., 2018; Legendre et al., 2024), our study aims to examine the current ESG issues reported by firms in the hospitality industry, to offer preliminary directions for ESG reporting based on material ESG issues for each subsector and stakeholder grouping. The primary research questions that guide this investigation are: (1) What are the ESG issues that firms in the hospitality industry currently report? (2) How do normative theories inform the ways in which ESG issues are reported to stakeholders within the industry? (3) How do firms prioritize ESG issues among stakeholders with conflicting interests, and what are the associated benefits and challenges?

With regard to answering research question 1, we employed Wordstat—a text analytic software—to review sustainability reports and attempt to ascertain common ESG issues cited across three key subsectors: restaurants/bars, casinos/gaming, and hotels/motels/cruises. With regard to answering research questions 2 and 3, we integrated stakeholder salience theory (Mitchell et al., 1997) and the sustainability materiality framework (Adams et al., 202) to guide our open-ended questionnaires and interviews with ESG experts to gain insight into the material ESG issues in each subsector, and their relevance to various stakeholder groups.

Neville et al. (2011) defines stakeholder salience as the “prioritization of stakeholder claims by [ESG leaders] based on their perception of the degree of power of the stakeholder and

the degree of moral legitimacy and urgency of the claim.” (p. 370). Hence, ESG leaders are positioned as key informants, given their ability to integrate material ESG solutions into corporate strategy through their engagement with a range of stakeholders within the organization (Eccles & Taylor, 2023). ESG leaders can also allocate resources among competing stakeholder demands based on legitimacy, power, and urgency to determine which sustainability issues should be prioritized (Zhao et al., 2023; Rassiah et al., 2022).

The sustainability materiality framework (Adams et al., 2021; NYU Stern, 2019) complements stakeholder salience theory (Mitchell et al., 1997) by providing a rationale for prioritizing ESG issues based on the significance to stakeholders and prospective impact on the firm’s financial performance and reputation. Materiality pertains to information that is regarded as sufficiently relevant to stakeholders and the firm to warrant its disclosure (Reinstein et al., 2023). As such, it is a pragmatic extension of stakeholder theory. By integrating these two theories, we can now segment ESG priorities on a granular level, a perspective that has been excluded from previous literature that applied a “one-size-fits-all” approach (Back, 2024; Legendre et al., 2024). Materiality processes can ensure that key information is included in the firm’s sustainability reports for a wider range of stakeholders beyond investors (Jebe, 2019). Used together, these two theories posit that ESG leaders are instrumental players to identify and prioritize material ESG issues based on relevance by subsector and the various needs and expectations of diverse stakeholders in the hospitality industry (Jebe, 2019).

Our findings offer practical as well as theoretical implications, providing actionable insights that can be implemented by hospitality firms and policymakers to streamline ESG-related priorities, thus bridging research gaps in the extant literature regarding the alignment of ESG practices with stakeholder influence theories (Back, 2024; Legendre et al., 2024) and materiality

outcomes (Jebe, 2019). Our contribution lies in expanding the applicability of stakeholder theory in contexts requiring customized ESG reporting frameworks (Back, 2024).

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## **Theoretical Background**

### *Stakeholder Saliency Theory and Sustainability Materiality Assessment*

Several theoretical perspectives have been used to conceptualize ESG activities in firms including, regulatory focus theory (Higgins, 1997), institutional theory (DiMaggio & Powell, 1983), legitimacy theory (Suchman, 1995), and stakeholder theory (Driver & Thompson, 2002). Regulatory focus theory (Higgins, 1997) explains how organizations are motivated to engage in ESG decisions; however, the theory is limited to organizations' internal processes, thereby excluding the influence of external factors and stakeholder-driven forces that influence ESG behavior. Similarly, institutional theory emphasizes the influence of the firm's corporate culture, norms and values of firms. However, this approach further limits their ability to implement ESG practices outside the institutional boundaries wherein the firm operates (DiMaggio & Powell, 1983).

Suchman (1995) describes legitimacy as a measure of society's attitude toward a corporation's activities that is believed to be acceptable. To gain the public's favor and reduce legitimacy threats, some firms publish fabricated sustainability information (Mahmud, 2020), however such actions do not address legitimacy gaps due to the absence of objective verification measurements (Deegan, 2014). Although each of these theories contribute important insights into corporate sustainability, they fall short in addressing the diverse influence of stakeholders which are critical in the ESG context. Given that firms are influenced not only by shareholder interests, but also by stakeholders both within and outside the firm (Mitchell et al., 1997), we believe that the stakeholder theory presents an ideal framework for the current research context.

Stakeholder theory is a foundational framework for understanding how various stakeholders influence and respond to corporate sustainability initiatives (Driver & Thompson, 2002). This framework is particularly relevant to the hospitality industry, where stakeholder networks are diverse in their influence and demanding in their needs (Font & Lynes, 2018). Freeman and Medoff (1984) broadly define stakeholders as "any group or individual who can affect or is affected by the achievement of an organization's objectives" (p. 46). In the hospitality industry, stakeholders range from shareholders, employees, and customers to larger communities and ecosystems (Legrand et al., 2022; Zizka et al., 2024). Therefore, the stakeholder theory extends the limitations of the previous theories by emphasizing multi stakeholder engagement and relational dynamics, that highlights the importance of addressing diverse needs beyond the confines of the internal business structure that the firm operates.

Donaldson and Preston's (1995) dimensions of stakeholder theory—descriptive, instrumental, and normative—provide a systematic approach to understanding these relationships, from depicting organizational interests to exploring the ethical implications of stakeholder

management. The *descriptive* dimension portrays the organization as a system of interests, while the *instrumental* dimension aims to establish a potential relationship between stakeholder management and organizational outcomes. The *normative* dimension, considered the theory's foundation, addresses the moral aspects of an organization (Donaldson & Preston, 1995).

In the hospitality industry, the normative dimension of stakeholder theory emphasizes a firm's moral responsibility to engage ethically with a diverse array of stakeholders—not just shareholders—for long-term survival (Barakat & Wada, 2021; Deegan & Blomquist, 2006). Therefore, hospitality firms operate within a complex network of internal and external stakeholders, each exerting distinct forms of influence (Verbeeten et al., 2016). For example, investors shape financial strategies (Uyar et al., 2020), while suppliers, employees, and the local community are critical for distributing, implementing, and sustaining ESG initiatives (Harrison & Bosse, 2013). Customers also drive ethical practices through their increasing demands for transparency (Ferrell et al., 2019). Additionally, government bodies and NGOs influence policy and firm reputation (Harrison & Bosse, 2013). This variety of influences by internal and external stakeholders highlight the need to manage and prioritize these relationships effectively. However, with finite resources available to do so, organizations face the challenge of balancing often-competing demands (Jamali, 2008).

To address these challenges, the instrumental dimension of stakeholder theory proposes that industry leaders can form strategic, trust-based relationships with stakeholders to create mutual benefits and secure a competitive advantage for the firm (Jones, 1995). This approach is particularly relevant in the hospitality industry in sectors such as hotels and restaurants, where stakeholder relationships are often complicated by varied business models and ownership structures (Rassiah et al., 2022). Stakeholder salience theory (Mitchell et al., 1997) further refines



this approach by emphasizing that stakeholders with legitimacy, power, and urgency should be addressed (Mitchell et al., 1997).

This study extends the instrumental domain of stakeholder theory and stakeholder salience theory by positioning ESG leaders as key managerial stakeholders with regard to furthering sustainability initiatives because of their unique role in enhancing a firm's value creation via stakeholder engagement (Rassiah et al., 2022). ESG leaders' influence continues to expand worldwide. For example, Price Waterhouse and Coopers (PwC) reported that from 2020–2021, firms appointed nearly as many ESG leaders as chief sustainability officers (CSOs) as in the preceding eight years altogether (PwC, 2024; Cramer et al., 2020). Leading hotel chains such as Accor, Hilton, and IHG Hotels & Resorts recently created CSO positions between 2021–2024. These officers serve to head well-known sustainability programs such as *Planet 21* (Accor.com), *Travel with Purpose* (esg.hilton.com), and *Journey to Tomorrow* (IHGhotels.com), revealing the increasing importance of such positions (Eccles & Taylor, 2023). Restaurant firms, including Chipotle Mexican Grill, McDonalds and KFC, have also named ESG leaders who are instrumental in connecting and collaborating with other stakeholders, including consumers, suppliers, employees, and board members (Restaurant Brands International, n.d.).

ESG leaders are described as “organizational professionals” who are deeply embedded into corporate culture (Borglund et al., 2023) and possess a holistic understanding of diverse aspects of the business as shaped by different institutional logic (Guix & Petry, 2024). Engagement with ESG leaders as instrumental stakeholders closes gaps between stakeholder expectations and organizational reporting, as well as offers strategic insight that meshes internal goals with external demands (Neely et al., 2021). ESG leaders' sway is critical to identify and prioritize material ESG issues that align corporate strategy with sustainability goals (Jebe, 2019). Furthermore, they can

emphasize metrics that are specific to various hospitality subsectors, thus enabling firms to focus on the most relevant sustainability issues per their stakeholders and in light of the challenges inherent in their industries (Eccles & Taylor, 2023). This focus can facilitate a strategic fit between reporting and stakeholder expectations (Zhao et al., 2023).

This study builds on stakeholder theory by integrating materiality assessments to enhance ESG reporting in hospitality firms. Materiality was first defined by the Securities and Exchange Commission (SEC) in the 1930s to describe information that merited disclosure to investors to facilitate informed decision-making (Barr & Koch, 1959). The concept of materiality originally focused on “prudent” investors but now has expanded to any “reasonable” party as a basis for determining significance (Reinstein et al., 2023). In the final analysis, materiality comes down to professional judgment instead of a definitive statement, thus serving two primary functions: to identify an event or item that is sufficient to warrant disclosure to users, and to determine the threshold at which a misstatement would impact user decision-making and thus necessitate correction (Reinstein et al., 2023).

In this study, we apply materiality assessments to identify the most significant ESG issues based on stakeholder relevance and impact on sector-specific challenges (Adams et al., 2021; Jebe, 2019). Through this integration, firms can align ESG reporting with the specific priorities of stakeholders within the hospitality industry, rather than relying solely on generic metrics such as those provided by GRI or IIRC. This bottom-up approach ensures that sustainability reporting is relevant and responsive to the unique dynamics of the hospitality sector (Font et al., 2016; Guix et al., 2019). Therefore, we applied a five-step sustainability framework (Guix et al., 2019; NYU Stern, 2019) to guide the research questions and align ESG priorities with subsector-specific attributes and stakeholder interests.

## Literature Review

### *ESG Reporting Frameworks*

Given the voluntary nature of sustainability reports across many countries (KPMG, 2013), hospitality companies often seek external assurance using reporting frameworks such as the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Carbon Disclosure Standards Board (CDSB), and the Carbon Disclosure Product (CDP) to validate their disclosures and enhance credibility (Kilic et al., 2021). While strong accountability regulations have supported sustainability reporting practices in the hospitality industry, they do not significantly impact the acquisition of external assurance statements of adherence to GRI guidelines (Hamrouni et al., 2022). This may be due to the exhaustive and broad nature of indicators from these organizations, making it challenging to measure and compare ESG practices across firms or industries (Legendre et al., 2024; Lin et al., 2024a).

Efforts to establish standardized ESG performance standards have begun (Wyman, 2020), but existing frameworks vary significantly in their criteria and effectiveness (Boffo & Patalano, 2020). For instance, NASDAQ has 30 criteria, Sustainalytics uses 163, and Thomson Reuters boasts more than 400 ESG metrics (Boffo & Patalano, 2020). These discrepancies complicate the navigation, customization, and comparison of ESG reporting among firms (Dye et al., 2021), with CSR reports often reflecting the agendas of the firms producing them rather than meeting stakeholder expectations (Font et al., 2016). Consequently, these externally established frameworks do not adequately capture ESG issues unique to the hospitality sector.

Two studies aimed at documenting CSR and sustainability reporting within the hospitality industry have found varying results. In the first study, Medrado and Jackson (2016) analyzed reporting data from 14 hospitality firms from 2009–2014 and found that while these firms used

GRI standards, the focus of reported issues varied by subsector: lodging emphasizes the triple bottom line, restaurants prioritize supply chain issues, and the cruise industry focuses on environmental concerns. However, the study, which applied a checklist approach as well as limited-frequency-based content analysis to a small sample of hospitality firms from 2009 to 2014, resulted in limited depth and interpretive quality of their findings and failed to take into account critical industry characteristics that may have influenced priorities in reporting.

In contrast, in the second study Lin et al. (2024a) analyzed ESG practices from 10 hospitality firms in China without differentiating by subsector. In light of the unique operational contexts that exist in the hospitality industry—for example, restaurants, lodging, cruises—this type of holistic approach potentially obscures critical differences in the ESG priorities and challenges distinct to each hospitality industry subsector. While Lin et al.’s (2024a) study sought to determine the antecedents and outcomes of ESG adoption, it did not show a clear correlation among these factors and the specific ESG practices across various subsectors, a deficiency that limits cross-sector comparisons.

Other studies have focused exclusively on single-sector reporting of carbon, energy, and water usage (De Grosbois et al., 2012, 2016, 2022; Ricourte & Jagarajan, 2021) within specific countries such as Zimbabwe (Courage et al. (2020) and Mauritius (Ambareen, 2022), thereby limiting their applicability. Our study aims to address these shortcomings by adopting a segmented ESG reporting approach that aligns with stakeholder interests and materiality assessments within the hospitality and tourism industry. Previous researchers have suggested targeting communication needs across different subsectors (Guix et al., 2018; Legendre et al., 2024); therefore, we sought to develop a framework that enhances our understanding of subsector priorities in ESG reporting

and improves stakeholder communication.

### *The Hospitality Industry and ESG*

The hospitality industry is known for its significant environmental footprint, including resource depletion, hazardous waste generation, and high water and energy consumption (Stottler, 2018). Integrating ESG solutions into this sector is challenging due to its vulnerability to direct and indirect climate change impacts, such as water shortages, biodiversity loss, asset damage, and extreme weather events that can reduce destination appeal (Kilic et al., 2021; Su & Chen, 2020; Scott, 2021). Given the diverse range of businesses within the industry—restaurants, bars, casinos, hotels, and cruises—and their complex management structures, finding common themes across sector can help firms effectively communicate their ESG activities to stakeholders while ensuring clarity and transparency.

Linking a firm's ESG metrics by subsector and disclosing compliance information based on sustainable projects and services may not immediately translate into financial success or increased profits from customer purchases (Bernard & Nicolau, 2022; Howard-Grenville, 2021). However, it highlights the importance of industry-specific ESG metrics. Previous research supports the idea that context is important in sustainability disclosure (Hamrouni et al., 2022; Uyar et al., 2021). These studies confirm that hospitality firms consider both formal and informal institutions when engaging in sustainability reporting and quality assurance practices. Institutional theory has been used to guide firms in determining when to assure their reports externally versus using free-format reporting (Kilic et al., 2020; Guix et al., 2019; Hamrouni et al., 2023).

Segmenting ESG concerns by subsectors is necessary because subsectors often experience similar challenges in implementing ESG solutions despite the varying institutional contexts. For example, De Grosbois (2016) found that CSR challenges in the cruise line industry often mirror

those in commercial shipping and tourism. Similarly, Lee et al. (2024) assessed ESG reports for full- vs. limited-service restaurants, finding that despite their institutional differences, both services prioritized supply chain management and food-related issues. Likewise, Lin et al. (2024a) evaluated ESG reporting from Chinese firms and found alignment with general industry characteristics of labor intensity, resource reliance, and high competition. As a result of what was found in the literature, our study advances the discussion to contextualize sustainability reporting based on subsector attributes and audience relevance.

While previous studies have concentrated on environmental and carbon emissions disclosures within the hotel sector (de Grosbois & Fennell, 2011; de Grosbois et al., 2022), there is limited research regarding other sectors (Lee et al., 2024) and a lack of studies on ESG reporting practices for specific subsectors such as casinos and gaming. Furthermore, limited attention has been given to the social aspects (Legrand & Matthew-Bolofinde, 2019) or the governance domain (Arici et al., 2024) of ESG within the hospitality industry. Thus, this study addresses these research gaps by incorporating stakeholder theory and materiality assessment to prioritize ESG initiatives tailored to diverse stakeholders. It focuses on the most relevant and impactful ESG issues for firms in various subsectors. Therefore, we respond to Lin et al.'s (2024) call for industry-specific ESG guidelines to provide clarity to management teams and enhance efficiency in adopting ESG standards.

### **Methodology**

This research employs a mixed-methods approach, using a sequential exploration design. In phase one, WordStat software was used to perform qualitative content analysis to explore textual data from the ESG reports. This phase enabled us to identify themes and cross-check data manually to confirm patterns identified in the reports and develop open-ended questionnaires to administer

to a purposive sample of ESG Experts. In phase two, questionnaires were distributed, and are followed up with in-depth interviews with ESG experts. Applying this stepwise approach in mixed-methods research strengthens our understanding of the research problems and provides richer insights into complex social issues instead of relying solely on one approach (Truong et al., 2020). Our study is consequently led by a pragmatic epistemology paradigm in order to support its diverse methodologies (Maxcy, 2003), and we employ both formal and informal methods to prioritize how we approach our research questions and obtain meaningful results, instead of following one method (Creswell & Clark, 2011).

This study extends the literature by using the sustainability materiality framework articulated by NYU Stern (2019) to identify issues pertinent to firms across three sectors in the hospitality industry. This approach responds to previous calls for a systematic and comprehensive approach to sustainable development within the industry as guided by theory (Back, 2024; Legrand & Matthew-Bolofinde, 2019). We chose the framework by NYU Stern (2019) expressly for its structured, stakeholder-centric methodology and relevance to materiality issues across various contexts in the hospitality sector (Guix et al., 2019). The five steps in this framework include: “(1) identifying key issues and sorting them into relevant groups based on underlying business drivers, (2) collecting data from relevant stakeholders, (3) mapping and prioritizing issues, (4) aligning the issues with the management and business vision, and (5) developing the strategy” (NYU Stern, 2019, p. 2).

#### *Phase 1. Exploratory Content Analysis of ESG Reports*

Step 1 of the sustainability materiality framework addresses research question 1: “What ESG issues do firms in the hospitality and tourism industry currently report?”. We conducted an exploratory content analysis of publicly available ESG reports from the Thomson Reuters Eikon

database. We selected the Thomson Reuters Eikon database as our primary data source because it provided reliable information on firms' financial performance, CEOs, roles, and/or board of directors—and notably, information related to CSR and ESG for publicly traded firms globally (Torres & Augusto, 2021). To create a viable sample, we applied three filters:

1. Only firms within the hospitality industry sector were included (the number of firms in parentheses): restaurants and bars (71), hotels, motels, cruises (41), and casinos and gaming (65).
2. Only firms with ESG scores calculated by Thomson Reuters at the end of calendar year 2022 were included.
3. Observations with missing ESG scores were excluded.

This process resulted in a sample of 177 firms from 39 countries. We examined the corporate websites of these selected firms and downloaded their sustainability/ESG reports for analysis. Of the 177 firms in our sample, 140 (79%) produced annual ESG/sustainability reports, thus resulting in a final dataset that reflected a representative portion of the Thomson Reuters dataset and showed the extent of each firm's sustainability practice engagement. Appendix I details the dataset by hospitality sector and region.

To identify the key words and phrases in the ESG reports based on subsector attributes, we imported the dataset into the text analysis software WordStat 9.0 for analysis. WordStat 9.0 is a computerized content analysis tool designed to combine document input to study textual information and categorize the text using a dictionary or text-mining method (WordStat 9, 2021). To reduce “noise”, a stop-words dictionary is then used to remove common words such as “and”, “or”, and “about” to derive clearer insights. Further, additional words and phrases common



throughout the text—such as authors’ names and geographical areas—that created “noise” in the analysis were also excluded (Peladeau & Davoodi, 2018).

The software extracted words and phrases from the reports based on their frequencies and proximity between the phrases as a baseline to develop word clusters. The cluster analysis of the words and phrases were determined from average-linking hierarchical clustering algorithm (Everitt et al., 2011), which displayed the output in the form of word clouds (See Appendix II-IV). Following the steps outlined by Soroka (2014) in ensuring reliability of keyword extraction, the list was crosschecked with a manual review of five reports that were selected at random from each subsector. This process enabled us to determine if any key word or phrase was overlooked. The list was then organized based on their frequency for each hospitality sector and presented based on their internal vs external focus. Internal ESG issues are defined as those that directly influence the firm’s operations and its shareholders, whereas external ESG issues extend beyond the firm to influence the community, society and a variety of stakeholders.

### *Phase 2. Questionnaire and In-depth Interviews*

Steps two to five of the sustainability materiality framework addresses research questions two and three: (2) *How do normative theories inform the ways in which ESG issues are reported to stakeholders within the industry?* (3) *How do firms prioritize ESG issues among stakeholders with conflicting interests, and what are the associated benefits and challenges?* To explore this, we first distributed an open-ended questionnaire to a purposive sample of industry sustainability experts. The questionnaire was generated after reviewing the firms’ ESG reports and discovering that there was a lack of understanding towards the process of how firms determine ESG priorities in their respective subsectors internally, along with their communication strategies.

The open-ended questionnaire was comprised of twelve questions regarding current ESG practices, including respondents' subsectors within the hospitality industry, sustainability duties, tenures in their sustainability positions, and perspectives on crucial E-S-G criteria for the subsectors they currently work in. The questions also explored whether ESG practices were mandatory or voluntary at their firms, the importance of communicating their ESG achievements to various stakeholders, the significance of ESG rating agencies, and the effectiveness of ESG ratings in measuring sustainability activities in the hospitality industry.

We employed the Institutional Review Board's (IRB) guidelines and asked participants to give their informed consent, confirm that they understood and agreed to participate in the study per the stated conditions. In the invitation, participants were made aware that the questionnaire seeks to gather their expert opinion on environmental, social and governance issues, specific to the hospitality and tourism industry. Participants were recruited from the websites of the companies included in our sample to identify the name and contact information for the ESG representatives. After reviewing the websites of the 140 firms that issued sustainability reports, we found contact information for 80 ESG representatives. Attempts to retrieve the contact information from 40 firms via email were unsuccessful as the messages returned undelivered. The remaining firms' websites only offered generic inquiry request boxes with no direct contact information.

The lead author also used LinkedIn premium business, which features advanced search filters and access to hidden profile visibility of respondents. These features allowed us to connect with participants on LinkedIn who did not respond to the previous email invitation to participate in the questionnaire. Together, these processes yielded usable data for analysis for 20 respondents (28% of the sample). The respondents represented a variety of hospitality industry subsectors, including restaurants/bars (4), hotels/motels/cruises (12), and casinos/gaming (4). Their tenures in

sustainability positions ranged from 1–30 years, and they held diverse roles including chief executive officers of hospitality firms with sustainability certifications, sustainability marketing professionals at DMOs, sustainability consultants, chief sustainability officers, directors of global responsible sourcing, and VPs of sustainability (Please see Appendix V for a sample of the open-ended questionnaire, and Appendix VI for a profile of the participants).

After completing the questionnaires, the ESG experts were also invited for in-depth interviews. Whereas the questionnaire data collected responses for ESG priorities for the subsectors within the industry, the interviews provided more in-depth insights into how firms prioritized ESG reporting among its stakeholders, along with the associated benefits and challenges. From this, we uncovered the challenges, motivations, and solutions for how ESG can be communicated more efficiently to stakeholders. Our interview questions explored topics such as the prioritization of ESG initiatives among stakeholder groups; effective management of stakeholder relations and conflicts of interest; target audiences for ESG communication channels such as websites and social media for consumers, suppliers, and investors; frequency of ESG communication; challenges in communicating achievements to a broader audience; benefits derived from ESG reporting and actions; and barriers encountered in implementing ESG initiatives

12 subjects responded to the invitation to participate in interviews, and a total of nine interviews were conducted. Two of the interviewees did not respond to the follow-up emails and calls and the schedule of the other interviewee could not be aligned to the research teams' and was therefore removed. In spite of the sample size falling below the minimum number of 12 participants recommended for qualitative research (Adler & Adler, 2012), we noted the existence of redundant information after completing interview seven. Therefore, although interviewees were experts in one sector of the industry, they all had prior experience working in other sectors within

the industry. Although the sample is small we believe it portrays a range of expert perspectives within our allocated timeframe (Lowe et al., 2018). Saunders and Townsend (2016) proposed that the number of participants should not be the “gold standard” to achieve data saturation. They recommended considering additional factors such as research purpose, saliency of data, and researchers’ epistemological and ontological positions, all of which we have outlined in our study.

Each interview lasted 30–45 minutes, and the collected data was manually transcribed and cleaned. Our interviewees held diverse roles in various sectors within the industry, including two chief sustainability officers from prominent global hotel chains, the ESG leader for an international casino and gaming company, and two sustainability consultants specializing in various sectors including restaurants and international luxury hotels. We interviewed two representatives from a global sustainability certification body, a member of a state-level advisory council, and a sous chef experienced in sustainability sourcing. This diversity ensured a comprehensive and multifaceted perspective on the subject matter. Appendices VI and VII provide a profile of the participants along with their subsector affiliations.

After collecting data from the sustainability experts, we progressed to stages 3 and 4 of the sustainability materiality frameworks (NYU Stern, 2019). These stages focused on mapping, prioritizing, and aligning ESG issues based on the ESG reports’ data, and the experts’ feedback from the open-ended questionnaires and interviews. This process aimed to identify overlapping ESG dimensions and ensure accurate data recognition (Korca et al., 2022). We then carried out member checks, maintained an audit trail, and triangulated data taken from the various firms’ ESG reports and the atypical structured interviews (DeCrop, 2004) in order to minimize the likelihood of systematic bias and increase the integrity of our data collection process. The triangulation technique enabled us to validate the acquired data by cross-referencing information from different

sources, methods, and/or theories, enhancing our comprehension of the identified patterns (Moleong, 2006). Our content analysis of the qualitative data from the open ended questionnaires and interviews allowed us to identify, categorize, and interpret recurring patterns (Creswell & Poth, 2016). This process involved:

1. Compiling and organizing questionnaire responses into a single document based on key words or phrases.
2. Transcribing all audio recordings from the interviews to create written text data.
3. Developing a coding scheme to categorize segments of the transcripts based on emerging themes.

Figure 1 presents a conceptual diagram to illustrate the relationship between the data sources and findings.

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**Figure 1.** Relationship between Research Questions, Processes and Outcomes

## **Results**

### *Phase one: Descriptive results*

Based on our descriptive analysis of 140 reports, we found that 32.6% (62) of the firms used GRI as their reporting framework, while 16.32% (31) employed SASB, and 9.5% used the TCFD framework. A minority of firms (8.95%) did not adhere to any framework but instead based their reporting on internal materiality assessments. The remaining firms referenced a combination of frameworks such as CDB, IFRS, LEED, and SEC guidelines. These results build on previous studies that found that hospitality firms are guided by both formal and informal institutions when issuing their sustainability reports and assurance practices (Hamrouni et al., 2022; Uyar et al., 2021). We discovered that more than half (58.42%) of our sample used a combination of GRI and

renowned external assurance frameworks. However, the hospitality industry’s overreliance on these external agencies for materiality assessments may prevent existing reporting frameworks from adequately capturing ESG issues that align with the unique characteristics of the industry. Figure 1 presents a conceptual diagram to illustrate the relationship between the data sources and findings.

*Phase One: Exploratory Content Analysis of ESG Reports*

To address the first research question regarding identifying ESG issues reported in the hospitality industry reports, the results from the Word Stat analysis were compared to a random sample of reports (e.g. 5 reports within each sector) that were reviewed manually from the original dataset to complement and validate the findings. Table 1 summarizes the primary words or phrases identified in the reports that were arranged based on the extent to which each hospitality subsector is internally vs. externally focused. The findings reveal an apparent variation in ESG issues depending upon the external and internal contexts and challenges. We discuss the results extracted from the reports in detail below.

**Table 1.** Primary Keywords/Phrases Reported by Firms across Three Subsectors through Sustainability Reports

	<i>Themes</i>	<i>Restaurants &amp; Bars</i>	<i>Casinos &amp; Gaming</i>	<i>Hotels, Motels, &amp; Cruises</i>
<i>External</i>	Laws & Regulations	✓	✓	✓
	Anti-corruption/ money laundering		✓	
	Climate change & risks			✓
	Animal welfare	✓		
	Water & energy efficiency/greenhouse emissions	✓		✓
	Human rights		✓	✓
	Supply chain		✓	
	Meeting stakeholders	✓		
	Economic conditions	✓		
	Consumer confidence	✓		

<i>Internal</i>	Local community		✓	
	Salary	✓	✓	
	Diversity & inclusion			✓
	Workplace conditions			
	Training & recognition			✓
	Social & environmental governance	✓		
	Financial indicators			✓
	Costs			✓
	Health & safety	✓	✓	✓
	Waste management		✓	

For the “Restaurants & Bars” subsector, the sustainability reporting mainly focused on external factors, such as complying with laws and regulations, adapting to economic conditions, maintaining consumer confidence, and/or meeting stakeholders’ expectations. Internally, sustainability reporting covers wage issues, social and environmental governance, and health and safety. These topics relate to this subsector’s labor-intensive, resource-intensive, and risk-prone nature (Chou et al., 2020).

For the “Casinos & Gaming” subsector, the sustainability reporting was also concentrated on external factors such as laws and regulations, anti-corruption and money laundering, and human rights, highlighting the legal and regulatory obligations that this subsector faces. These findings align with Prentice and Zheng’s (2018) description of this subsector, which is often defined by strict and complex legal requirements because they involve issues such as gambling addiction, money laundering, taxation, and licensing (Prentice & Zeng, 2018). Internally, sustainability reporting covered topics similar to those of the “Restaurants & Bars” subsector, including wage issues, social and environmental governance, and health and safety. Waste management was also reported, since this subsector generates a large amount of waste from its operations (Pirani & Arafat, 2014).

For the “Hotels, Motels, & Cruises” subsector, the sustainability reporting focused on internal and employee issues such as working conditions, training, diversity, and inclusion. These issues reveal the importance of enhancing service quality (SQ), customer satisfaction (CS), and loyalty in this subsector. They also highlight the critical influence of SQ and CS to enhance sustainability and competitive advantage within this subsector (PJ et al., 2023).

In summary, ESG firms across the subsectors reported issues predominantly focused on legislation, regulations, and salaries, with limited emphasis on stakeholder engagement. The lack of stakeholder engagement can be attributed to the limited internal, industry-leading influence behind the reports. Our descriptive analysis shows that approximately 58% of the reports in our study were guided by external assurance frameworks such as the GRI. To address this limitation, we conducted a-typical structured interviews with ESG experts within the hospitality industry to gain insight into the material ESG issues in each subsector and their relevance to various stakeholder groups. Guided by normative theories, ESG leaders, serving as key informants, can determine which sustainability issue should be prioritized within the industry because of their capability to align sustainability reporting with stakeholder interests (Zhao et al., 2023; Rassiah et al., 2022).

#### *Phase Two: Questionnaire Findings*

To address research question two, the open-ended questionnaire prompted participants to discuss ESG reporting needs per stakeholder group within the hospitality industry. The results revealed key ESG issues for each domain and stakeholder group beyond those captured in the reports, illustrating a broad spectrum of stakeholders influencing ESG practices in the industry. These include investors, government regulators, customers, local communities, supply chain managers, employees, NGOs, the media, health authorities, industry associations, and cultural and



heritage authorities. These stakeholders have diverse information needs, which can be addressed through various channels. Our findings respond to previous research that emphasizes the need for firms in the hospitality sector to streamline their sustainability activities to meet ever-evolving stakeholder expectations (Uyar et al., 2020). Guided by the normative theoretical frameworks (stakeholder salience and materiality assessment), Table 2 synthesizes these insights, delineating ESG reporting processes to assist industry professionals in effectively communicating with stakeholders across subsectors.

**Table 2.** ESG Reporting Processes and Stakeholder Influence

	<b>Subsector</b>	<b>E</b>	<b>S</b>	<b>G</b>
<b>Audience</b>		Local	Local	Global
<b>Main stakeholders</b>	Restaurants & Bars	Customers Local community Employees NGOs Supply chain Media	Local community Employees NGOs Media	Investors Government Regulators Health authorities
	Casinos & Gaming	Customers Local community Employees NGOs Supply chain Media	Local community Employees NGOs Media	Investors Government Regulators Industry associations
	Hotels, Motels, & Cruises	Customers Local community Employees NGOs Supply chain Media Hospitality ratings and awards	Local community Employees NGOs Media	Investors Government Regulators Industry associations

	<b>Subsector</b>	<b>E</b>	<b>S</b>	<b>G</b>
<b>Audience</b>	All	Local	Local	Global
<b>Reporting outlet</b>	Restaurants & Bars	Social media	Social media	Reports
		Internal channels	Internal channels	Regulatory filings and disclosures
		Website	Website	
		Stakeholder meetings	Local sponsorship or charity events	
		Industry awards and certifications		
	Casinos & Gaming	Social media	Social media	Reports
		Internal channels	Internal channels	Regulatory filings and disclosures
		Website	Website	Responsible gambling programs
		Stakeholder meetings	Local sponsorship or charity events	
		Industry awards and certifications	Responsible gambling programs	
	Hotels, Motels, & Cruises	Social media	Social media	Reports
		Internal marketing	Website	
		Internal channels	Local sponsorship or charity events	
		Website		
		Stakeholder meetings		
		Green hotel programs and initiatives		

	<b>Subsector</b>	<b>E</b>	<b>S</b>	<b>G</b>
<b>Audience</b>		Local	Local	Global
<b>Reporting requirements</b>	Restaurants & Bars	Clear and recognizable real accomplishments, actions, and reasons for E efforts Food quality and safety Food waste reduction Energy and water efficiency Greenhouse gas emissions Conservation and enhancement of natural and cultural resources	Clear and recognizable real accomplishments, actions, and reasons for S efforts Employee welfare and development Diversity and inclusion Community engagement and support	Data Goals Risk assessment
	Casinos & Gaming	Clear and recognizable real accomplishments, actions, and reasons for E efforts Energy and water efficiency Greenhouse gas emissions	Clear and recognizable real accomplishments, actions, and reasons for S efforts Anti-money laundering and anti-corruption Employee welfare and development Diversity and inclusion Community engagement and support Responsible gambling and gaming	Data Goals Risk assessment Anti-money laundering and anti-corruption Taxation and licensing
	Hotels, Motels, & Cruises	Clear and recognizable real accomplishments, actions, and reasons for E efforts Food quality and safety Food waste reduction Energy and water efficiency Greenhouse gas emissions Conservation and enhancement of natural and cultural resources Green hotel programs and initiatives	Clear and recognizable real accomplishments, actions, and reasons for S efforts Employee welfare and development Diversity and inclusion Community engagement and support	Data Goals Risk assessment

*Phase two: In-Depth Interviews*

To address research question three, in-depth interviews were conducted with the experts to understand how firms prioritized ESG initiatives among stakeholder groups for managing stakeholder relations and competing interest in the hospitality industry. Participants also discussed the benefits and challenges of ESG reporting initiatives. To protect the confidentiality and anonymity of our interviewees, identification numbers were assigned to participants' quotations from the interviews (Creswell, 2013).

Based on analysis of the interviews, it emerged that large corporations such as Hilton prioritize ESG concerns by implementing science-based targets and establishing ESG frameworks such as *Travel with Purpose* (Hilton, 2023). This initiative aligns closely with the UN's Sustainable Development Goals (SDGs) and fosters collaboration across the value chain with stakeholders such as investors, customers, suppliers, and team members to drive forward ESG objectives. One interviewee noted:

We have investor questionnaires that we have to answer every year. We have customer needs that we are constantly looking to meet and support their goals on. Suppliers and then of course our team members as well. So those are kind of the core groups. We kind of think through the lines of every course stakeholder on how we advance the goals and bring it to life and their function (Interviewee 3).

Meanwhile, other hotel chains, particularly in Asia, emphasize robust governance structures to achieve meaningful outcomes for the investor stakeholder, as seen in one interviewee's response:

We've really seen the drive of ESG. Through reporting requirements... particularly on the Hong Kong stock exchange. There's been really stringent requirements around ESG reporting for a number of years. We've seen a lot of our chains in our corporate groups working towards ESG reporting purely for those reasons... We've been working to increase the social outcomes of what their groups are delivering through to tourism and hospitality and who have the structures and systems in place to provide strong governance across everything that they're doing (Interviewee 4).

In contrast, a sustainability consultant for small hotels focused on environmental initiatives for the property and community stakeholders, since ESG initiatives are influenced by geographic location and cultural predispositions. For example, one interviewee stated:

Having worked in southern Chile where we were very much a part of an indigenous community. That conversation, the social side of it, was much stronger than the environmental side also because in southern Chile people just have a general predisposition to take care of the environment because it's all one of the last wildernesses on Earth. It comes down to what's your cultural predisposition to environmental care....speaking to someone in northern England, then it will probably be more a conversation around environmental stuff. Whereas in an area where there is an indigenous community, then it will start with the social side of things. (Interviewee 2).

In the casinos and gaming sector, the governance domain of ESG also took precedence due to demands from investors and banks for disclosures and commitments. One interviewee noted that “the recent SEC ruling has been a significant motivator for implementing our ESG program. Our primary focus is compliance before addressing broader goals like improving energy efficiency and installing solar panels.” (Interviewee 8). In the restaurant and bar sector, Interviewee 9 noted that ESG initiatives focused on their employees (both in-house and supply chain) and customers, with an emphasis on managing food waste and employee turnover (particularly among lower-level employees). These issues relate to the environmental and social domain of ESG.

These findings suggest that multiple stakeholders influence ESG initiatives across the hospitality industry, with the order of priority for ESG issues varying by subsector. Participants also emphasized the importance of the governance (G) factors, which are typically more quantifiable and traceable indicators than those found in official documents like financial, sustainability, or ESG reports. These concerns align with previous studies that show the governance factor of ESG having the most significant

influence on the market value of firms (Ionescu et al., 2019). On the other hand, environmental (E) and social (S) factors present challenges for firms, requiring a long-term perspective and behavioral change across various management levels.

For example, when asked about some of the challenges in implementing ESG initiatives, one interviewee noted that:

Our efforts to sometimes require upfront investment for long-term benefit. And you know in a hotel operating model with owners, some hotel owners trade hotels every 5 to 7 years. And so they're looking a lot more short term versus if you say invest in solar now, you'll see the benefit in 20 years, you know, they're far more focused on the immediate term. For bandwidth, there's a thousand issue areas, you can't tackle them all based on how many people you have to work on and what can be a priority. And so I think those continue to be kind of our top challenges (Interviewee 8).

Other interviewees confirmed these challenges, including navigating “thousands of [social] issue areas” (Interviewee 9), which restricts the ability to effectively report on ESG issues. Given the prevalence of these comments, we organized the responses in Table 3 into themes to highlight distinct barriers related to reporting environmental and social efforts.

**Table 3.** Environmental and Social Themes

<b>Theme</b>	<b>Description</b>
<i>Stakeholder views and expectations on ES issues vary based on the local and cultural context.</i>	Firms face the challenge of managing diverse stakeholders, primarily local, each possessing unique perspectives on E and S issues. A case in point is the differing importance attached to water use and efficiency, depending on where the stakeholder is situated, be it in specific U.S. states (each with distinct tax benefits and credits), Southern Europe, or Canada.
<i>ES outcomes take time and there is a challenge in having clear, measurable, and comparable indicators.</i>	This creates the perception among firms that they are not sufficiently advanced in social and environmental processes. Consequently, they need help communicating their efforts effectively in these areas. An interviewee emphasized the path forward, advocating for a 3M strategy that involves measuring, monitoring, and managing all ESG initiatives.
<i>There are concerns about being accused of greenwashing and</i>	Major hotel chains express skepticism about the tangible benefits their activities bring to the community. Additionally, firms are cautious in their reporting, fearing

<i>skepticism regarding the community benefits of ES efforts.</i>	accusations of greenwashing due to the lack of concrete results. A potential solution is for firms to showcase their achievements, actions, and rationales rather than focusing solely on future goals.
<i>There is a trade-off between short-term costs and long-term benefits of ES initiatives.</i>	The ES factors are perceived as a long-term objective, yielding limited short-term results. Firms acknowledge that they are in a learning phase, emphasizing the need to formalize their data collection procedures and make upfront investments to reap long-term benefits. Time constraints hinder this journey. Therefore, starting small and avoiding overly ambiguous initiatives is crucial (Bernard & Bianco, 2021). Another trade-off arises in the ownership vs. management structures of hospitality firms. As noted by one interviewee, “Often we’ll find that managers are really keen to implement initiatives, particularly around the environmental aspects...they’re really keen to measure. But they won’t have buy-in from owners, which means that they can’t progress with initiatives that they’re looking to do.”
<i>There is a requirement for behavioral change and a shared sense of purpose among both employees and customers.</i>	Implementing long-term changes in ES practices involves a gradual process with incremental successes. Interviewees emphasize the challenge of working with people, particularly customers and employees, requiring a shift in the traditional culture focused on productivity. Changing employees’ behaviors requires transforming work methods toward ES values and a shared purpose. This proves challenging in a recruitment context where firms must convey a different working approach rather than an increased workload. Achieving this demands time, effective leadership, and purpose creation for both internal and external stakeholders.

### *Cross Validation of Findings Across Data Sources*

To triangulate the findings from the various data sources, key phrases from the sustainability reports were compared to data from the ESG experts in the hospitality industry. Table 4 compares critical ESG issues identified per subsector, contrasting the various stakeholder priorities from questionnaire and interviews with organizational priorities in sustainability reports. This process helped us cross-validate our findings to confirm the key phrases extracted from the data sources. The results show that a wider range of ESG issues are important to stakeholders across the subsectors than which the sustainability reports would prioritize. While both organizations and stakeholders



prioritized issues relating to laws and regulations; water and energy efficiency; salary, diversity, and inclusion, stakeholders across subsectors emphasized additional concerns relating to climate change risks, supply chain, local community impacts, costs, reporting, and waste management. These findings address gaps identified in previous studies which have highlighted a lack of social and environmental information in the reports that firms share with stakeholders (Perez & Rodriguez Del Bosque, 2014; Guix et al., 2018). The results emphasize the need for sustainability reports that incorporate a broader range of issues to better meet stakeholder expectations.

**Table 4.** Stakeholder vs. Organizational Priorities in ESG Issues

	<i>Themes</i>	<i>Importance to Stakeholders (From Questionnaire &amp; Interviews)</i>			<i>Importance to Organization (From Sustainability Reports)</i>		
		R&B	C&G	HM&C	R&B	C&G	HM&C
<i>External</i>	Laws & Regulations	✓	✓	✓	✓	✓	✓
	Anti-corruption/ Money laundering		✓			✓	
	Climate change and risks	✓	✓	✓			✓
	Animal welfare		✓	✓	✓		
	Water & Energy efficiency/Greenhouse emissions	✓	✓	✓	✓		
	Human Rights			✓		✓	✓
	Supply Chain	✓		✓		✓	
	Meeting stakeholders	✓		✓	✓		
	Economic conditions	✓		✓	✓		
	Consumer confidence	✓		✓	✓		
	Nature protection			✓			
	Local Community	✓	✓	✓		✓	
	<i>Internal</i>	Salary	✓	✓	✓	✓	✓
Diversity & Inclusion		✓		✓			✓
Workplace conditions		✓		✓			
Training & Recognition		✓		✓			✓
Social & Environmental Governance				✓	✓		
Financial indicators			✓				✓
Costs		✓	✓	✓			✓
Reporting		✓	✓	✓			
Business Ethics/Responsible Leadership			✓	✓			
Influencing policymakers				✓			
Health & safety					✓	✓	✓
Waste Management		✓	✓	✓		✓	

**Note:** Restaurants and bars (R&B), casinos and gaming (C&G), hotels, motels, cruises (HM&R).

### Discussion

Our study aimed to discover the ESG issues most commonly reported in the hospitality industry, introduce normative theories that can guide ESG initiatives communicated to stakeholders, and explore the process by which firm prioritize ESG issues among stakeholders with the associated benefits and challenges. To do so, we conducted a descriptive analysis based on stakeholder theory to provide insights into common key words or phrases currently reported by hospitality firms in their ESG

reports; and then we explored a prescriptive analysis based on key informants' views on stakeholder salience and materiality to recommend effective communication of ESG initiatives and highlight the benefits and challenges related to prioritizing ESG issues among the various stakeholder groups.

We analyzed industry sector wise reporting ESG initiatives for several important reasons: unique materiality of issues, regulatory obligations, stakeholder expectations, consistency, and comparability of standards within the sector. The results from the triangulated data analysis—extracted from ESG reports, questionnaire, and interviews—led to a key phrase chart revealing key ESG issues by subsector and stakeholder group. These findings offer both theoretical and practical implications for industry practitioners.

#### *Theoretical Contributions*

An important theoretical implication of this study is the integration of the stakeholder salience theory (Mitchelle et al., 1999) with the sustainability materiality framework (Reinstein et al., 2023) to provide a more nuanced basis for ESG prioritization across hospitality subsectors. Prior studies have highlighted the critical role of investor stakeholders in influencing ESG reporting practices (Vebeeten et al., 2016). We contend that this approach neglects the broader principles of stakeholder theory; specifically, it fails to advocate for shared value among all stakeholders—not only shareholders (Hart & Zingales, 2022). Our study lays the groundwork for future research by centering ESG leaders as key informants for our research with the capacity to further ESG initiatives via their expertise in navigating the multifaceted context of conflicting stakeholder interests and trying to align ESG priorities and processes across multiple logics (Guix & Petry, 2024).

We identified material ESG issues across various hospitality industry subsectors to demonstrate a prospective model by which stakeholder theory can be applied to other

industries that also possess complex and diverse stakeholder ecosystems. Our sector-specific approach emphasizes the need for specialized stakeholder management strategies within ESG frameworks, a perspective that can advance theoretical discourse on stakeholder theory in contexts that encompass multidimensional stakeholder expectations. Our analysis highlights that materiality consideration may shape firms' ESG reporting strategies, providing further evidence that different reporting frameworks (GRI, SASB, TCFD) will result in different E, S, and G issues that are considered material and reported by organizations (Jebe, 2019; Garst et al., 2022).

By merging these two theoretical frameworks, our study advances the literature on ESG reporting by using internal resources to identify and prioritize pertinent E-S-G issues for both hospitality firms and their stakeholders. Our results offer insights into the challenges in reporting ESG achievements—particularly in the environmental and social domains—emphasizing the need for tailored communication strategies (Bernard et al., 2023). These findings address Legrand and Matthew-Bolofinde (2019) call to action for the social component of SDGs—the 'S' in ESG research. In addressing this gap, we contribute to a more comprehensive understanding of the social dimension within the industry's ESG initiatives.

From the interviews, we learned that although environmental (E) and social (S) efforts predominantly have a local impact, it is very challenging for firms to implement solutions to E and S issues. The literature states that although hospitality firms are becoming aware of stakeholders' unique needs and expectations, many reported a need for evidence of how their firms' initiatives impact global societal challenges (Lin et al., 2024a). As emphasized by Guix et al. (2019), misidentifying material issues can lead to misusing resources and cause negative consequences, regardless of the organization's intentions. This study fills these gaps by uncovering the reason behind firms' challenges

with E and S implementation and offer recommendations for improving ESG disclosures within the industry.

Methodologically, we contribute to literature by taking a mixed methods and content analysis approach that considers both deductive (ESG reports that use external quality assurance metrics) and deductive (a-typical structured interviews with hospitality ESG experts) perspectives to ESG reporting. While the content analysis of existing reports enabled us to sense the current ESG reporting climate, the open-ended questionnaire and structured interviews with internal ESG experts provided an additional lens to further organize and segment ESG initiatives. This is a useful strategy for hospitality companies in the long run, fulfilling gaps in the previous literature that adopted either one of the two methods, without implementing a collaborative approach that better aligns ESG reporting with societal needs (Back 2024).

#### *Practical Contributions*

Given that the majority of firms currently use external or a mix of fragmented reporting standards, there is a need for industry-specific guidance on ESG reporting practices. One way is for firms to benchmark their own E, S, and G performance, practices, and strategies against industry standards within and outside their specific sectors. Hospitality firms will need to communicate clearly their recognizable accomplishments: in terms of environmental issues like energy consumption and food waste reduction; in terms of social issues, employee welfare and development and community engagement; and in terms of governance risk assessment, and transparency of data and goals.

Hospitality firms can enhance their ESG performance by benchmarking industry leaders—analyzing their reporting frameworks and tracking key metrics such as energy consumption and/or employee diversity. Firms can utilize resources like the Dow Jones

Sustainability Index or industry association awards to identify leaders they wish to investigate. Firms can also look beyond numerical data to understand how industry leaders structure their ESG programs and engage stakeholders. Benchmarking allows firms to identify best practices in ESG reporting, drawing insights from top-performing organizations. This comparative analysis guides firms in adopting proactive and effective reporting strategies. Moreover, ongoing benchmarking activities facilitate the proactive identification of emerging trends in ESG reporting, allowing firms to incorporate these evolving standards into their strategies prior to broader adoption, thereby staying ahead of regulatory and market expectations.

Several firms in the hospitality industry currently are setting ESG trends that other firms can follow. For example, MGM Resorts and Marriott International are two hospitality firms known for using science-based target initiatives (SBTs) to align their social and sustainability impacts with prevailing third-party frameworks, such as the GRI. Since Marriott International launched its *Serve 360* program in 2017, it has expanded its 2025 goals to focus on key issues related to inclusivity, responsible operations, economic opportunities, human rights, and environmental stewardship to create a positive impact globally ([serve360marriott.com](https://serve360marriott.com)). Likewise, MGM hired two female members to their board of directors to lead CSR and DEI initiatives. The company conducted a double-materiality assessment in 2023 that improved their assessment strategy from an inward focus to a more holistic view that considers how their firm impacts both the environment and society and vice versa (MGM Resorts International, 2023).

Another example is Chipotle Mexican Grill, headquartered in Newport Beach, California. The firm made a commitment to responsibly sourcing their ingredients to achieve Chipotle's *Food with Integrity* principles. To achieve this, they engage a variety

of stakeholder groups, partnering with academic researchers, non-governmental organizations (NGOs), suppliers, employees, investors, and members of their leadership team to disclose important communications based on materiality assessments (Chipotle Sustainability Report, 2023).

From a policy perspective, the evidence from our study indicates that regulators can refine ESG disclosure processes by building on the study's preposition for an industry-specific approach that reports issues based on their relevance to subsectors. This will improve the comparability of ESG initiatives with sectors of equivalent operational procedures and encourage meaningful stakeholder engagement and transparency, while considering the unique challenges and opportunities each sector experiences. Meeting stakeholders' expectations is crucial for hospitality firms striving to be viewed as good corporate citizens, since the industry is often criticized for their adverse socio-cultural and environmental impacts (Koseoglu et al., 2021).

Our results suggested several challenges may be present in implementing ESG initiatives that can serve multiple stakeholders through clear reporting and communication. Prominent issues include the time lag between implementing ESG initiatives and impact, responding to the needs of local community and the cultural contexts in which they are situated, while still reporting to frameworks that are benchmarked globally for comparison and consistency. In this regard institutionalizing the reporting either through regulation by governments or industry associations may be helpful. For example, the hotel sector follows the Uniform System of Accounts for the Lodging industry (USALI) that helps benchmark accounting and financial metrics, over time and over properties and firms, enabling comparison and consistency geared to the unique attributes and needs of the sector.

To effectively address stakeholder concerns as highlighted in the interviews, hospitality firms can adopt two-way stakeholder engagement strategies such as surveys, online polls, and focus groups and establish advisory boards to gain feedback on their ESG practices. Regular surveys and online polls can gauge stakeholder sentiment on specific ESG issues, allowing firms to prioritize concerns and tailor initiatives accordingly. Firms can also conduct workshops and focus groups to develop a deeper understanding of stakeholder priorities through in-depth discussion of specific ESG challenges to identify potential solutions. Stakeholder engagement not only strengthens stakeholder relationships and collaboration (Davila et al., 2018) but also facilitates the incorporation of their concerns into business practices, creating a feedback loop that informs decision-making (Dobele et al., 2014). Through ongoing stakeholder engagement, firms can foster open dialogue to address stakeholder concerns and ensure a transparent and responsive approach to corporate responsibility.

In the context of sustainability and ESG efforts, the hospitality industry faces a challenge with fears of greenwashing. Skepticism exists regarding the benefits of communicating ESG initiatives to local communities. Therefore, verifying ESG reports via an industry-led assurer (e.g. SHA, GSTC) may strengthen a report's credibility, enhance stakeholder trust in ESG engagement and reports, decrease information uncertainty, and reduce information risk (Fernandez-Feijoo et al., 2014; Koseoglu et al., 2016). While GSTC criteria are well suited for hotels, they may be less applicable to other subsectors within the hospitality industry. Using the theoretical principles of sustainability materiality assessment and stakeholder salience as a guide, firms can collaborate with a range of stakeholders to identify ESG initiatives that are central to the sector their business operates in.



Our research findings specifically offer insights into the unique challenges and opportunities within different subsectors of the hospitality industry, enabling existing regulatory and industry certifying agencies to refine their criteria and address specific ESG concerns relevant to each subsector. This tailored approach enhances the effectiveness of sustainability standards and ensures more comprehensive coverage across diverse industry segments.

### **Limitations and Future Studies**

Despite its many contributions and the sequential mixed-methods research design to triangulate our findings, our study faces certain limitations. First, some firms create detailed sustainability reports, others have just a few paragraphs embedded in their 10K filings, and some do not report about sustainability at all—as such, ESG reporting is far from uniform in scale and scope. ESG reporting is also prevalent amongst large firms and communicated at the corporate level. Our sample is therefore constrained by the availability and depth of the reports analyzed, limiting its representativeness. The results therefore need to be interpreted with caution considering the biases inherent in using large firms as well as biases resulting from text analyses.

Although we used search terms found in previous literature and media reports, we may have missed some reporting that did not match some *a priori* search terms. Our data is also cross-sectional: we studied ESG/sustainability/CSR reports available in 2022, and therefore could not explore the evolution of dimensions or themes previously reported due to the unavailability of past information from websites and other sources used. We believe our structured interviews mitigated some of the above-described limitations due to triangulation of data sources.

Our study provides several avenues for future research. Focus groups with customers, investors, and suppliers can help develop an overall picture of whether

stakeholders' expectations regarding ESG reporting are being met. If access to larger samples that include smaller firms, and longitudinal data is available, it would be interesting to trace the trajectory of the evolution of reporting to assess whether hospitality firms follow mandatory requirements, are responsive to societal expectations, and view ESG as a strategic investment. We believe our study provides scholars with a solid and innovative base to build upon in this regard. Future studies can explore not only intra-sector variability in ESG reporting (e.g., full-service vs. limited-service hotels, and fast-food vs fine dining restaurants, but also ESG practices in other service industries like banking, retail, and medical services to compare with the hospitality and tourism industry. In addition, future research can address how reporting needs and ESG priorities differ by region, country, and stakeholder group. Our study can provide a starting point for further exploration of the important topic of sector and stakeholder salient ESG reporting for future academic and practitioner use.

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## Appendix I. Data set by Hospitality Sector and Region

	Hotels, Motels & Total Cruise Lines		Restaurants & Bars	Casinos & Gaming
Europe	50	12	23	15
US	69	14	35	20
China	7	4	3	0
Hong Kong	9	2	1	6
Macau	3	0	0	3
India	2	1	1	0
Malaysia	5	0	0	5
Thailand	6	3	3	0
Japan	5	2	1	2
Korea; Republic (S. Korea)	2	0	0	2
Singapore	2	1	0	1
Other	4	2	1	1
<b>Total Asia</b>	<b>45</b>	<b>15</b>	<b>10</b>	<b>20</b>
Australia	11	0	2	9
New Zealand	2	0	1	1
<b>Total ANZ</b>	<b>13</b>	<b>0</b>	<b>3</b>	<b>10</b>
<b>Total Asia+ANZ</b>	<b>58</b>	<b>15</b>	<b>13</b>	<b>30</b>
<b>Total</b>	<b>177</b>	<b>41</b>	<b>71</b>	<b>65</b>
<b>Website Reports</b>	<b>140</b>	<b>27</b>	<b>65</b>	<b>48</b>

Appendix II: Cluster Co-occurrence for Restaurants & Bars

Words



Phrases



Appendix III: Cluster Co-occurrence for Casinos and Gaming

Words



Phrases





## Appendix V: Questionnaire and Interview Questions

### Questionnaire

1. As a sustainability leader, what sector within the hospitality and tourism industry are you most affiliated with?
2. What is your role in sustainability and how long have you worked in this position?
3. What issues are important to the hospitality and tourism industry for the Environmental (E) criteria in ESG? (Please list as many that come to mind.)
4. What issues are important to the hospitality and tourism industry for the Social (S) criteria in ESG? (Please list as many that come to mind.)
5. What issues are important to the hospitality and tourism industry for the Governance (G) criteria in ESG? (Please list as many that come to mind.)
6. Is ESG conducted as a mandatory requirement, voluntary practice, or a mix of both at your firm?
7. Which is the most important: E, S, or G? (For the hospitality industry/ for your property?) Why?
8. Is ESG predominantly an operational decision or a strategic decision at your property?
9. How important are ESG rating agencies to hospitality and tourism firms? (1= not at all important, 5 = extremely important)
10. How well do the ESG ratings measure hospitality and tourism firms' CSR or sustainability activities? (1= not at all, 5= extremely well)
11. Would you be available for a follow-up interview to clarify further questions on ESG in the hospitality and tourism industry? The interview will only take approximately 45 minutes. Interviews will be conducted via Zoom and at your convenience.
12. Demographics

### Interview Questions

1. As a sustainability leader, what sector within the hospitality and tourism industry are you most affiliated with?
2. How does your firm prioritize ESG initiatives amongst the various stakeholder groups? (customer, employee, investor, etc.)
3. How can hospitality and tourism companies effectively manage stakeholder relations and conflicts of interest?
4. Who is the firm targeting when they communicate ESG on their website/social media/other?
5. What ESG topics are communicated to your stakeholders such as consumers, suppliers, and investors?
6. How often does your firm communicate ESG to their stakeholders?
7. We noticed firms rarely communicate their achievement to a general audience. Why do you think this happens?
8. What benefits does your property achieve from ESG actions/initiatives?
9. What challenges does your property experience in implementing ESG actions/initiatives?



10. Years of experience in the industry.
11. Description of your current role.
12. Demographics.

## Appendix VI. Participants' Profiles from Questionnaire

Gender	Responsibilities & Roles	Years	Subsector Affiliation	Region
Male	CEO, Asian ethical and welfare certification agency	15	Restaurants & bars	Thailand
Male	Founder, sustainability consulting	6	Restaurants & bars	U.S.
Male	Sustainable sourcing sous chef, educator	10	Restaurants & bars	U.S.
Male	VP, sustainable operations & consulting	N/A	Restaurants & bars	Global
Female	Principal consultant, global sustainability certification company	8	Hotels, motels, & cruises	Australia
Male	CEO, sustainability impact initiatives, ESG consultant	30	Hotels, motels, & cruises	London
Female	Advisor & trainer, sustainability trainer & consultant	4	Hotels, motels, & cruises	Paris
Male	Chief commercial officer, sustainability data manager	6	Hotels, motels, & cruises	U.S.
Male	Director, responsible sourcing, supply chain manager	7	Hotels, motels, & cruises	U.S.
Female	Director, sustainable hospitality service, ESG consultant	2	Hotels, motels, & cruises	Switzerland
Female	Creative strategies; sustainability consultant	4	Hotels, motels, & cruises	Sweden
Male	ESG consultant, executive director, sustainability policy leader	13	Hotels, motels, & cruises	U.S.
Female	Founder & CEO in wellbeing environment innovation, ESG policy leader	4	Hotels, motels, & cruises	London
Male	ESG consultant, sustainability data analyst	1	Hotels, motels, & cruises	England
Female	Director, sustainable hospitality service, ESG consultant	2	Hotels, motels, & cruises	Switzerland
Female	CSO; ESG leader for several luxury hotel brands	9	Hotels, motels, & cruises	U.S. & Asia (China, Japan)

Male	ESG leader, educator	6	Casinos & gaming	Minnesota, U.S.
Female	Sustainability manager, ESG leader	11	Casinos & gaming	Germany
Male	Corporate project manager, ESG leader	2	Casinos & gaming	U.S. & Canada
Male	Data & sustainability reporting specialist	3	Casinos & gaming	Switzerland

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## Appendix VII: Interview Participants' Profiles

ID #	Gender	Responsibility/Roles	Years	Subsector Affiliation	Region
1	Male	ESG consultant, executive director, sustainability policy leader	13	Hotels, motels, & cruises	U.S.
2	Female	Director, sustainable hospitality service, ESG consultant	2	Hotels, motels, & cruises	Switzerland
3	Male	Director, responsible sourcing, supply chain manager	7	Hotels, motels, & cruises	U.S.
4	Female	CSO, ESG leader for several luxury hotel brands	9	Hotels, motels, & cruises	U.S. & Asia (China, Japan)
5	Female	Founder & CEO in wellbeing environment innovation, ESG policy leader	4	Hotels, motels, & cruises	London
6	Female	Principal consultant, global sustainability certification agency	8	Hotels, motels, & cruises	Australia
7	Male	Sustainable sourcing sous chef, educator	10	Restaurants & bars	U.S.
8	Male	Corporate project manager, ESG leader	2	Casinos & gaming	U.S. & Canada
9	Male	CEO, Asian ethical and welfare certification agency	15	Restaurants & bars	Thailand