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University of Southampton

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**CSR/Environmental Performance, Governance Structures and Performance in
Tourism Firms: A Systematic Literature Review and Global Empirical Evidence**

by

Ibrahim Ayed Alatawi

Thesis for the degree of Doctor of Philosophy

[June 2020]

University of Southampton

Abstract

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Ibrahim Ayed Alatawi

There is a rapidly increasing awareness of Corporate Social Responsibility (CSR)/environmental responsibility in the tourism industry. However, there is an acute lack of evidence relating to the extent to which social and environmental responsibility and governance structures are associated with financial performance in tourism firms. This thesis seeks to contribute to the extant literature by addressing this knowledge gap through three distinct but closely related studies.

The first study provides a comprehensive systematic literature review (SLR) of existing CSR and corporate outcomes research in tourism firms. The objectives were to synthesise, appraise and extend the current understanding of existing theoretical perspectives and empirical evidence in a wide range of financial/non-financial corporate outcomes. This study produced interesting findings, not least that a large number of recent studies are descriptive and/or draw on single rather than multi-theoretical perspectives, focusing mainly on how CSR is related to financial performance to the detriment of other measures, such as executive compensation (EC), environmental performance (EP), governance and culture. Furthermore, opportunities for future tourism research were outlined.

With these results in mind, the second study investigated the influence of environmental performance (EP) on financial performance (FP) in tourism-related firms. As the first study of its kind in this field, the moderating roles of corporate/national governance (CG) / (NG), and national culture (NC) and their impact on the EP-FP nexus were also analysed. Drawing on a global sample of tourism firms, the results revealed that better EP performance is positively associated with FP and vice-versa. Further, the findings suggest that NG and NC have a significant moderating effect on the relationship between EP and FP.

Following similar analysis, the third study examined the impact of Executive Compensation (EC) on Environmental Performance (EP) and the moderating effect of CG, NG and NC on the EC-EP nexus in the context of tourism. Using a worldwide sample of tourism firms, the findings suggest that there is a positive effect of EC on EP. Additionally, the results indicate that the EC-EP nexus is significantly moderated by CG, NG and NC. The empirical findings which are generally robust to alternative measures, estimation techniques and endogeneities are interpreted within CG/CSR/EC/EP theories. The findings have important implications for academics, environmentalists, investors, managers, policy-makers and tourism professionals.

Keywords: CSR, Corporate outcomes, Tourism industry, Corporate governance, Systematic literature review, Environmental performance, Financial performance, Executive compensation, Governance, Culture and Multi-theory

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Research thesis: declaration of authorship

Print name:	Ibrahim Ayed Alatawi
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Title of thesis:	CSR/Environmental Performance, Governance Structures and Performance in Tourism Firms: A Systematic Literature Review and Global Empirical Evidence
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I declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission.

Signature:		Date:	24 June 2020
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Definitions and abbreviations

Acronyms	Full terms	Acronyms	Full terms
CSR	Corporate Social Responsibility	ER	Emission Reduction
SLR	Systematic Literature Review	RR	Resource Reduction
UNWTO	United Nation World Tourism Organisation	IHEI	International Hotel Environmental Initiative
EP	Environmental Performance	PI	Product Innovation
FP	Financial Performance	ITP	International Tourism Partnership
EC	Executive Compensation	OLS	Ordinary Least Squares
NEC	Non-executive Compensation	GLM	Generalised Linear Model
TC	Total Compensation	C.GOV	Corporate Governance
CG	Corporate Governance	WGI	World Governance Indicators
NG	National Governance	NC	National Culture
RQ	Regulatory Quality	PD	Power Distance
VA	Voice and Accountability	LTO	Long-Term Orientation
GE	Government Effectiveness	UA	Uncertainty Avoidance
PS	Political Stability	ROA	Return on Assets
ROL	Rule of Law	MV	Market Value
COC	Control of Corruption	ABC	Activity-based costing
UNEP	United Nations Environment Programme	SASC	Shareholders' approval on stock-based compensation
YL	Young Labour for ages 15-24	CSRGA	CSR Global Activity
WTO	World Tourism Organisation	CEO	Chief Executive Officer
SDG	Sustainable Development Goals	ABS	Association of Business Schools

Chapter 1 Introduction

1.1 Overview

There has been a well-sustained ambiguity towards Corporate Social Responsibility (CSR), despite the association between societies and businesses being addressed in the 1950s (Carroll & Shabana, 2010). Corporate social responsibility is a discretionary business practice with the aim of improving societal well-being via the response to stakeholders (Mishra & Modi, 2016). The concept has come to dominate discussions of the role of the modern firm, particularly in light of revelations, such as climate change, global warming and the environmental impact that businesses are having on the planet. Recent global debate – (e.g., global academic, policy and public debates) regarding the effect that businesses might have on society, especially in relation to climate change and environmental ‘crisis/emergency’ - has brought to the fore the importance of CSR/environmental responsibility (Adhikari, 2016; Chantziaras et al., 2020; Rhou & Singal, 2020).

Although sometimes perceived as a burden to corporations, CSR is generally viewed as a value-creating opportunity (Volgger & Huang, 2019), which may have encouraged academics to study this subject from different disciplines, particularly in recent years (Abaeian et al., 2019; Ahmad et al., 2020; Alshbili & Elamer, 2019; Anna, 2019; Annie Ko et al., 2019; Bhattacharya et al., 2020; Carroll, 2016; Carroll & Shabana, 2010; Chantziaras et al., 2020; Chi et al., 2019; Chu et al., 2020; Contini et al., 2020; Deniz, 2019; Elmagrhi et al., 2018; Geng-qing, 2019; Haque & Ntim, 2018, 2020; Hatipoglu, Ertuna and Salman, 2019; He, Zhang and Morrison, 2019; Horng et al., 2018; Jewoo Kim et al., 2018; C. Lee et al., 2018; S. Lee et al., 2018; Loison et al., 2020; Ntim & Soobaroyen, 2013; Pan et al., 2020; Randle et al., 2019; Shahab et al., 2018; Shahab et al., 2020; Soobaroyen & Ntim, 2013; Wells et al., 2015; Wells et al., 2016). Carroll (1991) stated that firms have an economic, legal, ethical and philanthropic responsibility towards all potential stakeholders, and not only shareholders, as claimed by Friedman (1970). As such, social and environmental responsibility has become a fundamental element of business strategy, and the market is responding actively to CSR initiatives (Randle et al., 2019). Consequently, according to Soderstrom et al. (2017), corporate accounting, business and management practices now embrace engagement with, and measurement of, CSR activities. For instance, related information, as well as the measurement of various aspects of firms’ social and environmental performance (EP), are disclosed.

As a part of a broader social and environmental responsibility, the term ‘CSR’ incorporates climate change and environmental issues: the biggest challenges facing humankind (Wright & Nyberg, 2016). G20 countries, the largest economies in the world, who discuss financial and socioeconomic

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issues, for example, are engaged in negotiations to reduce challenges, such as global warming in the coming several years (Gilbert et al., 2018). Environmental issues are of particularly great concern in the contemporary business climate (Hang Song et al., 2017). Organisations, such as government- and non-government bodies and international organisations, as well as consumers and regulators, are becoming progressively concerned over issues, such as pollution, resource depletion, climate change, global warming and greenwashing (Carballo-Penela & Castromán-Diz, 2015; de Jong et al., 2020; Wright & Nyberg, 2016). These issues have the potential to significantly influence the future of the planet.

According to Song et al. (2013), polluting the environment in exchange for the development of the economy is unsustainable. Firms could avoid this threat by engaging in sustainable business practices and considering possible social and environmental issues. In the tourism industry, there is an increasing global debate surrounding encouraging tourism firms to become more environmentally responsible, which could offer economic, social, cultural and even education benefits (Dickson & Arcodia, 2010). It seems that organisations are becoming more concerned with the destruction of the environment, and with the depletion of resources. They, therefore, need to manufacture their products and earn profits in an environmentally-friendly manner; responsible firms cannot be oblivious to their effect on the environment (Hang Song et al., 2017). Thus, this increasing concern for the environment may persuade companies to protect the environment while making profits, which could be done by employing strategies that reduce ultimate costs and expenses (Lucato et al., 2017). This can be through CEO attributes, which could be motivated by institutionally-driven environmental policies and management (Shahab et al., 2020).

For instance, firms that disclose improved environmental impact as part of their CSR reports are more likely to receive engagement from stakeholders (Arevalo & Aravind, 2017; Chantziaras et al., 2020; Font & Lynes, 2018). This disclosure serves as a means of manufacturing high quality products, which is possibly seen as a greater degree of health and safety in the consumer's eye, as operations are conducted responsibly and ethically. As a result, environmentally responsible companies could benefit from higher sales at premium prices. However, engaging in environmentally friendly practices comes at a cost, such as those associated with procuring cleaner materials and the extra investment associated with maintaining the environment. Further, the benefits associated with environmental management, which can incur general cost without immediate benefits, often come indirectly. For firms to be motivated to incur the additional expenditure to protect the environment, the benefits must outweigh the costs. López-Gamero, Molina-Azorín and Claver-Cortés (2010), for example, suggest that environmental management activities should result in enhanced financial performance (FP) through improved worker

productivity, efficient employment of resources, improved reputation and image, enhanced worker relations and competitiveness.

Thus, It has been claimed that if organisations truly focus on improving social and environmental strategies, this could result in better performance, such as in profitability, since customer loyalty, for instance, would be achieved and the image of entity increased (de Jong et al., 2020; Li et al., 2019). Organisations with an excellent reputation for environmental/social responsibility and performance are viewed favourably by both customers and investors (Gao et al., 2016). This could result in the enhancement of market performance, as well as organisational earnings, as consumers may be willing to pay a premium price (Leonidou et al., 2013). Therefore, the literature reports (e.g., Callan & Thomas, 2011; Cavero-Rubio & Amorós-Martínez, 2020; Gupta & Gupta, 2020; Li et al., 2019; Rhou et al., 2016; Wasara & Ganda, 2019; Xie et al., 2017) that an introduction of new social/environmental standards, which have a significant impact on accounting factors, could be linked to firms' performance. For instance, FP could be improved by the reduction of cost of capital and enhanced earnings (Karim et al., 2018). Nevertheless, as entities concern the ultimate performance, encouragement should be sought in the results of the outcomes of a firms' EP. Environmental policies such as climate change policies alone cannot offset emission increase in certain countries (United Nation Environment, 2019). Environmentally degrading actions by organisations, governments and society in general result in an enormous increase in air and water pollution, deforestation and global warming (Ferrarini et al., 2019).

Consequently, both national and firm-level support could reduce and eventually eliminate pollution caused by industry. Developed countries, for example, have shown a decline in CO₂ emissions (Quéré et al., 2019); thus, internal encouragement, such as remuneration, could push executive efforts towards greener policies. Theoretically, stewardship demonstrates that individuals, such as executives contribute considerably to the organisational mission. In contrast to agency theory or managerial power theory, which suggest that top managers are self-serving, stewardship theory defines managers as collectivists who are pro-organisational and trustworthy (Davis et al., 1997). From this viewpoint, an employee could play a role in achieving a better greener goal. Further, as institutional theory describes, firms influence or are influenced by their institutional environment, including norms, regulations and social beliefs (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), all of which play a critical role in corporate governance and are linked to national features such as culture, and should therefore ultimately enhance corporate social and environmental activities. To an extent, this theory sits within the concept of an optimal contract view, where managers act in favour of their firm (Hölmstrom, 1979). Modern business leaders and managers seem to realise the importance of environmental protection and therefore, consistently work towards organisational sustainability (Zhou, 2019). Accordingly, organisations and their managers, particularly those in

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senior positions, can prioritise the enhancement of organisational sustainability, including environmental factors, which is crucial for organisational management (Gilbert et al., 2018). While the agreement of shareholders on firms' remuneration, known as "Say on Pay", which was first introduced in the UK in 2002, might have an impact on the issue discussed (Ferri & Gox, 2018), it is vital to keep in mind that executives can play a significant role in enhancing and improving EP.

This is particularly poignant in the tourism industry, one of the fastest-growing industries, exceeding oil exports, automobiles and food products (UNWTO, 2020b). This industry is central to the growth of the economy, both in developed and developing countries, which supports the hypothesis of tourism-led economic growth (Paramati et al., 2017). Tourism, however, accounts for a significant proportion of environmental and social concerns. Song and Li (2008) claim that tourism-related firms play a critical role in exacerbating environmental issues, a concern that has emerged over recent decades (Ghaderi et al., 2019; Ouyang et al., 2019; Vejzagić et al., 2018). Since then, there has been a growth in awareness among tourism businesses, such as hoteliers and investors, who now often strive to ensure that social and environmental issues are recognised (Fatma et al., 2016; Ghaderi et al., 2019; Ouyang et al., 2019). Recently, research reported an influence of environmental-related issue on firms' performance. For example, a study by Ghaderi et al. (2019) argued that addressing such issues has a direct and positive impact on hotel performance.

Consequently, social and environmental practices in tourism have more recently started to take priority, particularly since it has been realised that resources that attract visitors must be maintained in the long-term (Dodds & Kuehnel, 2010; Su et al., 2020). Not only attraction of visitors, but also, due to the significant effect that tourism has on the environment, economies, societies and cultural tourism-related organisations should have broader social and environmental responsibility (De Grosbois, 2012; Henderson, 2007). During the past decade, tourism firms have actively increased expenditure to enhance their EP (Tan et al., 2017). Restaurants and hotels, for instance, have begun to put in place a variety of environmentally-sensitive practices (Tan et al., 2017). This is possible to have occurred via the enforcement of international organisations, such as Green Hotelier, International Tourism Partnership (ITP) and International Hotel Environmental Initiative (IHEI), which push companies to be environmentally responsible. Consequently, due to the low status that the tourism industry assigns to society and the environment, further probing and investigation of related social and environmental issues within the industry's global firms is timely and critical.

1.2 Motivation and problem statement

Although, in recent years, the subject of corporate social and environmental performance has been widely studied (e.g., Abaeian et al., 2019; Ahmad et al., 2020; Alshbili & Elamer, 2019; Anna, 2019; Annie Ko et al., 2019; Bhattacharya et al., 2020; Carroll, 2016; Carroll & Shabana, 2010; Chantziaras et al., 2020; Chi et al., 2019; Chu et al., 2020; Contini et al., 2020; Deniz, 2019; Elmagrhi et al., 2018; Geng-qing, 2019; Haque & Ntim, 2018, 2020; Hatipoglu, Ertuna and Salman, 2019; He, Zhang and Morrison, 2019; Horng et al., 2018; Jewoo Kim et al., 2018; C. Lee et al., 2018; S. Lee et al., 2018; Loison et al., 2020; Ntim & Soobaroyen, 2013; Pan et al., 2020; Randle et al., 2019; Shahab et al., 2018; Shahab et al., 2020; Soobaroyen & Ntim, 2013; Wells et al., 2015; Wells et al., 2016), those who have focused on systematically analysing/reviewing the context are rare. The few studies that exist (e.g., Aljarah et al., 2018; Chung & Cho, 2018; Gond et al., 2017; Latapí Agudelo et al., 2020; Latif & Sajjad, 2018; Mialon & McCambridge, 2018; Tiba et al., 2019) do have their limitations. Also, a lack of discussion of CSR and CG, as well as stakeholder satisfaction, particularly about the environment, was recognised. Similarly, past studies conducting a systematic literature review of the CSR literature within the tourism context are equally limited (e.g., Chan & Hsu, 2016; Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020; Volgger & Huang, 2019; Serra-Cantallops et al., 2018; Zanfardini et al., 2016).

Indeed and upon conducting a systematic review (see Chapter 2), it became apparent that limited studies have attempted to examine the association between CSR and corporate-governance-related issues, such as executive compensation (EC). Similarly, corporate social and environmental responsibility associated with management practices within a cultural context was omitted (Moon & Shen, 2010). Moreover, the findings relating to the association between these social/environmental responsibilities and firm performance, which a number of studies have examined in tourism firms (e.g., Angelia & Suryaningsih, 2015; Bartolacci et al., 2018; Chen et al., 2016; Horváthová, 2010; Lucato et al., 2017; Mathuva & Kiweu, 2016; Nor et al., 2016; Song et al., 2017; Tan et al., 2017) are mixed, often with positive relationships (e.g., Angelia and Suryaningsih, 2015; Chen, Ong and Hsu, 2016; Song, Van Hoof and Park, 2017; Tan et al., 2017; Bartolacci et al., 2018), negative relationships (e.g., Horváthová, 2010; Mathuva and Kiweu, 2016), and no material relationship (e.g., Lucato et al., 2017; Nor et al., 2016) being reported.

A possible reason for this could be the multifaceted nature of the tourism industry. The restaurant sector, for example, is subject to consumer discretionary expenses and is consequently highly sensitive to economic condition (Lee et al., 2013). This indicates a need for further consideration for all tourism sub-sectors as well as potential moderating roles of both firm and country-level factors, such as governance and culture. This concept, however, has been largely neglected, mainly,

in tourism-related literature. Furthermore, much research addressed either a single country or one sector of the tourism industry, making it difficult to apply findings to a broader population. Examples of such studies include those by (Alvarado-Herrera et al., 2017; Annie et al., 2019; Fatma et al., 2016), each of which attempted to develop scales to measure consumer perceptions by surveying consumers in a single country. It is hoped that research with a larger sample could provide results and/or findings that are more robust and generalisable.

1.3 The research question, aim and objectives

With the above-mentioned issues in mind, CSR tourism literature seems to be in need of a systematic review, in order to dig deeper and gain knowledge of what has been done, what is really known and what is yet to be examined. This would enable a better understanding of CSR in tourism, where the pressures concerning social and environmental issues of related firms are recognised (Frey & George, 2010; Su et al., 2020). Existing reviewed studies focusing on CSR in tourism are rare (Chan & Hsu, 2016; Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020; Volgger & Huang, 2019; Serra-Cantalops et al., 2018; Zanfardini et al., 2016), and this thereby serves as one of the motivations for the first study of this thesis. Studies such as those by Chan and Hsu (2016), Serra-Cantalops et al. (2018), Volgger and Huang (2019) and Zanfardini et al. (2016) have conducted a narrative review, which provides lower-level quality of evidence when compared to a systematic literature review (SLR) method as discussed in “Pyramid Evidence” (Murad et al., 2016; Shaneyfelt, 2016). Narrative reviews can be biased as they usually lack thoroughness and are not undertaken as genuine investigatory science (Tranfield et al., 2003). Nevertheless, an integrated SLR synthesising both theoretical and empirical research is noticeably lacking (Coles et al., 2013). By conducting such a study, a complete picture of CSR in tourism will be visible and, subsequently, the missing evidence pertaining to factors influencing firms’ outcomes will be provided with the second and third studies.

Following the SLR method, it is hoped that some of the main gaps in knowledge discussed and addressed, which will ultimately give an insight to stakeholders’ attitudes. These gaps are identified as being within the benefit, cost and encouragement factors of environmental and social responsibilities. This thesis, therefore, aims to discover and investigate the role that social and environmental factors play in firms’ performance in the tourism industry. This will contribute to the current knowledge base by increasing the understanding of current research trends - concerning both social and environmental responsibility and corporate outcomes - through covering the following research-specific objectives: (i) to conduct a systematic literature review of existing tourism CSR studies; (ii) to investigate the impact of EP on firms’ financial outcomes; and (iii) to examine the role that executive compensation plays in EP. To adequately fulfil these objectives, this

this thesis utilises three studies that explore CSR in tourism and investigates the cost or benefit of undertaking environmental practices, as well as the encouragement or motivation - such as executive compensation (EC) - of conducting these activities. Moderating effects of governance, such as corporate governance (CG) and national governance (NG) and cultural influences on the above factors, are also considered. This study is modelled on the tourism industry, taking into consideration the likely effects of firm and country-level factors, across firm characteristics, NG and Hofstede's cultural dimensions. The ultimate outcomes of these three studies will, therefore, be relevant to environmentalists, government tourism departments, policymakers, practitioners and to academic researchers, as well as to students of all levels looking to gain valuable knowledge in this domain.

1.4 Research contributions

This thesis seeks to establish clarity regarding corporate social and environmental intentions on tourism firms' performance and management practices, as well as to offer some possible contributions. For example, as this thesis presents a new structured approach, the comprehensive SLR that analyses and synthesises CSR within the tourism context by applying a unique methodology is believed to be the first of its kind. The new method seeks to review theoretical and empirical CSR research. This is in order to contribute to the understanding of how CSR is viewed in tourism literature and identify what is yet to be discovered. The outcomes, therefore, should highlight to readers the crucial components of a modern tourism business strategy and suggest that firms are adopting CSR practices to varying degrees and in different ways across diverse geographical regions. In the course of this SLR study, three key themes were identified. Critical gaps were also reported, namely, a lack of discussion surrounding central debates, such as the conflict between shareholders and stakeholders, and the neglecting of governance and cultural values. These findings could contribute to the body of knowledge on CSR in tourism.

The review also showed significant limitations to methodology, which prevented research from being applied to a broader population. It is hoped, therefore, that these results can act as a starting point for future research, enabling additional investigation findings to be added to the current body of knowledge. Another useful application of the results of this review could be the increased education of tourism firm directors, which could enhance individual knowledge of the impact of CSR on stakeholders' perceptions. They may also enable management to evaluate the costs and benefits of everyday social and environmental activities, such as considering CSR reporting and selecting the correct methods to prepare their own reports. Also, the debate surrounding the association between CSR and firms' performance discussed may assist in the identification of critical success factors that can be applied to different situations, for instance, potential mediating factors

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such as firm characteristics, customer loyalty or customer awareness, where there is little consensus, particularly due to the absence of any in the context of developing nations. Finally, this thesis benefits from this SLR, and upon its suggestions, has empirically examined significant issues related to this area, motivated either by literature or the urgent needs of environmentalists from a global perspective, specifically in the tourism industry.

As such, one of the key contributions of this thesis is its effort to design original models to explore issues associated with EP in a global tourism context. This aims to apply, first of all, these original models by investigating the associated of EP on tourism firms' FP, followed by exploring whether EC as an encouraging factor for better EP will contribute to the current knowledge base. These regression models took into account firm and national level features and primarily focused on CG, NG and NC. Further, the potential differences between developed and developing nations' contexts were considered. Consequently, this thesis has developed the knowledge base surrounding EP, for example, the cost and benefit of the safeguarding or degradation of the environment and the possible motivating factor of performing well due to remuneration (i.e., EC). By conducting these developed models, this thesis adds to the current literature in several ways.

Firstly, by undertaking the discussed studies, clarity and a statistical explanation have been provided for both the influence of environmental practices and for the forces acting upon them. It was observed that environmental degradation is negatively linked to firm FP, and conversely, environmental priority is positively linked to ultimate FP. Secondly, this thesis employs moderating roles to accurately measure potential associations and facilitate the future study of social and environmental responsibility. This is achieved by reporting the role that governance and cultural factors play in firms' EP and strategies. The significance of the association between EP and FP, which is linked to the interaction of governance and cultural dimensions, will provide useful insight to readers, scholars and all academic-level researchers. Similarly, this thesis, via study two, contributes to the knowledge base with its findings surrounding EC and EP. Thirdly, this research will provide insight into those who wish to take into account the differing behaviours among developed and developing countries. For instance, the study will help those who are looking to investigate the reaction to environmental degradation within emerging economic firms when compared to developed firms. Similarly, the power of CG among developing and developed nations, where it might be, only, stronger within developed nations.

Finally, this research examines the precise influence of environmental responsibility on firms' outcomes, and the diverse potential moderating roles underlying these relations. This examination reveals that, in particular, environmental practices such as resource reduction, emission reduction and product innovation ultimately influence firms' outcomes through the encouragement of EC.

These relationships are moderated by either CG or NG and culture, which are increasingly thought to be social constructs (Alon & Hageman, 2017). Thus, this thesis adds to the knowledge base by exploring this consideration of governance and cultural impact, wherein directors have a broader view of dealing with EP and firm strategies. This, therefore, might assist executives and regulators, as well as standard-setters, in enhancing firms' financial and EP through governance, policies and practising guidelines. In conclusion, although the applied method is utilised only within the context of the tourism industry, the outcomes could be generally applied to any service industry sector in need of environmental strategy management.

1.5 Thesis methodology

Corporate social and environmental responsibility is at the core of two concepts: (1) a business's purpose; and (2) the contribution that a business makes to the community. Carroll (1991) put forward certain business responsibilities known as the 'pyramid of CSR'. Taking this complexity into consideration, a three-paper model was deemed ideal for achieving the aims of this thesis. Firstly, it was noticed that an SLR of CSR research in tourism firms was lacking and thus, in order to fully discover and critically review this area, conducting a systematic review was necessary. This was undertaken in order to discuss and summarise the current CSR body in the tourism context, and to attempt to fill widely-recognised gaps. This occurred through the second and third studies, which examined the relationship between EP and FP, and between EC and EP. Both the second and third studies use quantitative methods with a deductive approach. While a philosophical discussion of issues generate hypotheses about the evolution of knowledge, empirical studies can offer grounded evidence for the development of this knowledge (Dixon-Woods et al., 2006; Xiao & Smith, 2007).

Researchers often use content analysis to discover trends in the literature and to identify patterns of growth in precise concepts or themes. Content analysis is a well-known technique for obtaining replicable results, particularly when built in a systematic manner and based on objective analysis of communication (Kassarjian, 1977; Macnamara, 2005). This method has been applied by Chan and Hsu (2016), Farrington et al. (2017), Gao et al. (2016), and Lu and Nepal (2009). This technique was used while completing the first stage of this thesis, which systematically reviews CSR in tourism-related firms, using both qualitative and quantitative existent studies to analyse the comprehensive subject index of CSR. This was achieved by conducting an SLR that resulted in a better understanding of CSR, and highlighted the gaps in the analysed area. The review was influenced by the deductive approach, which is deemed suitable for issues that can be investigated using the basis of existing theories. However, as SLR occasionally leads to generalisations about a subject based on limited evidence, cases or samples used in the systematic review process may utilise the inductive method. Consequently, a combination of both approaches can be used for critical analysis. The rest of this

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thesis uses the application of deductive techniques, which, when combined with concepts such as corporate social and environmental performance and management policies and practices, may place more emphasis on the 'hows' and 'whys' (Lockett et al., 2006).

Taking into account the views presented by various theories, (e.g., stakeholder, economic, resource-based view, stewardship and institutional theory), this thesis describes and critically examines corporate environmental performance and firm performance, as well as the impact of EC on EP in the tourism industry. According to Scharff (1989), interpretivism only deals with one precise issue. Conversely, positivism is grounded in facts and is widely known in scientific philosophy as the most appropriate way to gather and treat information rationally. Accordingly, the second and third study of this thesis employ the strategy of empirical examination of contributing factors using historical secondary data. These factors were developed in line with rationally designed models. This adopted a quantitative approach, statistically analysing secondary data available on DataStream and, within the constraints of time, focused on the global tourism context. Assets4, a part of DataStream, contains environmental, social and governance data from 2002. However, earlier years suffer large data gaps, so the decision was made to utilise data from 2004 to 2018. Within all designed models, the moderating roles of CG, NG and NC were considered. Furthermore, potential controls and the impact of economic conditions between different countries were considered. Each of these parameters was informed by the SLR, which formed the basis of this thesis.

1.6 Conducted studies

1.6.1 Systematic literature review of CSR in tourism

The first area of study in this thesis is an SLR with the aim of exploring and discussing what has been conducted and what is yet to be discovered in the tourism CSR literature. Though the subject of CSR has been fairly widely researched, literature review studies in the context of tourism are rare (Chan & Hsu, 2016; Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020; Volgger & Huang, 2019; Serra-Cantalops et al., 2018; Zanfardini et al., 2016). This dearth of research in this area, therefore, serves as one of the motivations for conducting this first study of this thesis. Studies such as Chan and Hsu (2016), Serra-Cantalops et al. (2018), Volgger and Huang (2019) and Zanfardini et al. (2016) have completed narrative reviews, which suffer from lower-level quality evidence when compared to the SLR method, as discussed in "Pyramid Evidence" (Murad et al., 2016; Shaneyfelt, 2016). The SLR, as well as meta-analysis review, is located at the top level of the pyramid, reflecting the highest quality evidence among other research types. Hence, while some studies have examined different aspects of CSR in the tourism industry, considering the

absence of an integrated SLR synthesising both theoretical and empirical research which is clearly lacking (Coles et al., 2013), the necessity for this type of study is recognised.

Existing systematic reviews (Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020) suffer from the narrowness of focus, mainly reviewing empirical rather than theoretical studies, yet the consideration of theoretical frameworks enhances the exploration of sophisticated empirical models in tourism studies (Theodoulidis et al., 2017). Farrington et al. (2017) focused on general management, discussing trends and themes in order to understand CSR through only empirical studies. Furthermore, one available review from Coles et al. (2013) had limited scope, focusing on CSR implementation and measurement, as well as the engagement of stakeholders. The authors stated that CSR in tourism is in the early stages of development, and scholars have, thus, far focused on three areas: (1) implementation, (2) economic motivation, and (3) social associations. Coles et al.'s (2013) study also reported a growing interest in CSR in tourism; thus, greater methodological and critical engagement with CSR is required. Although this study added to the knowledge base, its methodology was insufficient, as the process was not entirely systematic. This methodological issue was also observed in the work of Guzzo et al. (2019) and Rhou and Singal (2020). For example, a well-known PRISMA and displays excluding and including criteria outcomes were not included, and the dataset was not named (e.g. Web of Science, Scopus, EBSCO).

These studies, therefore, neglected other equally important financial and non-financial factors, such as CSR reporting, disclosure, earnings management, environmental practices and control. They did not entirely focus on CSR and corporate outcomes across a broad range of literature and were also limited in breadth, depth, scope and length of time. For example, each tended to draw from one discipline (for example, management) and restricted their literature search to either a small selection of tourism journals (tourism and hospitality management journals listed in the Association of Business Schools ABS, 2015) (Farrington et al., 2017) or utilised limited resources (Google Scholar or Snowballing) (Coles et al., 2013). To sum up, existing reviews have been mostly monolithic rather than eclectic in terms of methodology, often focusing on empirical studies before 2015.

Consequently, the first study seeks to extend and contribute to the CSR literature on tourism business and management by addressing these limitations. Unlike existing studies, this review is systematic (SLR) in orientation, carefully covering both theoretical and empirical studies. The scope of this review is broad, drawing from studies published not only from tourism journals but also from other disciplines, such as economics, general management and information management. The review covers a more extended period (2004 to 2019) and thereby enables insights to be obtained from one of the largest SLR datasets, consisting of 140 studies to date. The review is comprehensive, covering all conceivable aspects of CSR practices, including non-financial (CSR measurement,

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disclosure, reporting, implementation, performance and monitoring), as well as financial factors (financial performance and earnings management).

As noted previously, CSR has mostly been analysed within the broader business context, with minor consideration given to the service industry and even less given to tourism firms, such as those involved in tourist accommodation and management (Garay & Font, 2012). Also, in response to the fast-growing awareness of CSR in the tourism industry and the lack of SLR studies, the present study seeks to conduct a comprehensive review of CSR studies carried out using data from tourism firms. The aim is to fill a part of this gap by increasing understanding of current themes and research trends concerning CSR and corporate outcomes in tourism-related firms. This by answering the following research-specific questions: (i) What is known about CSR and what is yet to be discovered?, (ii) What are the key patterns and themes? and; (iii) What are the gaps and limitations that can be identified for future research in this context? To fully answer these questions, an SLR was conducted. The findings of this research will, thus, not only be relevant to government tourism departments, regulators and practitioners, but also to academia worldwide.

Fundamentally, the essence of CSR can be encapsulated by the following two questions: (1) Why do businesses exist?, and (2) Should businesses contribute to the community? It is evident that today, society and business need each other. Society needs business, for instance, to provide opportunities such as employment and produce. Business can also contribute to community development by (e.g. paying) tax, which in turn supports local needs. In contrast, business needs society in the form of consumers, investors and legal protection. Consequently, business and society must be recognised as interdependent. Nevertheless, there are two conflicting opinions on whether involvement in CSR is necessary. Friedman (1970), in line with shareholder theory, concluded that “the social responsibility of business is to increase its profits so long as it is within law and ethics” (Gallagher, 2005). In other words, avoiding additional expenditure is essential, and CSR comes at a cost, though it is important to note that clients pay these extra costs in the end. On the other hand, CSR is an opportunity for firms to increase their value. This view was proposed by Freeman (1984) and supported the stakeholder approach.

However, the poignant question here is what type of responsibility corporations should have to society. Carroll (1991) suggested four types of responsibility: (1) economic; (2) legal; (3) ethical; and (4) philanthropic responsibility, which considered both stakeholders and shareholders. Thus, the stakeholder approach seems to have a more comprehensive strategy in dealing with different environments that a business may face. This could enhance opportunities for corporate evaluation of financial performance as well as social and environmental concerns. In modern business, these concerns have come to dominate discussion since the 1950s (Carroll, 2016). According to Carroll

(2008), early versions of CSR included treating employees with generosity and enabling them to enjoy a high standard of living. In the early twentieth century, when the concept of CSR began to emerge, these concepts arose through philanthropy. This continued growth reflected the necessity of CSR to maintain profitability (Owen, 2005), particularly in the millennium, when companies attempted to repair their images - following scandals that negatively impacted upon public perception of corporations. This revival of public image involved the use of accounting discipline via the reporting of information, which can be in line with disseminating information about social and environmental responsibility (Owen, 2005).

Taking the above into account, an SLR protocol was developed to analyse and synthesise the current knowledge base of CSR in tourism-related firms, focusing on corporate financial and non-financial outcomes. This achieved by adopting a three-step SLR approach to analyse and review one of the largest SLR datasets, consisting of 140 mixed, qualitative, quantitative and theoretical studies conducted globally across a large number of disciplines (e.g., sector studies, information management, general management and economics). The analysis covered academic articles from 2004 to 2019, which were published in a large number of highly ranked tourism-oriented journals. The outcomes of this analysis revealed three key limitations. Firstly, a high number of existing studies are descriptive and/or draw on single rather than multi-theoretical perspectives. Secondly, existing studies have focused mainly on how CSR is related to FP at the expense of other factors, such as EC, EP, governance and tax. The third observable methodological limitation highlights a dearth of qualitative, mixed-methods and cross-cultural/country studies. This suggests that there are further opportunities for future research into CSR within the tourism context.

1.6.2 Environmental performance and financial performance

The second step of this thesis is to investigate the relationship between EP and FP. This study is the first known empirical examination of the causal effect of EP on both accounting and marketing FP, moderated by a firm and country-level governance and culture in global tourism firms. This is achieved with the following objectives in mind: (i) to explore the link between EP and FP in the tourism industry; (ii) to analyse the effect of CG on the EP and FP nexus; and (iii) to investigate the moderating role of CG, NG and NC on the nexus. In order to measure these objectives, this study employs a multi-theoretical framework, developing possible hypotheses and discussion of the ultimate outcomes. This framework includes a combination of three theories: neoclassical theory, stakeholder theory and resource-based view. Combining both resource-based view and stakeholder theory, environmental practices contribute to corporations' value by providing a favourable image, reputation and resources (Tan et al., 2017). This creation of heterogeneous resources and building of reputation is vital for business, particularly within tourism, due to higher employee turnover (See

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2.1.2). The tourism industry views human capital as an essential resource as it requires employees to offer high-quality service to its customers.

The association between EP and FP can also be explained using stakeholder theory. Contrary to neoclassical theory and Friedman's view (1970), stakeholder theory deems employees and shareholders as just two of many stakeholders that organisations need to satisfy. Stakeholder theory dictates that the FP of a firm depends on stakeholders, such as shareholders, customers, suppliers, communities, government and the natural environment. Consequently, firms need to direct their efforts toward the satisfaction of all stakeholders, who concern over the EP of firms (De Mendonca & Zhou, 2019), which in turn results in better FP. The validation of environmental initiatives might be regarded as a credible signal of meeting stakeholders' expectations (Leonidou et al., 2013; Tan et al., 2017). This involvement in environmental practices can be understood as an attempt to meet the requirements of stakeholders, which in turn can enhance the firm's reputation and eventually contribute to its FP (Leonidou et al., 2013; Tan et al., 2017).

In this school of thought, EP and FP are positively correlated to the point at which benefits are maximised, or alternatively, the relationship becomes undesirable (Horváthová, 2010). However, others have suggested that the association between EP and FP is neutral (McWilliams & Siegel, 2001). Firms that neglect their EP might benefit from lower costs, but conversely could suffer from lower prices, while those that invest in EP could suffer from higher costs but instead benefit from higher prices (Horváthová, 2010). This suggests that companies should engage in environmental practices, regardless of the associated cost. The hypothesis of the present study is that there will be a positive impact of such practices on tourism firms' FP, and a considerable cost for neglecting environmental practices. It also hypothesises that firm and NG alongside cultural values impact the association between EP and FP.

Prior empirical research on the link between EP and FP shows mixed results (de Jong et al., 2020; Horváthová, 2010; Mathuva & Kiweu, 2016; Nor et al., 2016; Tan et al., 2017; Wasara & Ganda, 2019). Negative results were found by Tan et al. (2017), who discovered that EP is relatively undesirable in the airline sector when compared to other tourism sectors. However, positive results have also been reported (Angelia & Suryaningsih, 2015; Bartolacci et al., 2018; Cavero-Rubio & Amorós-Martínez, 2020; Gupta & Gupta, 2020; Kallmuenzer et al., 2018; K. Li et al., 2019; Hang Song et al., 2017; Tan et al., 2017). In addition, factors such as corporate governance, national governance and national features appear to have influenced the correlation between EP and FP, and sustainable strategies incorporated qualified standards of governance (Mitchell et al., 2013). When considering the potential moderating role of CG on the relationship between EP on FP, some studies have focused on the link between CG and EP (Cong & Freedman, 2011; Janggu et al., 2014;

Salo, 2008; Walls et al., 2012), with their evidence suggesting that EP can be a function of CG characteristics and that CG and EP have improved over time with a strong convergence linking to environmental standards.

National factors such as governance and culture have also been seen to have a notable impact on environmental initiatives, which in turn has an effect on FP. For instance, Liang and Renneboog (2017) discovered a strong relationship between firms' corporate social responsibilities, including environmental activities, national governance, government effectiveness and regulatory quality. Public policies appear essential, particularly in developing countries, as they are actively involved in measuring the threats of climate change (Jamaliah & Powell, 2018). However, different national governance patterns are part of a cross-cultural academic dialogue (Zhai & Luo, 2018) meaning that national culture - an under-studied area - might influence environmental initiatives in the context of tourism, particularly within emerging economic markets (Filimonau et al., 2018). In addition, a regular link between NC and stakeholder satisfaction has been observed, particularly in reference to the environment (Abascal et al., 2016; Huang & Crotts, 2019). Although these national features have a significant influence on environmental practices, which in turn links to FP, there is an absence of literature examining the moderating role of these factors on the relationship between EP and FP in the context of global tourism.

With the above literature in mind, five main hypotheses were developed to address associations between EP and FP, considering CG, NG and cultural features. These hypotheses were examined using ordinary least squares (OLS) and generalised linear model GLM, for robustness reason, regression models based on a global tourism-related firm sample of 1,108 over the period covering 2004-2018. The outcomes of these models showed a significant relationship between EP and FP, and that neglecting environmental practice leads to a decrease in FP. Governance, particularly country-level, as well as NC, significantly moderate this association. This outcome, besides the concluded discussion of the conducted SLR, provides the motivation to conduct a further study investigating possible encouragement tools that can be used by decision-makers (e.g. executives) to be more involved in environmental practices.

1.6.3 Executive compensation and environmental performance

The third study referred to in this thesis is an empirical investigation of the associations between EC and EP. Factors such as EC could play a part in firms' environmental and failure issues around the world (Nandamuri & Chebolu, 2019). According to these authors, EC has risen to be the most contentious subject of the current decade. The investigation, also, includes an exploration of the moderating roles of CG and national governance and culture factors. The aim was divided into the

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following objectives: (i) to study and explore the relationship between EC and EP in the tourism industry; (ii) to examine, access and analyse the impact of CG on EC and EP in the context; and (iii) to investigate the moderating role played by CG, NG and NC in the relationship between EC and EP. These objectives were achieved by applying a multi-theoretical framework to develop the hypotheses and to formulate the discussion of the results. This includes insights from stewardship, institutional, optimal contracting and managerial power theories.

Stewardship theory posits that individuals such as executive managers see themselves as part of the organisational mission, and deems top managers to be collectivist, pro-organisational and trustworthy (Davis et al., 1997). The authors believe that the success of an organisation is demonstrated through an increase in the self-image of its CEO, and this theory highlights the commitment of CEOs to all stakeholders, such as the natural environment (Godos-Díez et al., 2011). Institutional theory, furthermore, assesses the influence of a firm through their institutional environment, for example, norms, regulations and social beliefs, which play a crucial role in a firm's corporate social and environmental strategies (DiMaggio & Powell, 1983). Kang et al. (2016) believed that society's concerns and social norms play a vital role in firms' performance and a chance of success. Not as managerial power and agency conflict reflect, where managers can be deemed self-interested and managerial ethical and moral values are denied (Godos-Díez et al., 2011), the optimal contracting theory states that directors act to maximise firm value (Hölmstrom, 1979). Thus, managers may engage in EP because it is the correct thing to do and that they may judge their own success through their firm's performance, and managers' pay might be linked to increased efforts that support such practices. Finally, this study assumed that tourism firms' characteristics, as well as national and cultural factors, could have an impact on managers' performance and, consequently, on the associations between executive pay and EP.

Previous literature exploring the relationship between EC and EP has produced inconclusive outcomes (Francoeur et al., 2017; Hong et al., 2016; Ji et al., 2019; Kartadjudena & Rodgers, 2019; Mahoney & Thorn, 2006; Miles & Miles, 2013; Park et al., 2019). Furthermore, the literature shows the potential impact of firm and national governance, as well as NC (Aguilera et al., 2018; Bova & Vance, 2019; Coccia & Igor, 2018; Feng & Johansson, 2018; Ferri & Gox, 2018; Fiechter, 2013; Flammer, 2018; Flammer et al., 2019; Greckhamer, 2016; Hearn, 2013; Hong et al., 2016; Jiang & Zhang, 2018; Miles & Miles, 2013; Murphy, 2002; Rauf et al., 2019; Sheikh et al., 2018; Zhang et al., 2019). However, an exploration of the literature revealed an absence of studies that investigated the moderating role of CG, NG and NC on the link between EC and EP. Moreover, no prior research has focused on the service industry, particularly tourism-related firms, while examining the association between EC and EP.

In response to this view, five hypotheses were developed to assess the associations between EC and EP, considering CG, NG and cultural features. These five hypotheses were tested on a global sample of 1108 tourism-related firms from 60 countries for the period 2004-2018. Statistical techniques such as OLS lagged structure, and the generalised linear model (GLM) were applied. The outcomes of these analyses suggested that tourism firms respond positively to executive payment with regard to EP, and an increase in EC contributes favourably to EP, but these positive associations are more pronounced in developed countries than developing countries. Furthermore, while the literature revealed that factors like governance and culture also moderate EC and can thus affect EP, the statistical analysis found this to also be true for CG, NG and NC.

1.7 Findings summary and thesis structure

This thesis conducted three stand-alone studies (Figure 1), whose findings widely benefited, for example, to environmentalists, tourism departments/policy-makers, regulators, practitioners and academics' researchers. The SLR highlighted both the present themes and trends as well as the position of CSR in the context of tourism globally. The objective of synthesising, appraising and extending the understanding of existing theoretical knowledge, such as economic, psychological and social perspectives, as well as exploring empirical evidence concerning CSR and a wide range of financial and non-financial corporate outcomes, provided new and valuable information. This was completed by adopting SLR, which reviewed one of the largest datasets employed to date, consisting of 140 studies. The findings were as follows: (1) the majority of existing studies are descriptive and/or they draw on single rather than multi-theoretical perspectives; (2) current literature focused mainly on how CSR is related to FP to the detriment of other factors, such as EC, EP, governance and tax; (3) observable methodological limitations include a dearth of qualitative, mixed-methods and cross-cultural/country studies, which are omitted in the literature (Moon & Shen, 2010); and (4) prior studies were also unable to provide empirical evidence for the interactions of important factors such as governance and culture, or the role that CSR itself plays as a moderating variable (Theodoulidis et al., 2017). This review concluded by outlining a need for future research into CSR in tourism.

Taking into consideration the complexity of the nature of the tourism industry (Fong et al., 2018) and the results/suggestions arising from the SLR, the second study of this thesis explored the contribution of EP to FP. This study considered the moderating roles of CG, NG and NC in the context of global tourism. This part of the thesis offers original contributions, thus presenting a crucial motivation for conducting it. Based on the applied model and analysis of the five hypotheses, it is concluded that CG, NG and NC moderate the significant association between EP and FP in tourism firms. Applied moderating roles have not previously been discussed in the literature with regard to

Chapter 1

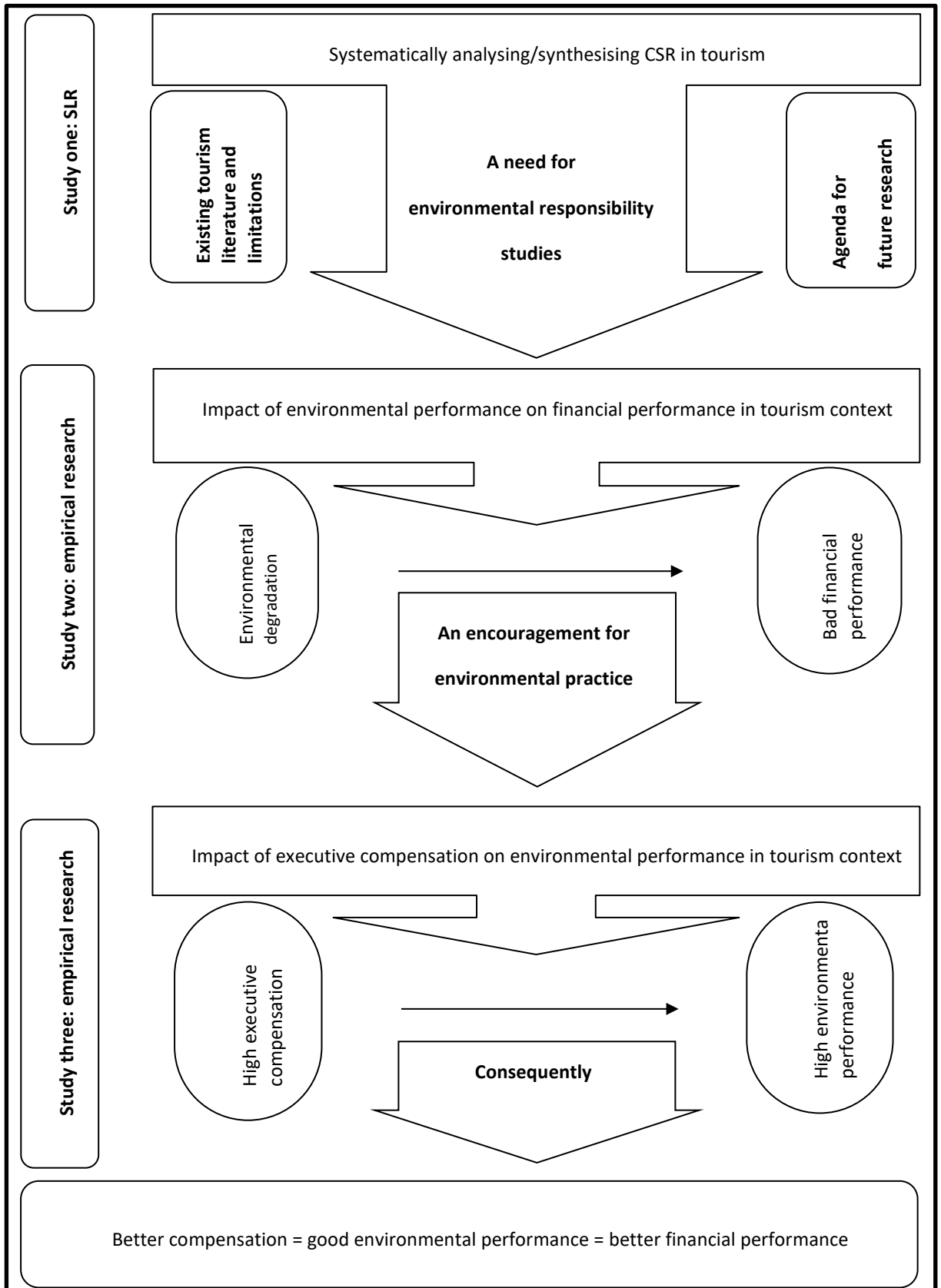
EP and FP in the tourism industry. In line with the theoretical and empirical prior studies (Azmat & Samaratunge, 2009; Dinica, 2017; Liang & Renneboog, 2017; Mitchell et al., 2013; Stanford & Guiver, 2016; Tan et al., 2017) EP contributes favourably to FP. There is a negative direct association between EP, proxied environmental degradation and FP. Environmental degradation severely affects FP, or in other words, neglecting environmental practice is a significant expense for firms, possibly exceeding the cost of practising, and this more pronounced in developing economic nation. Economic conditions influence this relationship, the contribution of CG to FP appears more relevant within developed countries, which is possibly due to better CG structures or enforcement procedures possessed and executed by developed countries. However, tourism firms can leverage the benefits of EP by sufficiently planning environmental management (EM) strategies, which should be developed in such a way that the costs do not outweigh the benefits.

Similarly, to the second study, the third study of this thesis considered the outcomes of both the SLR and the results of study two investigated the relationship between EC and EP. The model built takes into account the potential influence of governance, at both firm and country-level, and culture in global tourism firms. Upon testing the developed hypotheses, novel results were found. The outcomes of statistical analyses revealed a significant positive (favourable) association between EC and EP, meaning executive remuneration plays a positive role in encouraging directors of companies to be involved more in environmental practice. Based on the results of study two, this ultimately reflects in better FP. This association of EC and EP is moderated by CG, NG and Hofstede's culture dimensions. Corporate governance, for example, has a positive influence when interacting with EC. National governance and cultural features, particularly voice and accountability, power distance, uncertainty avoidance and long-term orientation, have an effect on the association. Considering potential control variables (firm characteristics, country-level governance, culture, the economy and the robustness of the results) these results are generally consistent with prior research (Baraibar-Diez et al., 2019; Hong et al., 2016; Mahoney & Thorn, 2006), which suggested a positive relationship between EC and EP. However, these studies neglected to investigate the examined moderating roles. By examining 1,108 firms in 60 countries, this study's efforts are unique and thus provide new valuable insights into this relationship.

The rest of this thesis is organised as follows: Chapter (2) details study one (the SLR), which seeks to comprehensively analyse and review CSR into tourism-related firms. This aims to contribute to the current knowledge gap, as well as increase understanding of the themes and research trends within CSR and corporate outcomes in tourism studies. Chapter (3) pertains to an empirical study examining the impact that EP has on tourism firms' FP, taking into account the moderating role of governance and cultural features. Chapter (4) provides an additional appendage of study three, which aims to examine the relationship between EC and EP in the context of tourism, with specific

attention given to governance and culture moderating impact. This thesis will end with a conclusive chapter, which will include a summary of the thesis, thesis implications, thesis contributions and thesis limitations, as well as opportunities for future research.

Figure 1: Thesis framework containing the three conducted studies



Chapter 2 CSR and corporate outcomes in tourism firms

Abstract

This study provides a comprehensive systematic literature review (SLR) of the existing corporate social responsibility (CSR) and corporate outcomes research in tourism firms. The objective is to synthesise, appraise and extend current understanding of the existing theoretical (i.e., economic, psychological and social) perspectives and empirical evidence on the relationship between CSR and a wide range of financial/non-financial corporate outcomes, including (i) financial performance, (ii) earning management/financial reporting quality, (iii) environmental and social performance/disclosure, (iv) corporate governance, and (v) CSR practices and control. This is done by adopting a three-step SLR approach to analyse/review one of the largest SLR datasets employed to date, consisting of 140 mixed, qualitative, quantitative and theoretical studies conducted globally across a large number of disciplines (e.g., sector studies, information management, general management and economic) from 2004 to 2019 and published in a large number of top-ranked tourism-oriented journals. The findings are as follows. First, a large number of existing studies are descriptive and/or they draw on single rather than multi-theoretical perspectives. Second, existing studies have focused mainly on how CSR is related to financial performance to the neglect of others, such as executive compensation, environmental performance, governance and tax. Third, observable methodological limitations include the dearth of qualitative, mixed-methods and cross-cultural/country studies. Finally, this study outlines opportunities for future CSR in tourism research.

Keywords: CSR, Corporate outcomes, Tourism firms/management, Corporate governance, Systematic literature review.

2.1 Introduction

2.1.1 The increasing awareness and importance of CSR in tourism

Uncertainty of CSR continues, although the association between society and business has been attempted to be addressed since the 1950s (Carroll & Shabana, 2010). The recent growing global academic, policy and public debates regarding the impact that businesses have on society, especially relating to the environmental crisis and emergency, have sharply brought to the fore the importance of the concept of CSR (Adhikari, 2016; Chantziaras et al., 2020; Rhou & Singal, 2020). Sometimes perceived as a burden for companies; nonetheless, CSR is typically seen as a value-creating opportunity. Carroll (1991), suggested the responsibilities that companies should have toward society, and these are economic, legal, ethical and finally philanthropic. These consider all stakeholders, not just shareholders to be treated, as suggested by Friedman (1970).

As such, CSR has become a fundamental element of business strategy and the market is highly responding to CSR initiatives (Randle et al., 2019). According to Soderstrom et al. (2017), many corporate accounting, business and management practices now include engagement and measurement of CSR activities, such as the disclosure of organisational information, as well as the measurement of various aspects of firms' social and environmental performance. Indeed, as a part of broader social responsibilities, the term 'CSR', loosely incorporating climate change and environmental issues, which is one of the biggest challenges facing humankind, and organisations are central to this challenge (Wright & Nyberg, 2016). Countries such as the G20 have negotiated to reduce challenges, including global warming in the coming years (Gilbert et al., 2018). This is particularly the case in the tourism field, which is one of the fastest-growing industries, exceeding oil exports, automobiles or food products (UNWTO, 2020).

2.1.2 Why tourism matters

The term 'tourism industry' used here refers to firms, organisations and facilities that serve the specific wants and needs of tourists (Leiper, 1979). 'Tourists' can be defined as individuals who travel or stay outside of their usual environment for less than one year (Becken & Patterson, 2006). Particularly, individuals whose primary purpose of travelling is pleasure, not those who are visiting friends or relatives (Xiaojuan et al., 2012). As recently declared by UNWTO (2020), the tourism industry has had a persistent annual 4% growth in international tourist arrivals, compared to 2018. This growth, reported by UNWTO, is discernibly led by the Middle East, Asia and the Pacific followed by Europe. Adding to this notable growth, the tourism business is recognised to be central to both national and international commerce; and, additionally, is the main source of income for developing

countries (UNWTO, 2020a). The tourism business and its growth tends to spread economic benefits not only to its related firms but also to other related industries, such as agriculture, construction, handicrafts and telecommunications (UNWTO, 2020). Tourism firms, accordingly, have key positive impacts on the major economic growth for both developed and developing nations, supporting the hypothesis of tourism-led economic growth (Paramati et al., 2017). Accordingly, tourism might have the potential to play a significant role in fostering economic including socio-economic development (Akrong, 2019).

However, one of the major consequences of a fast-growing industry is a significant increase in the use of natural resources, particularly in a tourism business that relies heavily on nature, culture and the community, which can create pressure to manage the negatives (Frey & George, 2010; Su et al., 2020). More broadly, tourism firms daily operations contribute to greenhouse gas (GHG) emissions through increased use of, for example, transport (e.g., air, rail and road), which have an impact on climate change (UNWTO, 2020c). This contribution could result in harms to society and the environment (Holden, 2009). Thus, the UNWTO seems to intensively encourage tourism-related firms to strive to contribute to economic growth and inclusive development while at the same time ensuring environmental sustainability.

2.1.3 CSR and tourism

Concern around tourism sustainability has emerged over recent decades (Ghaderi et al., 2019; Ouyang et al., 2019; Vejzagić et al., 2018). Since then, the growth in awareness among stakeholders, for example, hoteliers and investors, regarding social and environmental issues are recognised (Fatma et al., 2016; Ghaderi et al., 2019; Ouyang et al., 2019). Ghaderi et al. (2019) argued that CSR dimensions (economic, legal, ethical, social and environmental) directly and positively influence tourism-related firms, particularly, hotel performance, and this applies further to a context outside of developed nations. Thus, CSR in the tourism business has started to take precedence, mainly when it has been realised that resources that attract tourists should be managed and controlled for long-term business sustainability (Dodds & Kuehnel, 2010; Su et al., 2020). In this regard, the International Hotel Environmental Initiative (IHEI), which shows firms how to be more socially responsible in all their business operations, provides a good example. In Taiwan, for instance, hospitality firms are ranked second in terms of corporate philanthropy compared to other industries (Chen & Lin, 2015b). Consequently, due to the importance that the tourism business ascribes to CSR, a wider understanding of CSR within the tourism industry is critical and timely.

2.1.4 Limitations of existing review studies on CSR in tourism

While the subject of CSR has been widely researched, including several literature reviews (Aljarah et al., 2018; Chung & Cho, 2018; Gond et al., 2017; Latapí Agudelo et al., 2020; Latif & Sajjad, 2018; Mialon & McCambridge, 2018; Tiba et al., 2019), those focusing on the tourism sector are rare (Chan & Hsu, 2016; Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020; Volgger & Huang, 2019; Serra-Cantalops et al., 2018; Zanfardini et al., 2016) and this thereby serves as one of the motivations for the current study. Studies such as Chan and Hsu, (2016), Serra-Cantalops et al. (2018), Volgger and Huang (2019) and Zanfardini et al. (2016) have carried out narrative reviews, which generate lower-level evidence when compared to the systematic review method as discussed in “Pyramid Evidence” (Murad et al., 2016; Shaneyfelt, 2016). Traditional narrative reviews can be biased as they commonly lack thoroughness, and most are not undertaken as genuine investigatory science (Tranfield et al., 2003). While some existing studies have examined different aspects relating to CSR in the tourism industry; an integrated systematic literature review synthesising both theoretical and empirical research is noticeably lacking (Coles et al., 2013).

Existing systematic review studies (Coles et al., 2013; Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020) have significant limitations. First, they are often narrow, focusing mainly on empirical rather than theoretical studies. The consideration of theoretical frameworks enhances the exploring of sophisticated empirical models in tourism studies (Theodoulidis et al., 2017). For example, Farrington et al. (2017) conducted a review study that focused on general management, discussing trends and themes in order to understand the state of CSR on empirical studies. They found that hospitality management could evaluate both the challenges and opportunities of CSR. However, as they reported, the current body has not critically adopted the influential emphasis on process assessment, perceptions, and profitability from general management body knowledge. However, although they added to the knowledge, their study did not sufficiently identify, classify and address the extent to which theories have been applied.

The second available review (Coles et al., 2013) focused on a limited examining aspect of CSR, especially the link to CSR and its implementation, measurement and engagement of stakeholders. They stated that research on CSR in tourism is at an early stage, and scholars focused on (i) implementation; (ii) the economic motive for being responsible and (iii) the social associations of CSR. Also, they added, though interest in CSR in tourism is growing, greater methodological and critical engagement with CSR is required. However, the study was not eclectic in terms of methodology as the process suffered from not being wholly systematic. For instance, a well-known PRISMA and displays excluding/including criteria outcomes were missing and the dataset was not

named (e.g. Web of Science, Scopus, EBSCO). Similarly, the remaining SLR ignored PRISMA which had an effect on the entire SLR that was conducted.

Guzzo et al. (2019) systematically reviewed the hospitality management literature of CSR, considering individual (e.g., customers and employees) behaviour. The authors studied CSR mainly from a meso-level perspective focusing on CSR development and implementation by firms, providing suggestions for future research and highlighting good results. However, their methods were questioned. In addition, the work of (Farrington et al., 2017) used only one discipline; this consisted of a "Sector Studies" list from the Association of Business Schools (ABS, 2015) and focused only on the top hospitality/ tourism journals. Furthermore, the study included two to four star articles which meant that other potential studies in one star journals were ignored. Also, it suffered from the ignorance of small journals that published within the criteria (ABS, 2015) that was acknowledged to be followed. The issue of not comprehensively searching databases could also be attributed to the Guzzo et al. (2019) review, as their study limited its search for CSR studies to 14 journals; a similar observation of the SLR conducted by Rhou and Singal (2020).

Rhou and Singal (2020) used the stakeholder's view and reviewed CSR in the hospitality sector up to 2017 by analysing its influence on employees, customers, investors, the community and environment. This study covered some conceptual frameworks, identified potential gaps and highlighted calls for: (i) more studies that examine the impact of CSR on firm performance; (ii) greater theory-driven studies; and (iii) expansion of contexts (different sub-sectors and geographical locations). In line with other previous similar reviews, the authors chose to ignore published work by including only 14 journals, based on the Australian Business Deans Council (ABDC, 2016) thereby excluding valuable materials as well as ignoring the journal quality list score of C (as ABDC, 2016). This review was also not free of its limitations based on the facts that it only considered a single discipline as well as suffering from a limited systematic approach where the comprehensive SLR stages were not completed. This involved for example, PRISMA, databases and a lack of precision in the SLR approach.

Furthermore, these studies neglected other equally important financial and non-financial issues, such as CSR reporting, disclosure, earnings management, environment, management and practices and finally control of CSR. They did not completely focus on CSR and corporate outcomes in a broad range of literature. They were also limited in breadth, depth, scope and length of time. For example, they tended to draw from one discipline (management) and restricted their literature search to either a few journals (tourism and hospitality management journals) (Farrington et al., 2017; Guzzo et al., 2019; Rhou & Singal, 2020) or limited resources (Google Scholar, Snowballing) (Coles et al.,

2013). Finally, existing reviews have been mostly monolithic rather than eclectic in terms of methodology, often focusing on empirical studies up to 2017.

Consequently, the current study seeks to extend, as well as make several new contributions to the existing literature in tourism management research by addressing these limitations. First, unlike existing studies, this review is systematic (SLR) in orientation, carefully covering both theoretical and empirical studies. Second, it reviews studies employing all types of methodologies, including qualitative, quantitative, critical and mixed-methods studies. Third, the scope of its review is broad, drawing from studies published not only from tourism journals but also from other disciplines, such as economics, general management and information management. Fourth, this SLR covers a more extended period (2004 to 2019), thereby allowing it to capture insights from one of the largest datasets with respect to SLR, consisting of 140 empirical and conceptual/theoretical studies to-date. Finally, this study review is comprehensive, covering all conceivable aspects of CSR practices, including non-financial (e.g., CSR measurement, disclosure, reporting, implementation and monitoring) as well as financial issues (e.g., financial performance and earnings management).

2.1.5 Motivation, aim and objectives

As noted previously, CSR has been mostly analysed within the broader context of business, with only slight consideration given to the service industry and even less to tourism firms, such as those involved in tourist accommodation and management (Garay & Font, 2012). Therefore, in response to both the fast-growing awareness of CSR in the tourism industry and the noticed lack of existing SLR studies (see 2.1.4), this research seeks to conduct a comprehensive review of previous CSR studies carried out using tourism-related firms. It aims to contribute to the gap and to increase understanding of the current themes and research trends concerning CSR and corporate outcomes in tourism studies by answering the following research-specific questions:

- I. What do we know about CSR in the tourism industry and what is yet to be discovered?
- II. What are the key patterns and themes in tourism management research?
- III. What are the gaps and limitations that can be identified for future research in tourism?

To fully answer these questions, an SLR was conducted. The findings obtained from this SLR will thus, not only be relevant to environmentalists, government tourism departments/policy-makers, regulators and practitioners, but also to academics, researchers and students, primarily doctoral/PhD students worldwide. The rest of this review study is organised as follows. Section II outlines the rationale for the review's research methods and how the data was generated. Section III synthesises and critically discusses the theoretical literature. Section IV offers a critical analysis/synthesis of the empirical literature. Section V provides a summary of the research and

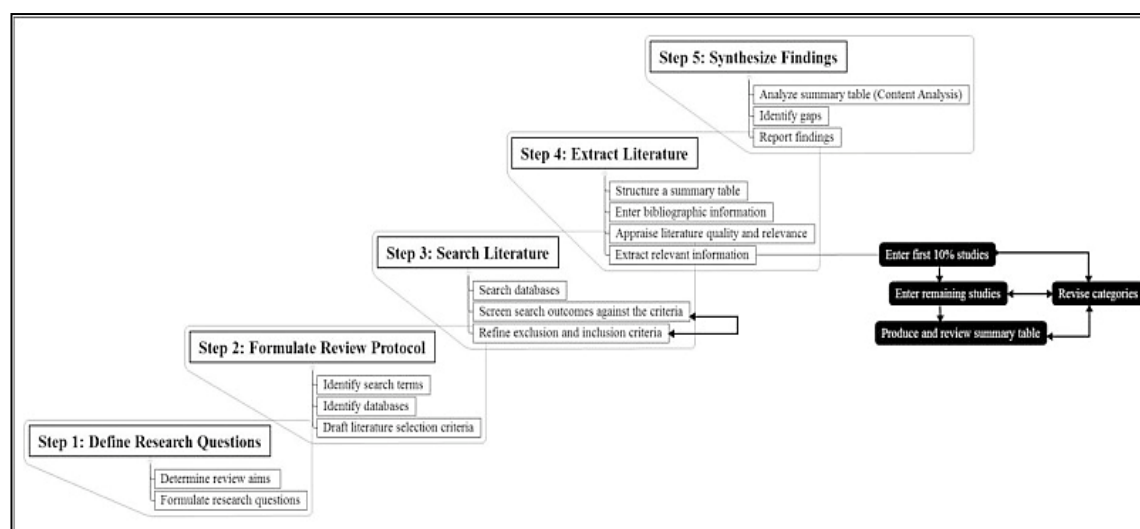
discusses the limitations of the existing literature, as well as possible directions for future research.

2.2 Methodology

Using an SLR, which was borrowed from medical sciences to apply to business and management disciplines, supports the quality of evidence. An early insight into the use of SLR in management was conducted by Tranfield et al. (2003), who stated that a narrative review could be biased as it is not undertaken as a genuine investigatory science. Although a narrative review enables scholars to map and assess the extant body of literature to specify a gap and develop the body of knowledge further, it is broadly criticised for being singularly descriptive, lacking critical assessment or selected for inclusion on the possible bias of the researcher (Tranfield et al., 2003). The authors concluded that SLR differs from the traditional review by adopting a transparent, scientific and replicable process, which aims to minimise bias through a comprehensive literature search for studies. This provides an audit trail of the procedures, reviewers' decisions and conclusions, as has been reported. The SLR process, as well as meta-analysis, has been developed recently and now plays a crucial role in evidence-based practices (Tranfield et al., 2003). Furthermore, whereas SLR identifies major scientific contributions to a field, meta-analysis provides a statistical procedure for synthesising existing findings to offer overall reliability outcomes. Thus, there is a demand for using SLR, which is now regarded as a 'fundamental scientific activity' (Tranfield et al., 2003), in order to produce reliable knowledge.

Accordingly, this study aims to contribute to a scholarship and enhance practice by developing CSR body of knowledge in the global tourism firms. Therefore, the focus of this study is on the tourism business and CSR following the methodological processes that structure this review (see Figure 2).

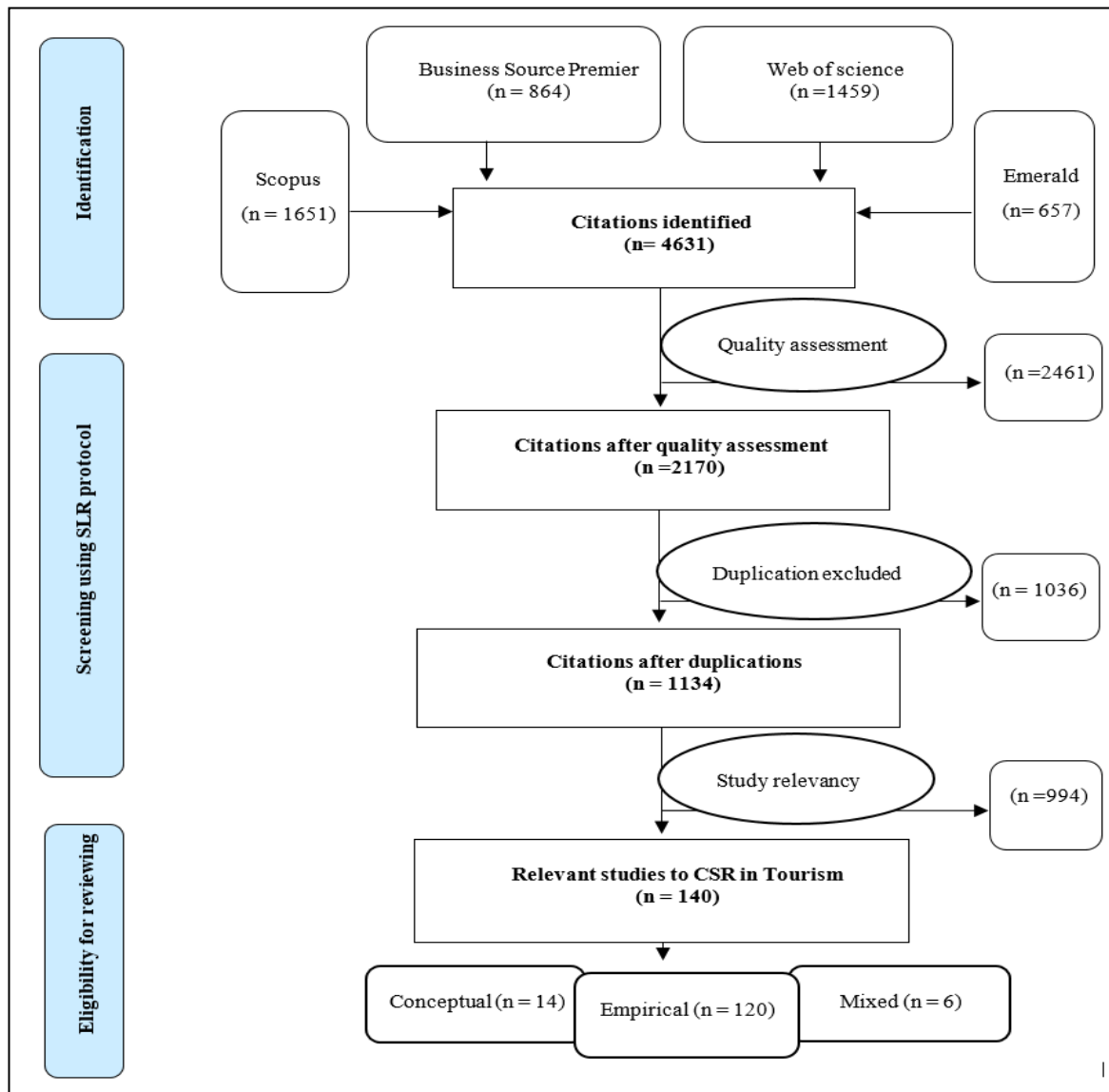
Figure 2: The process of a systematic literature review



Source: Yang, Khoo-Lattimore and Arcodia (2017, p.92).

The search procedure started with the following keywords: “CSR,” (including the issue addressed from economic, social and environmental perspectives such as philanthropy, charity, employee quality, health and safety, training and development, diversity and opportunity, product responsibility, emission reduction, resource reduction, product innovation, greenhouse gases, climate change, client loyalty, shareholder loyalty and economic performance) and “tourism,” “hospitality,” “restaurant,” “airline,” “cruise,” “casino,” “resort,” “leisure,” and finally “hotel”. The preliminary search strategy involved entering these search strings into four primary databases, which sufficiently covered business and management studies: Scopus, Web of Science, Business Scours Premier and Emerald Insight, with no limitations placed on the year of publication. Subsequently, a variety of academic journal articles, written in English, were identified and exported to Endnote.

Figure 3: The process of screening and excluding studies at different stages



Source: A modified PRISMA, adapted from Moher et al. (2009)

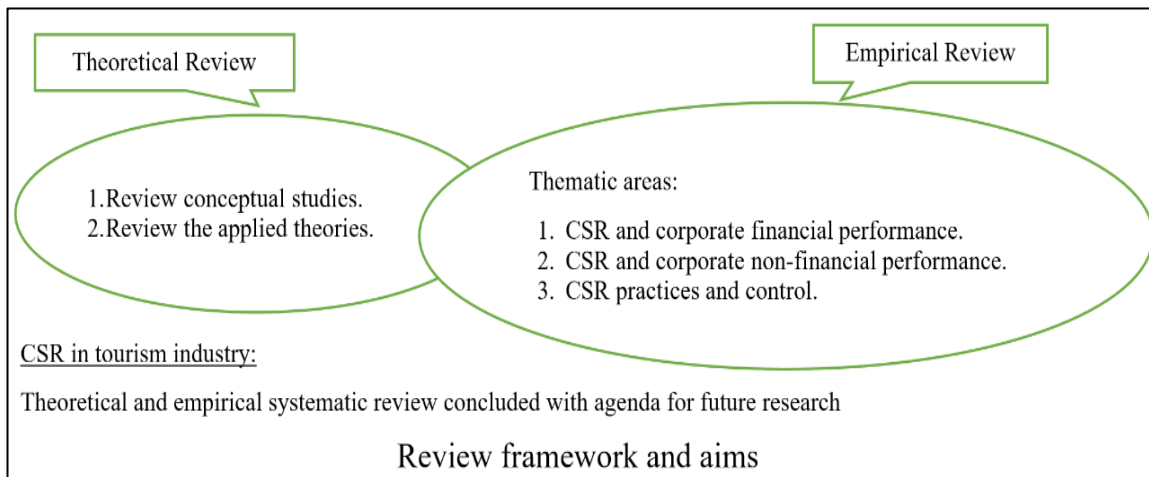
2.2.1 Eligibility and exclusion criteria

Articles were shortlisted after the identification of citations through a variety of databases such as Web of Science, Scopus, Emerald and Business Source Premier EBSCO (Figure 3). Using grouping/marking Endnote software functions, further exclusions were conducted. This was done in order to classify the literature into phases of elimination criteria. To consider the quality of the articles, the listed citations were marked in stars in line with (ABS, 2018). The quality of those that were shortlisted was evaluated through the Association of Business Schools' (ABS, 2018) journal ranking system, which presents a comprehensive list of business and management journals that are ranked numerically, with 4* denoting those that are the highest-ranked journals with 1* representing the lowest. Using the ABS list to guide the search was conducive to ensuring a focus on reliable academic journal articles (Denizci Guillet & Mohammed, 2015). Once this stage was completed, a check was made for any duplicate articles which were excluded, ending with 1134 citations. By using different databases for the search, this made the likelihood of identifying the same study in different databases far greater. This process was followed by carefully reading the title, keywords and the abstract of each article in order to identify those studies that were deemed irrelevant to the research objectives.

After isolating review studies through the use of the exclusion command using NVivo, the final shortlist of articles was created. This was done after exporting all relevant studies from Endnote to NVivo. The main functions of NVivo that were used were Query Text Search, Query Results, Data and Codes. These functions treat all relevant studies as one document, which minimises the possibility of missing crucial information. As a result, only 140 eligible citation studies were retained for the final analysis and were double-checked to explore whether or not the full text was available. Only 138 papers were available, and the British Library provided two remaining studies. These final 140 articles included 120 empirical, 14 conceptual and six mixed studies shortlisted from a total of 4,631 obtained from the initial search (Figure 3).

The phases outlined above were followed by a comprehensive analysis/ synthesising of the shortlisted articles. This involved a systematic critical appraisal of studies by carefully examining their various aspects, such as their theoretical focus, research methods, distribution of sampling and their contribution to the research body. All these elements were taken into account during the final content analysis, which was conducted to identify trends in scholarship. Finally, using Microsoft Excel, a summary of the bibliography of the final number of studies was created in order to highlight the most significant figures, which upon statistical results completed. This stage was followed by a creation of the structure of the review, which is presented in the main framework and aims (see Figure 4).

Figure 4: The framework and aims of the systematic literature review



2.2.2 Statistical results

2.2.2.1 Research trend, journals and disciplines

Table 1: Tourism CSR literature by discipline

Studies by discipline	No.of	2004_2007	2008_2011	2012_2015	2016_2019	Total
Journals						
Economics, econometrics and statics	1			2		2
General management, ethics and social responsibility	3	1	1	1	1	4
Information management	2			2		2
Sector studies (Tourism)	16	7	21	53	51	132
Total	22	8	22	58	52	140

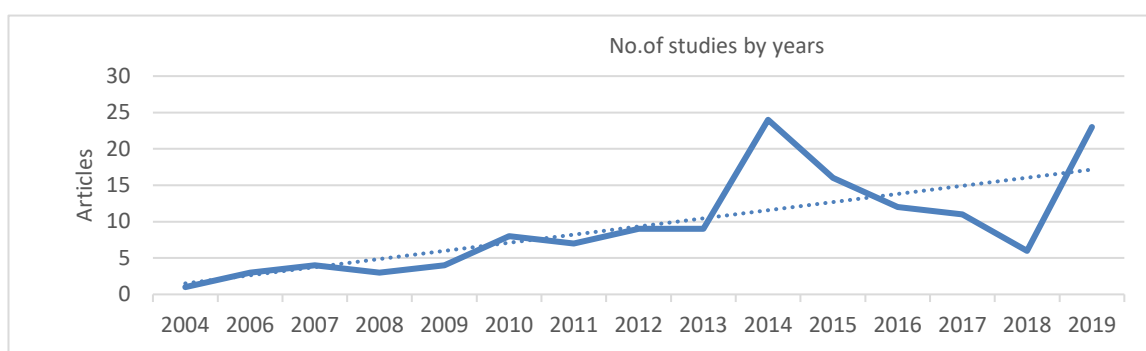
Table 1 shows the number of academic publications on CSR in tourism-related firms. An apparent increase of research in CSR topic can be seen, in particular, since 2009. Interestingly, the integration of social issues, environment and human rights CSR reporting has been mandatory in Denmark since 2009. This was based on a policy document on CSR, referring to the UN Framework (Buhmann, 2016). Within the context of the USA and since 2009, Newsweek has cooperated with leading environmental research firms to provide rankings of the top 500 green firms (Jackson et al., 2015). The majority of existing CSR research was in the tourism studies discipline, which is categorised by (ABS 2018).

Figure 5: The number of tourism CSR studies by journal



The literature reviewed was published in 22 academic journals. The majority of studies were in the International Journal of Contemporary Hospitality Management, followed by the International Journal of Hospitality Management and then Tourism Management (Figure 5). Research about CSR in the tourism context emerged in 2004 and has steadily increased (Figure 6).

Figure 6: Tracking the trends in the tourism CSR literature



2.2.2.2 Geographical scope applied methods and CSR topics

Furthermore, geographically, the American context was the most studied, being the focus of approximately 17% of the research, followed by studies examining CSR in Taiwan, the UK and across European countries (Table 2). These results evidence that most of the existing research focuses on developed countries. This mirrors a similar finding from Hou et al. (2016).

Chapter 2

Table 2: Tourism CSR literature by location (countries)

Literature by location	2004_2007	2008_2011	2012_2015	2016_2019	Total	%
Across countries		2	6	5	13	9%
Australia	1		4	3	8	6%
Austria			1		1	1%
Canada		1			1	1%
China		1	4	4	9	6%
Cyprus				1	1	1%
Egypt			1		1	1%
European countries	1	1	1	2	5	4%
France			1	1	2	1%
Ghana			1		1	1%
Greece			2		2	1%
Hong kong	1	2		2	5	4%
India	1		1	1	3	2%
Indonesia				1	1	1%
Iran				1	1	1%
Italy				1	1	1%
Japan			1		1	1%
Malaysia				2	2	1%
New Zealand				2	2	1%
Poland			1		1	1%
Scandinavian SMEs			1		1	1%
Slovenia				1	1	1%
South Africa		1		1	2	1%
south Korea		1	2	1	4	3%
Spain		1	6	3	10	7%
Spain and Mexico		1			1	1%
Taiwan	1	2	5	5	13	9%
Thailand		1	1		2	1%
The UK	2	2	4	4	12	9%
The UK and Australia		1			1	1%
The USA		4	10	10	24	17%
The USA and Cyprus			1		1	1%
The USA and The UK			1		1	1%
Turkey	1		1	2	4	3%
Vietnam				1	1	1%
Zimbabwe		1			1	1%
Total	8	22	56	54	140	100%

Figure 7: Tourism CSR literature by the methodology used

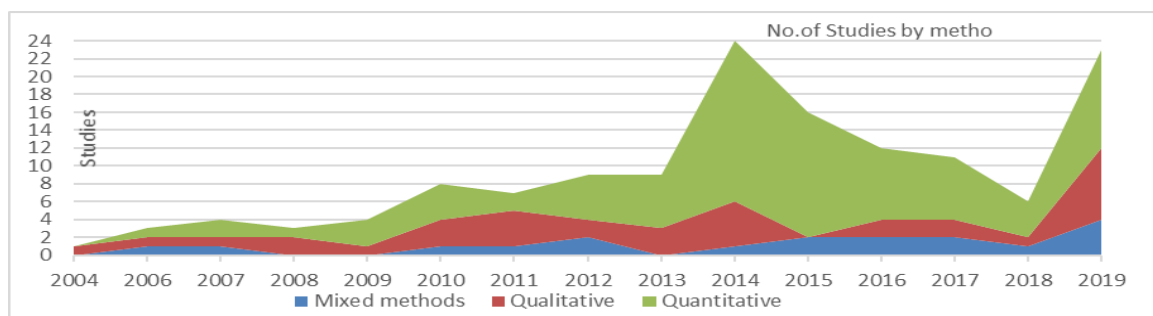


Figure 7 shows that the majority of the studies used quantitative research methods, followed by qualitative design. The econometric analysis was the most conducted technique followed by the experimental design (Table 3). The literature across disciplines covered mixed CSR aspects. The general term 'CSR' was the most studied topic (24%); followed by environmental research (19%), CSR policy (governance) (18%), mixed aspects of CSR (17%) and finally ethics, as well as philanthropy and social responsibility (about 5%) (Table 4).

Table 3: Tourism CSR literature by the research methods and used approaches

Research methods & approaches	2004_2007	2008_2011	2012_2015	2016-2019	Total	%
Mixed methods	2	2	5	9	18	13%
Case Study	1	1		1	3	2%
Content analysis			1	2	3	2%
Descriptive analysis	1	1			2	1%
Interviews				2	2	1%
Multiple statistical analysis			1	3	4	3%
Others			2		2	1%
Regression/correlations			1	1	2	1%
Qualitative	3	10	10	13	36	26%
Case study	1	2	2	1	6	4%
Content analysis	2	4	2	5	13	9%
Descriptive analysis				1	1	1%
Experiment design				1	1	1%
Focus group		2			2	1%
Interviews			4	4	8	6%
Others				1	1	1%
Phenomenology		2	2		4	3%
Quantitative	3	10	43	30	86	61%
Content analysis	3		2	1	6	4%
Descriptive analysis			2	3	5	4%
Experiment design		3	6	5	14	10%
Multiple statistical analysis		2	21	10	33	24%
Others			2	1	3	2%
Principal component analysis		2			2	1%
Regression/correlations		1	10	10	21	15%
Variance analysis		2			2	1%
Total	8	22	58	52	140	100%

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Table 4: Types of CSR and research methods employed in tourism

CSR and conducted methods	2004_2007	2008_2011	2012_2015	2016_2019	Total	%
CSR in general		3	9	21	33	24%
Case study			1	1	2	1%
Content analysis				3	3	2%
Experiment design		1	1	1	3	2%
Interviews				2	2	1%
Multiple statistical analysis		2	4	9	15	11%
Others			2	2	4	3%
Phenomenology			1		1	1%
Economic		4	5	4	13	9%
Case study		2			2	1%
Content analysis			1	1	2	1%
Descriptive Analysis				1	1	1%
Focus group		1			1	1%
Interviews				1	1	1%
Multiple statistical analysis		1	4	1	6	4%
Environment	2	1	14	10	27	19%
Case study	1				1	1%
Content analysis	1		1		2	1%
Descriptive Analysis			1	1	2	1%
Experiment Design		1	2	2	5	4%
Interviews			1	1	2	1%
Multiple statistical analysis			8	5	13	9%
Phenomonology			1	1	2	1%
Ethics		4	2	2	8	6%
Content Analysis		1		1	2	1%
Experiment Design			1		1	1%
Interviews				1	1	1%
Multiple statistical analysis			1		1	1%
Phenomonology		1			1	1%
Principal Component Analysis		2			2	1%
Governance	3	2	12	8	25	18%
Case Study	1	1	1	1	4	3%
Content Analysis	2		3	2	7	5%
Experiment Design			2	3	5	4%
Focus Group		1			1	1%
Interviews				1	1	1%
Multiple statistical analysis			4		4	3%
Others			2	1	3	2%
Mixed aspects	1	5	12	6	24	17%
Content Analysis	1	1		1	3	2%
Discriptive Analysis		1	1	2	4	3%
Experiment Design		1			1	1%
Interviews			3		3	2%
Multiple statistical analysis		1	3	3	7	5%
Others			1		1	1%
Phenomonology		1	4		5	4%
Philanthropy	1	1	3		5	4%
Content Analysis		1			1	1%
Discriptive Analysis	1				1	1%
Multiple statistical analysis			3		3	2%
Social	1	2	1	1	5	4%
Content Analysis	1	1			2	1%
Multiple statistical analysis		1	1	1	3	2%
Total	8	22	58	52	140	100%

2.3 Theoretical review

2.3.1 Conceptual studies

Although the dearth of conceptual research is particularly notable in this context, some studies have been found and reviewed. Recently, He et al. (2019) proposed a conceptual model to discover the impact of CSR on employees' attitude leading to task performance. However, the proposed model tested based on a survey of 296 tourism firms' employees, may be limited due to its focus on only Chinese context. Holden (2009) considered another case that discretionary ethical behaviour from tourists, consumers and firms operating in the industry would be more effective in the long run than government interventionism. To develop his case, the author draws upon economic market theories that demonstrate how individual self-regulation is most efficient. However, despite the robust methodical approach of this study, it focuses only on airlines (a sub-sector of tourism), which may affect generalisability.

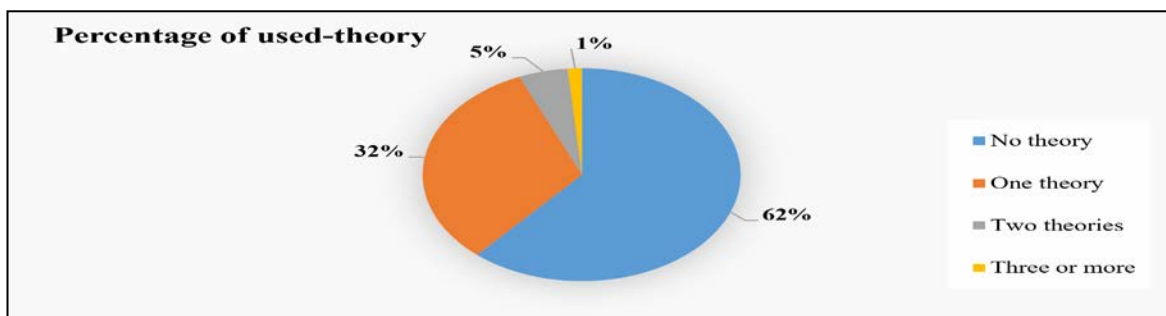
Based on a qualitative approach, Hatipoglu et al. (2019) investigated CSR programmes as a tool for sustainable development in Turkish tourism firms. They identified that programme management, immediate context variables, the nature of interests and the partners' diversity capabilities, in addition to an ongoing evaluation process, are determining factors for creating value for CSR programmes. Mitrokostas and Apostolakis (2013) attempted to develop a model, based on fixed assumptions, to explain the rationale for tourism firms to engage in CSR. According to this, firms are encouraged to undertake CSR-based activities when there is a method available to enable the firm to effectively disseminate CSR-related information to their target audiences. This model also recommends conducting a cost-benefit analysis, which includes the premium that consumers are willing to pay for a CSR-integrated tourism product. One of the weaknesses of their research, though, is that the methods recommended are restricted to traditional means, such as external certification and CSR reporting, and no novel solutions are offered. Moreover, this model may not be broadly applied as it was built on fixed assumptions.

Hughes and Scheyvens (2016) proposed a "development first" approach to CSR, rather than one which prioritises tourism and corporate benefits. The authors developed this approach using a two-stage literature review process, with the proposed model based on the work of Burns (2004). According to this model, tourism operators and tourist destinations should incorporate a multi-stakeholder perspective that focuses on the development of the tourism destination community. This is in contrast to the 'profit-first' perspective of large tourism companies that largely ignores the needs of the local communities in which they operate. This approach may also be applied to the film industry in rural communities where films are often produced (Beeton, 2008). According to

the author, film production often has a significant impact on the communities in which principal photography occurs. This impact remains long after shooting is finished, as tourists are attracted to the destination. Beeton (2008) proposed measuring negative impacts and promoting positive impacts, but Hughes and Scheyvens' (2016) model might also be incorporated into this work. A limitation, which is common to each of these theoretical studies, is the lack of a critical approach for analysing previous theoretical claims. Therefore, in order to understand theoretical and empirical claims, applied theories could be discussed.

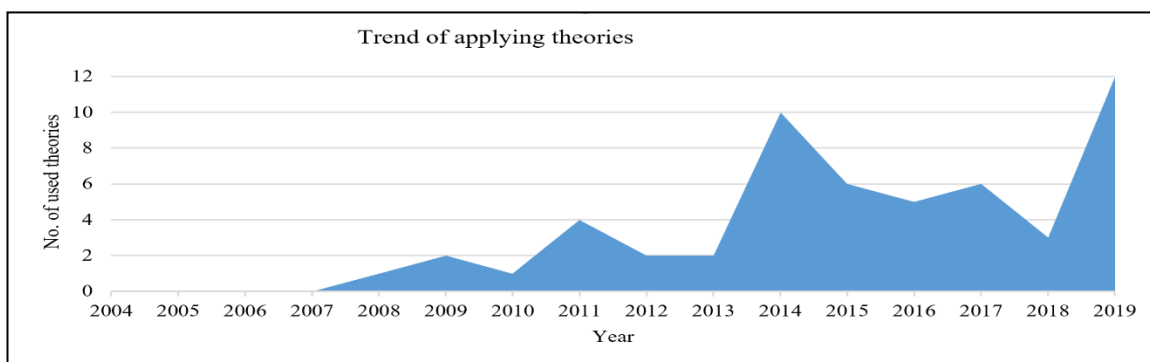
2.3.2 The theories applied to the literature

Figure 8: The percentage of theory used in the literature of CSR in tourism



Four types of study regarding applied theories are recognised in the literature: studies that did not use theories, studies that used one theory, studies that applied two theories and studies that applied three theories or more (Figure 8). Surprisingly, 62% of the literature was not based on theories; in particular, those studies conducted between 2004 and 2008 (Figure 9). Figure 9 also shows that from 2009 onward, and particularly since 2013, studies have widely applied the use of theories, particularly empirical studies. The majority (32%), however, used one theory which, according to Figure 8, might be considered a sufficient number.

Figure 9: Trends in the use of theories in the tourism CSR studies



The theories applied were grouped into (1) economic and corporate governance theories, (2) sociological and socio-psychological theories and (3) other theories applied.

2.3.2.1 Economic and corporate governance theories

Table 5: Economic and corporate governance theories applied in the tourism CSR studies

Applied theories	Number of applying
Agency cost theory	2
Agency theory	4
Game theory	1
Institutional theory	3
Intuitionistic fuzzy theory	1
legitimacy theory	3
Stakeholder theory	13
Value enhancement theory	1
Voluntary disclosure theory	1

Stakeholder theory is the most frequently cited theory (see Table 5) in the tourism literature (Deegan & Blomquist, 2006) although many theories can explain the level of a firm's engagement in CSR activities (De Grosbois, 2016). Applied to the field of CSR, stakeholder theory highlights that firms should not only focus on traditional goals, such as profitability but also take into account the broader implications of their strategies, considering the environmental, social and ethical implications (Wood, 1991). Freeman and Reed (1983) demonstrated the importance of this interaction with different stakeholders, not only shareholders. Therefore, the stakeholder theory proposed by Freeman (1984) argues that CSR increases the financial performance of firms, while the shareholder theory previously put forward by Friedman (1970) held that CSR activities lower financial performance. Tourism studies applied the stakeholder theory to explain large and SME firms' CSR practices (Garay & Font, 2012). Organisations engaging in CSR benefit from a good image amongst their customers if they engage in proper communication with relevant stakeholders (Ham & Han, 2013; Holcomb & Smith, 2017; Kang et al., 2016). However, to obtain such benefits, particularly competitive advantage, the public needs to be made aware of the outcomes of CSR activities (Ettinger et al., 2018; Holcomb & Smith, 2017; Kang et al., 2016).

Legitimacy theory explains and predicts the social practices of firms and emphasises the reaction to community expectations, which might then require a company to communicate how their actions are congruent with social values (Kansal et al., 2018; Lanis & Richardson, 2012). Failing to do so may attract an adverse reaction from the community, mainly when differences between corporate and societal value systems exist (Ntim, 2016). Therefore, organisations should respond to society's requirements in order to maintain their social position. To build a trust-based relationship with a community, firms should meet social expectations and more effectively anticipate societal concerns by distributing and publishing information relating to their CSR practices in publically available reports (Deegan et al., 2002), which generates benefits and advantages. Disclosing CSR activities provides competitive advantages, and thus such disclosures are made for strategic purposes– for example, in order to improve a company's image (De Grosbois, 2016).

Font et al. (2012) employed the legitimacy theory to discuss the relationship between an

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organisation's CSR policy and practices. Surprisingly, they found that large hotel chains tend to respond to perceived legitimacy gaps by attempting to change society's perception of their behaviour, rather than changing the behaviour itself. The most noticeable areas in which hotel chains change their behaviour concerns environmental issues, such as water and energy management, which are also areas for potential cost reductions. It is only a matter of time before full adherence to global trends towards CSR engagement and disclosure occurs in the hotel industry since an ethical approach is becoming increasingly important to business practice (ibid). Finally, it is noteworthy that legitimacy theory is in some ways (e.g., plays a significant role in explaining firms' social strategies) consistent with institutional theory.

The institutional theory emphasises that firms are influenced by their institutional environment, which includes their norms, regulations and social beliefs, all of which play a significant role in firms' corporate strategies (DiMaggio & Powell, 1983). This particular notion is, however, similar to the approach espoused by legitimacy theory. Kang et al. (2016) argued that, for firms to succeed, they should conform to local social norms, beliefs and values. Building on this premise, institutional theory embodies the view that stakeholders may develop certain expectations from a firm's CSR actions, initiatives and reports (De Grosbois, 2016). Adopting CSR practices, then, is a way of complying with rules, social norms and values in order to improve or maintain a firm's image among its stakeholders (Bonilla-Priego et al., 2014; Garay & Font, 2012).

In line with this view, De Grosbois (2016) proposed a conceptual model to explain CSR reporting behaviour in the cruise sector. Huang et al. (2015) also attempted to do the same during major sports events and used *intuitionistic fuzzy theory* to measure the importance of corporate performance. This theory has been used in various fields, but it is noticeably absent in studies examining CSR within the tourism industry (Huang et al., 2015). Although CSR reporting is not mandatory, firms frequently do it to promote their responsibility and commitment to society. It is, therefore, a voluntary disclosure report.

Voluntary disclosure theory suggests that firms tend to publicise their CSR practices in order to differentiate themselves from their competitors (Barney, 1991; Branco & Rodrigues, 2006; Healy & Palepu, 2001); this is in contrast to stakeholder theory which suggests that firms disclose their CSR activities in response to social pressure. One criticism commonly directed at voluntary disclosure theory is that companies disclose only the information that improves their position, either financially or to create a more positive brand image (Bonilla-Priego et al., 2014). It is essential to recognise that firms consist of many actors who may also want to engage in disclosure purely out of personal reasons, which is a core discussion of agency theory.

The second most frequently cited theory is *agency theory*, which describes the relationship

between the principal and agent, where the principal (owners) authorises an agent (managers) to perform tasks on their behalf (Eisenhardt, 1989). Holcomb and Smith (2017) illustrated that the concept of the agency could adequately explain managers' roles in the context of CSR. Nevertheless, a fundamental problem with this approach is the possibility of conflicts arising between principals and agents; for example, they may hold different attitudes concerning acceptable levels of risk. Therefore, agency theory helps to identify and elucidate the problems that emerge as a result of agency conflicts (Holcomb & Smith, 2017). Consequently, some studies (such as Geng-qing, 2019; Horng et al., 2017; Huimin & Ryan, 2011; Park et al., 2019) have relied intensively on agency theory. Alternatively, others have applied the agency cost theory.

Agency cost theory postulates that philanthropy is a way for managers and board members to increase their own utility (Brown et al., 2006). This theory views the impact of CSR activities on corporate performance as unfavourable. Accordingly, contributing to charity may be considered an extra agency cost (Chen & Lin, 2015a) and managers are likely to enhance their private interests at the expense of firms through corporate philanthropy (Zhang et al., 2015). Consequently, firms' resources, controlled by managers, should be reduced, for example, by paying shareholders (He et al., 2012). In contrast, *value enhancement theory* assumes that philanthropy or corporate charity creates value for shareholders (Brown et al., 2006) which may enhance a firm's value. Chen and Lin (2015b), for example, explored how philanthropic decision-making, as influenced by value enhancement determinants, has a positive impact on corporate performance. Performance can also be enhanced by responses to social expectations, as game theory suggests.

Game theory describes and measures the importance of the environment in terms of shaping a firm's response to societal expectations through its ethical product growth, including the extent to which this response is aligned with an organisation's objectives and performance (Martin et al., 2011). Although game theory is not widely employed in tourism research, it can be helpful when exploring the relationship between a firm's performance and social expectations around its practices and legitimacy within different institutional and national contexts (Buckley, 2013).

2.3.2.2 Sociological and socio-psychological theories

Table 6: Sociological and socio-psychological theories applied in the tourism CSR studies

Applied theories	Number of applying
Attribution theory	2
Associative network theory	1
Congruence theory	1
Social capital theory	1
Social identity theory	3
Social exchange theory	3
Social representations theory	1

The second element of applied theories is sociological and socio-psychological theories (Table 6).

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Attribution theory seems to be one of the most dominant theories underpinning established and emerging sociological and social psychology research in the tourism context. Attribution theory suggests that customers will tend to make certain inferences about the motivations of firms engaging in CSR activities (Habel et al., 2016; Keller, 1993). It can, therefore, explain customers' attempts to understand a firm's motives for engaging in CSR activities. Two studies (Gao & Mattila, 2014; Ham & Han, 2013) that mention attribution theory, however, have not employed this theory in significant depth, making it difficult to judge its appropriateness at this stage. However, it may be suitable for examining an investor's assessments of the social and economic value and utility of a firm's CSR disclosure (Cohen et al., 2017).

Associative network theory posits that the higher the levels of perceived engagement of a firm with CSR practices are, the more positive the customers' attitudes towards a firm's products will be (John et al., 1998). In the tourism literature, one study investigated the association between customers' perceptions and green practices in hotels and found a positive relationship between consumer purchasing intentions and the hotels' green practices (Ham & Han, 2013). Accordingly, this theory can be applied in cases regarding customers' purchasing intentions, where they prefer the firm's products when there is a link between a brand and a social cause.

Congruence theory suggests that when congruence exists between a firm (brand) and a social cause, consumers tend to respond favourably to that firm's products (Heckler & Childers, 1992). Ham and Han (2013) explored the value of 'fit' – that is, the functional similarity of the brand image and the firm's social causes. The type of fit, according to Lin (2014), will vary depending on the firm's different organisational life cycles. Extrapolating from these assumptions, the author concluded that managers should design organisations in such a way that they can adapt their strategies to meet evolving environmental challenges. Despite its potential usefulness for explaining a firm's decision to engage in CSR practices, congruence theory is also rarely used in the tourism-related firms' literature.

The social capital theory is the 'aggregate of resources embedded within, available through, and derived from the network of relationships possessed by an individual or organisation (Inkpen & Tsang, 2005). Carrigan et al. (2017) also drew on social capital theory to explore the broader relationships between communities and businesses. Organisations operating in communities with stronger indicators of social capital enjoy better financial benefits from their CSR activities, and vice versa (Hoi et al., 2018). This theory, therefore, seems particularly applicable within a context in which a close relationship exists between an individual or a group of people (e.g., a large family circle). It can, therefore, be posited, that a firm's activities may influence consumers' attitudes toward the products, a view that is further considered within social identity theory.

Social identity theory assumes that an organisation's activities and identity influence people to reinforce their self-concept and develop certain attitudes towards a company's products (Peterson, 2004). Social identity theory, therefore, helps explain why, for example, consumers choose certain services or goods as a way of distinguishing themselves from others (Diallo & Lambey-Checchin, 2017). It also explains how involvement in CSR is likely to improve the professional attitudes of employees towards organisational commitments and overall corporate performance (Aguilera et al., 2007; Huber & Hirsch, 2017; Kim et al., 2016). Considering the quantity of applying this theory as well as the social exchange theory, seems to be central to explaining the linkage between society and an organisation's performance.

Social exchange theory can also be used to explain a firm's engagement in CSR activities (Emerson, 1976). In the context of tourism, Jin et al. (2011) reported that residents' attitudes are influenced by their perceptions of the effect of major sports events on their communities (e.g., the Olympic Games). Consequently, according to social exchange theory, their reactions would be impacted by their experiences (Thornton & Rupp, 2016). Chen and Tian (2015) employed *social representation theory* as an alternative to social exchange theory. This theory suggests that someone's place of residence or other experiences affect people's feelings towards tourist events. These two theories, however, can be interchangeably applied to the field of CSR, particularly in relation to the individual's attitudes.

2.3.2.3 Other applied theories

In the tourism literature, other theories that have not been previously classified are applied to CSR. Chou (2014), for example, outlined several theoretical lenses and analyses. *Personal values theory*, combined with the *norm-activation theory*, provides insight into the environmental-behaviour-activation process. In contrast, the *theory of planned behaviour* and the *theory of reasoned action* is afforded centrality in Chou's work. Each is described as having significant predictive or explanatory power and can be used to identify and isolate the factors which form or shape social attitudes. The *value-belief-norm theory* can also be used to explain how environmental beliefs and norms affect a firm's behaviour (Chou, 2014).

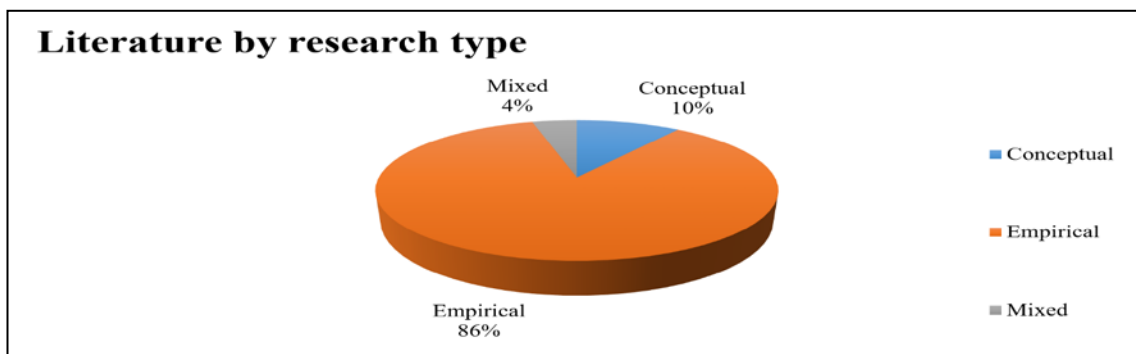
Finally, Lee et al. (2017) applied *upper echelon theory* to explore whether specific attributes of managers have an impact on CSR decisions, concluding there was a significant relationship between managers' characteristics and CSR decisions. Ultimately, although the top executives' or managers' characteristics can affect organisational performance and outcomes, there are also external parameters within which directors operate, such as environmental and organisational constraints (e.g., governance and organisational culture) as seen in the work of Maak et al. (2016).

2.4 Empirical review

2.4.1 CSR and corporate outcomes

So far, this first study has focused on reviewing CSR studies found in the tourism literature. This section continues the discussion of this systematic literature review, which contains a critical review of the empirical research.

Figure 10: The proportion of the three existing research types in this context



The existing literature that has been reviewed as part of this thesis comprises three types of research. Empirical research accounts for 86% of the total studies; conceptual research makes up 10%, and mixed research represents only 4% of total tourism literature (Figure 10). Due to the volume of empirical research, it is necessary to conduct a systematic review of empirical studies. In doing so, this study has identified three fundamental thematic areas: CSR and corporate financial outcomes; CSR and corporate non-financial outcomes; and CSR practices and control.

2.4.1.1 CSR and corporate financial outcomes

2.4.1.1.1 CSR and corporate financial performance

Although the literature has considered various aspects of organisational performance linked to CSR activities focusing on tourism, the primary emphasis has been on financial outcomes. Bagur-Femenías et al. (2015) measured the impact of environmental management and CSR initiatives on the corporate and FP of a set of restaurants and hotels in Madrid, discovering a positive impact on the corporate and corporate financial performance of both restaurants and hotels. González-Rodríguez et al. (2019) similarly found that CSR practices have a positive impact on firm performance and that hotels' reputations are strengthened through CSR activities, particularly those related to customers and employees. However, they conceded that these activities might not enhance the hotels' image when they targeted the local community or were related to the

environment. Their study was limited to the context of Spain and based on subjective opinions of hotels' managers. The effect was found to be more pronounced in larger hotels.

Furthermore, Ham and Han (2013) and Palacios-Florencio et al. (2018) evaluated the impact of green management and CSR practices on customer loyalty, which is an important antecedent of organisational performance. Their studies demonstrated that loyalty increases towards hotels that practice green management and that customers would, in fact, be willing to pay a premium to lodge at such hotels. However, this is mediated by trust between CSR and image, which leads to increased loyalty among guests (Palacios-Florencio et al., 2018). Similarly, Xu and Gursoy (2015) found that green practices could increase customer satisfaction in four and five-star hotels, which in turn results in higher loyalty and, by extension, increased willingness to book and then pay a premium price. The authors also found that environmentally-focused management practices have a clear positive impact on the outcomes. One of the key conclusions from this study, aligned with the other studies, is that economic performance remains a crucial factor that can influence a company's ability to implement environmental management practices.

Likewise, Bigerna et al. (2019) and Gao and Mattila (2014) investigated the effects of green practices linked to customer satisfaction and, in return, a willingness to pay for the introduction of such practices. Both studies confirmed a desirable positive impact. However, Gao and Mattila found that advantage only exists when service delivery is successful; however, this does not consider the idea that successful service delivery may have actually been the sole cause of customer satisfaction. Via questionnaires, Bigerna et al. (2019) investigated tourists' willingness to pay for an electric boat fleet in the Regional Park of Trasimeno Lake in Italy for the purpose of reducing CO2 emissions, concluding that visitors' gender, age and length of stay have an impact on the willingness to pay the cost. Similarly, Chen and Lin (2015a) demonstrated the positive impact of philanthropic initiatives on a variety of financial indicators (excluding stock returns) in Taiwanese hospitality firms. The analysis, however, was problematic as the role of factors other than charitable giving was not considered, and the authors seemed to have conflated causation with correlation. Chen and Lin (2015b) also investigated the potential motivations for engaging in corporate philanthropy. One of the key factors they identified is profitability, as well as the implication that higher profitability could result in a greater likelihood of implementing corporate philanthropy initiatives.

Garay and Font's (2012) study indicated that the majority of hospitality businesses surveyed participate in CSR for reasons of altruism. However, their respondents also state that CSR offers competitive benefits, which include an improved reputation. Koh et al. (2009) also highlighted the positive influence of brand recognition and brand reputation that can be achieved through CSR practices. Similar findings are reported by Ettinger et al. (2018) and Garay and Font (2012).

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However, with regard to the institutional theory debate, the counter-argument is that these benefits are a result of reporting CSR activities in publicly available reports.

Lee et al.'s (2013) examination of US restaurants during periods of economic recession produced a markedly different conclusion. They analysed the link between CSR initiatives and FP and found no visible impact on FP during regular economic periods, finding the impact during recessionary periods to be negative. The writers did, however, suggest that this may have been unique to restaurants, which tend to be highly reliant on consumer spending trends. Further, their differing results may have been due to the geographical and cultural contexts in which the research was conducted. A later study by Lee et al. (2018) found that investments in CSR initiatives have different impacts on firm performance when considering low-cost and full-service carriers and also non-recessionary and recessionary periods. They investigated CSR materiality using the Materiality Map developed by the Sustainability Accounting Standards Board and concluded that airline type, as well as economic conditions, moderate CSR and firm performance. However, these results might not be generalised as the authors only examined the airline sector in the tourism industry.

Thus far, most studies in the field of CSR in tourism research have focused on a single element linking CSR with organisational performance. Inoue and Lee (2011), in contrast, deconstructed CSR into five components – community, environment, diversity, employee relations and product – and attempted to gauge the impact each one had on the FP of firms in four subsectors of the tourism industry. Interestingly, their results demonstrated that each component has a differing impact on FP in each sector. The key differentiating factor was the duration of the positive effect, with hotel and restaurant sectors found to experience longer-term benefits than either airlines or casinos. One of the key limitations of this study, however, was its inability to present accurate figures to describe the investments made regarding each CSR component in each of the sectors; an indication there may have been issues with the final analysis. Kim et al. (2016) provided a different perspective in their study, arguing that an emphasis on CSR in internal marketing communications could result in reduced turnover intentions and organisational commitment. However, this study is limited by its focus on the employees of just one firm in the casino sector. Qu (2014) also provided a framework that charts the relationship between market orientation and firm performance amongst Chinese hotels and found that a focus on CSR can result in increased customer satisfaction and therefore, improved FP.

Employee commitment is of particular importance in the tourism industry, an area which Wong and Gao (2014) investigated in their study when they assessed the potential of CSR to increase employee commitment and engagement - although their results indicated that CSR is only marginally effective. These results might also be reflective of the Chinese cultural context. However,

literature suggested that intra-organisational initiatives might have greater potential. In a similar discussion of employees, CSR and firms' performance, Bengisu and Balta (2011) evaluated the impact of hiring disabled employees in hotels in Turkey. They discovered a negligible effect on aspects such as costs and risks, which in turn suggests that these CSR initiatives should be seriously considered. Park et al.'s (2017) study of US restaurants found that CSR can only successfully reduce risks when the restaurant chain diversifies geographically. However, geographic diversification is a substantial risk reduction factor in itself, and the role of CSR may have been overstated in this finding.

Regarding firm performance, Rhou et al.'s (2016) study on restaurants found that media coverage of CSR has increased the likelihood of there being financial gain from CSR. Coverage generates greater awareness, which results in more significant reputational benefits for the restaurants. However, it is unclear whether the restaurants' own attempts at generating awareness, through initiatives such as advertising, would be as effective. In the same sector, Youn et al. (2015) highlighted how the size of the firm plays a moderating role in the relationship between CSR and firm performance, raising specific questions regarding the different results found within the same industrial context. The authors also looked at the role of CSR activities in increasing a US restaurant firm's value, finding that fast-food restaurants attain higher benefits when restaurant type is considered to be a critical moderating variable.

Furthermore, a green image can moderate the influence of customers' perceived risks and their final decision to follow up with services. Peng and Chen (2019) studied customers' evaluations of environmentally friendly hotels by examining the influences of perceived risks (such as financial, hedonic, functional and self-image risks) on consumers' purchase intentions. They also examined consumers' green hotel knowledge moderating role and found that perceived risks influence hesitation, which in turn could affect purchase intentions, which in turn affect the FP. Despite the study's contributions to the literature, increasing the number of participants may affect the focus of this study on Taiwan's luxury hotel consumers. Additionally, only subjective items were used to deliver the results, whereas using both objective and subjective items to measure tourists' green hotel knowledge would have generated better insight. However, FP, in particular, could be manipulated while CSR is reporting, which in turn would reflect on the entire financial firm's performance. This, known as earning management, will be discussed in the following theme.

2.4.1.1.2 CSR and earnings management

The continuous evolution of the CSR paradigm has resulted in a shift towards the view that CSR is necessary for the maintenance of profitability (Owen, 2005). A number of recent scandals involving cases of corporate impropriety and fraudulent reporting or information disclosure have driven this

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shift. These scandals have had a deeply negative impact on the public awareness of corporations. Subsequently, companies have attempted to restore their reputation and public image by portraying themselves as responsible social entities through the disclosure of information and the use of sound accounting practices. According to Owen (2005), various companies may have used accounting practices such as information disclosure and reporting to disseminate information regarding their meeting various social and environmental responsibilities. However, whilst implementing these practices, some firms may be manipulating the content of the disclosed information to create the desired positive impression, something which appears to have become a prominent activity (ibid).

Public reporting, including CSR reporting, can directly or indirectly benefit tourism firms. In this regard, Zhang and Hanks (2017) stated that hospitality companies must tailor their messages for different consumer/stakeholder groups to reduce consumer scepticism. The authors did not, however, clarify how this tailoring should be implemented. In addition, CSR proponents argue that its implementation can lead to meaningful social and environmental initiatives and an improvement in transparency, which is an indication of reporting quality (De Grosbois, 2016). This author shed light on the issue of reporting behaviour on cruise lines by examining this procedure in the context of institutional theory. The author's analysis revealed limited use of formal reporting guidelines and an unclear presentation of information. The potential for misleading or aggressive reporting was also present. De Grosbois's study further indicated that managers could manipulate accounting transactions to promote their own self-interest. One of the popular ways to manipulate information is via earnings management (EM), where managers deliberately control the output of financial statements, through discretionary accruals, for example. Manipulation can also occur due to stakeholder demands, as shareholders can put pressure on managers to generate favourable earnings (Oh et al., 2016). However, organisations recognised with having a high level of CSR are less likely to manage their earnings (Alsaadi et al., 2017), or possibly their users might not recognise EM when CSR reporting is accurately presented and conducted (Chih et al., 2008).

Socially responsible companies have recently begun to behave differently from other companies in all financial reporting, including EM, according to Gao and Zhang (2015), who empirically tested earnings smoothing within a higher CSR experience. Using a sample of at least 20 firms within each industry, including the tourism industry, the authors concluded that CSR adds a distinctive quality to EM quality and is useful for a firm's valuation. However, a focus on tourism firms might yield different results; therefore, it is recommended that additional research is carried out within this context. Furthermore, Alsaadi et al. (2017) found a negative relationship between CSR and EM, which indicates that CSR practice significantly constrains earnings manipulation. Kolk and Perego (2010) demonstrated that CSR reporting assurance could act as a substitute for the weaknesses of

institutional mechanisms, but that this cannot occur within an ethical arena. A later study undertaken by Zhu et al. (2014) viewed ethical leadership as critical to avoiding accounting manipulation, an essential factor in terms of increasing the impact of CSR initiatives.

Finally, CSR activities can enhance a firm's value by increasing stakeholder support for the firm's operations and, ultimately, its valuation (Gao et al., 2016). Gao et al. (2016) examined the relationship between the financial and non-financial disclosure quality of firms (including EM and CSR disclosure quality) and found a significant relationship with the quality of information accrued. Therefore, low-quality financial disclosure could signal high information asymmetry, which negatively affects stakeholder satisfaction, particularly when it is related to earnings information. Similarly, Francis et al. (2008) found that high-quality earning disclosure improves the quality of voluntary disclosures, which creates a strong association between CSR, EM and reporting in general. It is also true that reporting, in general, is affected by CSR aspects measurement (Amaeshi, 2010).

2.4.1.2 Firm non-financial performance

2.4.1.2.1 Environmental and social performance

In considering the role played by the environment, Jackson et al. (2015) offered an alternative explanation for the strong relationship between CSR, EP and firms' performance, suggesting that strong EP may be tied directly to strong FP. The rationale being that large financial resources are required to effectively undertake CSR and environmental management initiatives, making it necessary for firms to perform well financially in order to access these resources. With regards to accessing resources, firms need to consider the different methods available for obtaining support from the local community in which they operate since this support, according to Lee et al. (2018), can determine the future viability of the development. The authors found that CSR activities undertaken by casino management companies can help gain community support if a specific environmental/CSR initiative benefits the community. These initiatives then help in overcoming the conflict between the contradictory goals of profitability and social/environmental benefits (Nicolau, 2008).

Furthermore, León and Araña (2014) found that CSR affects demand for tourist locations, including environmental initiatives implemented in those destinations, which in turn hold clear economic benefits for the community. The authors also noted that, ultimately, the cost of not implementing such initiatives exceeds the benefits. Marchoo et al. (2014) similarly attempted to gauge the reactions of tourists to environmental and social responsibility and ethical management, identifying a positive correlation between them. Accordingly, an ethical code has a greater influence than the accreditation logo; a factor attributed to the tourists' lack of familiarity with the industry. Both of

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these studies are, however, based on experimental designs and, as such, the generalisability of their findings may be disputed. Nevertheless, firms in different countries have different practices or outputs considering the environment, which might depend on the corresponding environmental protection policies in place (Ahmad et al., 2019; Novacka et al., 2019).

Novacka et al. (2019) assessed how geographical location in Europe influences the perception of pro-environmental behaviour. By analysing data across Central and Eastern Europe countries that were drawn from questionnaires distributed to randomly selected hotels, they reported significant differences between hotels in their implementation of environmental practices. However, the study was able to address and identify particular aspects relevant to the differences among the involved countries. Also, as acknowledged by the authors, only star-rating hotels were included; therefore, different results may be generated by including other hotels considering the exact location or employed standards (recreational tourism area or town location). Furthermore, different certifications in tourism, as discussed by Font and Harris (2004), are inconsistent and ambiguous and as a result, consumers have tended to value other consumers' online posts over certification when making visiting decisions (Sparks et al., 2013). Tourism companies have, therefore, started to adopt eco-certification, but due more to pressure from civic advocates, rather than consumers (Buckley, 2013).

Based on the International Civil Aviation Organization's data for the airline sector, Debbage and Debbage (2019) assessed whether single or non-stop routes to the destinations would mitigate carbon emissions when compared to the connecting routes through airline hubs in the US. They found that the direct routes outperformed connecting routes and that, generally, non-stop routes reduced carbon emissions. However, the study only evaluated economy class, while ignoring business and first-class that emit much more carbon since they contain heavy items for passengers. Also, they only considered domestic flights; however, the carbon emission estimates would be magnified if international ones were included. Dolnicar et al. (2019) suggested that emissions can be cut without reducing consumers' satisfaction. They used a quasi-experimental method to test the possibility of providing less CO₂-intensive materials in hotels, wherein the authors changed the thick cotton serviettes to recycled paper serviettes, which are less CO₂-intensive. This change reduced the use of traditional cotton serviettes by 95%, with customer numbers not being negatively affected. However, their study was limited to a four-star hotel in a single city (Bohinj) in Slovenia; subsequently, the results cannot be generalised across the broader tourism industry.

Although the above discussion has critically reviewed the literature related to CSR and corporate outcomes, it is worth noting that the majority of the studies are focused on developed countries. It

has also become apparent during the discussion for this study that there is a definite link to policies and regulations in order to fully implement CSR.

2.4.1.2.2 CSR and corporate governance

Much of the literature regarding CSR in tourism (mainly quantitative studies) has either explicitly or implicitly referred to what is related to CG while examining CSR. Despite the lack of varied research in this area, a significant correlation between CSR and governing firms in the tourism context is evident. CSR practices, generally, are recognised to be an extension of CG (Theodoulidis et al., 2017). For instance, Feng et al. (2014) found that CSR practices and CG policies together are significantly related to firm performance in Asian tourism companies. In considering the results of this study, it is essential to acknowledge that CSR is in line with CG as an extension process. Feng et al. (2014) also posited that Western firms are more likely to enjoy benefits; however, the authors also concluded that because privileged managers serve on boards and make unnecessary, extravagant management decisions, Asian tourism, which adopts stricter policies, is likely to suffer because equity is more expensive to fund.

Additionally, Huimin and Ryan (2011) attempted to identify the strength and nature of managers' ethical attitudes in Chinese hotels through examining five components (the role of corporations in current society, which is recognised as CG, tolerance of a degree of relativity in relation to moral standards, respect for individuals, adherence to CSR, and expediency in business). They reported that actions from around the mid-1990s have resulted in more interpretation and research regarding businesses grappling with the failure of CG and ethical elements. One such example is shareholder anger at large executive pay-outs, alongside corporate performance, resulting in the demand for a change in attitude towards CG and social responsibility to address such pay disparity.

In order for all industries – tourism included – to make sound decisions, a change in attitude towards CG and social responsibility is necessary (Minett et al., 2009). Based on agency theory, Park et al. (2019) examined the relationship between CEOs' pay and CSR practices. Their panel data analysis reflects an adverse effect of CEO salaries on CSR and positive moderating influence of institutional ownership on the relationship. Although this study only focused on the restaurant sector, the lack of such studies means that their research makes a notable contribution to the literature. Minett et al. (2009) studied Australian hotels and reported that leadership style and the ethical decision-making of managers differed only according to age. Younger managers are more inclined to use a utilitarian or rule-based ethical decision-making style and are less inclined to embrace CSR contracts or personalistic ethical approaches in comparison to older managers.

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Paek et al. (2013), however, identified a negative relationship between management ownership and critical CSR dimensions such as diversity performance and the negligible impact CSR has on the community and the environment. Meanwhile, based on the upper echelon theory, Lee et al. (2017) also concluded that certain attributes of top managers, such as share ownership, age, formal education level, tenure and stock options could impact CSR decisions. Their study considered not only CEOs but also senior managers, making the results more robust in considering multiple groups. The results show a significant relationship between top managers' average age, the value of stock options held by them and CSR decisions. Also, the manager's age positively influences the airlines' CSR decisions. However, the value of the stock options variable negatively affects CSR.

Ahmad et al. (2019) purported that EP is determined by governance. They explored the link between tourism and EP in Indonesia, the Philippines and Vietnam, and confirmed a different impact of tourism on the environment among these countries, believing that this depends on the corresponding rules to protect the environment as well as country-specific characteristics. Therefore, governing the business environmental practices would lead to better CSR, and in return, affects tourism firms' performance. Interestingly, an updating of CSR strategies, based on clear policies, leads to customer satisfaction and loyalty. This was confirmed by Li et al. (2019) who examined the relevance of CSR strategy, firm reputation and customer-firm identification. They concluded that a weak firm might not benefit from such change. However, relying only on student samples in a coffee shop in one country would limit the study's generalisability. By considering a variety of consumers across different countries, while controlling for national factors, further or better insights may be yielded.

By referring to the tourism industry, particularly international hotels, implementation of local social and environmental policies can be analysed. Bengi (2019) recognised the main organisation instructions and rationalities of CSR in the tourism industry and investigated to what extent CSR practices align with the local legitimacy, particularly in the hotel sector. Local family-run hotels have a similar approach, with family values shaping the CSR strategy and the logics reflecting local factors (Bengi, 2019). Mak and Chang (2019) highlighted the need to consider environmental strategies besides government legislation. They also underlined the increased awareness of environmental responsibility among hotels' management as well as owners. It is possible this awareness goes beyond practice to report what has been conducted in order to benefit from such activities.

2.4.1.2.3 Social and environmental disclosure

According to Bonilla-Priego et al. (2014), sustainability reporting remains highly ineffective in comparison to the standards outlined by the Global Reporting Initiative (GRI). The authors reported that the cruise sector lacks homogenised reporting and is also devoid of hard measures and good

presentation of firms' performance. Some disclosures are not typically related to core business activities and mainly attempt to portray things in a positive light. Reporting is, however, at an early stage and may improve given time. De Grosbois (2016) meanwhile, did not identify a great deal of change. Both De Grosbois (2016) and Bonilla-Priego et al. (2014) contended that a lack of effective CSR reporting in the business could be attributed to a lack of societal/stakeholder demands for such reporting. The type of information would significantly influence engagement and, moreover, has more impact than the message strategies (Deniz, 2019). Deniz (2019) also investigated CSR communication activity and the engagement of stakeholders among hotels in Hong Kong and concluded that delivering CSR practices leads to stakeholder engagement. Although this study reports significant results, it is limited to its focus on social media.

Furthermore, research by Coles et al. (2014) on CSR reporting by low-cost airlines in the EU also indicated that reporting is fundamental, with the study focusing on low-cost airlines in the UK and presenting several findings. Firstly, the study found a distinct lack of integrated reporting among the assessed firms — any communications regarding CSR were largely presented in the investor relations sections of each airline's website. Moreover, six of the assessed airlines offered no communications regarding their CSR initiatives. This does not, however, translate into a lack of sustainable management by these companies and the difficulty in determining the commitment of these companies to CSR is a fundamental flaw of this research as the evidence is limited. Furthermore, Randle et al. (2019) tested how presentations of CSR initiatives affect the choice of customers. Although they indicate that CSR information slightly affects customer choice, the market is highly responsive to both positive and negative (more effective) CSR messages and consumers are sensitive to CSR-framing messages.

Australian hotels, the subject of a further study (Ettinger et al., 2018), have focused mainly on reporting environmental issues, but largely ignored other dimensions of CSR. Ettinger et al. (2018) suggested that there has been an opportunity for an integrated approach which could successfully result in greater engagement with customers. However, this study does not elaborate on how an integrated approach would increase engagement or impact the bottom line. Internationally, research by Font et al. (2012) on the CSR disclosure practices of 10 major international hotel groups indicated that reporting does not meet the standards of GRI. Indeed, the authors of this study identified a significant disparity between stated policy and implementation. It has been found that environmental management is mainly restricted to attempts to reduce expenses, while labour strategies are mainly based on compliance. Additionally, underlying issues related to external audits have rendered much of the information presented by the groups unverifiable. This study, however, failed to build an effective framework through which the reporting standards could be improved,

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and readily acknowledge that certain dimensions of CSR are extremely difficult to measure and thus do not build an appropriate case for increased voluntary disclosure.

On the other hand, early research by Holcomb et al. (2007) on CSR reporting by major hotel groups on their websites suggested that disclosures have been satisfactory. However, this research was conducted prior to the era of integrated reporting and GRI guidelines and, as a result, the assessment criteria are not extensive. Subsequent research on the hotels (Medrado & Jackson, 2016; Nyahunzvi, 2013; Perez & del Bosque, 2014) indicated that reporting is far from satisfactory. Similarly, Jones, Comfort and Hillier (2006) analysed CSR disclosures made by leading pub operators in the UK. The study revealed that, although each of the operators has published online information regarding their CSR objectives, this information varied greatly, despite the existence of specific common themes. Recent research by Yang et al. (2019) examined green communication effectiveness on consumers' attitudes and intentions. Based on their findings, they advise restaurants to implement effective communication strategies as environmentally conscious consumers request much greener products. Furthermore, they found that the restaurants' firms were making efforts to become environmentally friendly. These efforts and activities must be publicly reported in a standard manner in order to achieve targeted benefits.

Interestingly, a study by Medrado and Jackson (2016) on the non-financial disclosures made by firms (lodging, cruise tour and food and beverage) suggested that GRI standards are being increasingly adopted. This research demonstrated that the majority of assessed disclosures have conformed to the standards outlined by the GRI. However, there was significant variation when subsector comparisons were made, which, in turn, indicates that standardisation across the tourism industry as a whole may not be possible. They did, however, identify that key tangible measures relating to water consumption and waste generation had been present across the sample, although the researchers also suggested that further follow-up studies are necessary to gain more precise insights. In another study, Perez and Del Bosque (2014) evaluated the sustainability reporting practices of Spanish hotels using the sustainable development (SD) and stakeholder relationship management (SRM) approach. The authors' verdict was favourable as the chosen hotels satisfied the essential criteria. The authors recommended a greater emphasis on supply chain management, although this would be insufficient, according to the standards outlined by GRI. The authors did not discuss the level of strategic integration achieved by these firms or external audits and whether the information presented could be verified by accreditation bodies.

Furthermore, Johansen and Plenborg (2013) discussed the behaviour of managers tasked with the preparation of firms' statements, focusing particularly on CSR disclosure practices. Surprisingly, they found that providing disclosures related to CSR involves substantial costs, which may explain

why these disclosures are not made frequently. However, this research also suggested that CSR-related disclosures are not demanded by the sampled investors, which would cast doubt over the need for CSR reporting as a whole. Again, the limited sample size of investors makes this claim tenuous. In order to overcome issues related to the measurability of precise CSR dimensions, Tyrrell et al. (2012) proposed a quantification tool based on the triple bottom line philosophy, which measures the impact of tourism on communities and considers aspects such as the environment, security, society and the local economy. Tourism firms can use this tool to assign value to the impact that tourism will have on communities. Despite its utility, however, the tool requires further development in order to be incorporated into comprehensive measurement and reporting frameworks, such as the GRI.

Finally, research by Wijk and Persoon (2006) examined the sustainability reporting of international tour firms, concluding that tour firms perform weakly at best. By sector size, large tour operators report better than SMEs, and traditional firms report better than their online competitors. The authors attributed the differences in reporting behaviour to the level of CG, whereby reporting can suffer from managers' manipulation of either financial or non-financial information. According to agency theory, since the objectives of managers and shareholders conflict, managers might take advantage of information asymmetry to pursue self-interest (Zhang et al., 2015). Earnings management, therefore, is one common method used for self-interest.

2.4.1.3 CSR practices and control

2.4.1.3.1 CSR measurement

Due to diversity and possible complexity, it might be challenged to measure specific aspects or dimensions of CSR (Amaeshi, 2010). This could influence reporting because of cost implications (Johansen & Plenborg, 2013). De Giovanni (2012) suggested that these issues are more evident when attempts to measure social performance are made. However, Huang and Watson (2015) determined that, in some cases, a firm's performance may improve as a result of attempting to improve CSR (e.g., environmental) cost measurement techniques. Becken and Patterson (2006) proposed specific measurement techniques, including two economy-wide measurement approaches for carbon dioxide emissions. These include a bottom-up approach that integrates data from industrial reports on energy, intensity and tourist surveys and a top-down approach that uses a preliminary form of integrated accounting. The proposals though are flawed due to their use of surveys that measure only subjective opinions, and a form of integrated accounting which is considered archaic.

However, a new, relevant model represented by Horng et al. (2018) highlights the vital performance

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dimensions that have been found to include aspects such as environment, behaviour and sustainability culture inheritance, although this has not contributed significantly to theory and the proposed framework is relatively basic. Earlier, Whitfield and Dioko (2012) also developed a framework to evaluate the sustainability performance of conference venues in the UK, classifying venues into categories, ranging from *venerated* (high levels of existing commitment to sustainability) to *unmotivated* and *eternal denial*. The majority of venues surveyed have been classified as *eager*. Subsequently, Whitfield et al. (2014) applied this framework, once more yielding the same results. The critical issue with this evaluation method, though is its reliance on managerial opinions for the assessment rather than on concrete actions or strategy.

To evaluate CSR performance associated with sporting events, Huang et al. (2015) also proposed a model that integrates the Importance-Performance method and fuzzy logic. This model has helped in overcoming specific issues related to the ambiguity of the Importance-Performance method, but its application to larger supporting events is yet to be proved. Similarly, Dickson and Arcodia (2010) evaluated the guidance provided by various associations of events professionals, event managers and venue operators, but the authors failed to provide any actionable recommendations. Their research has demonstrated that the guidance has been highly insufficient and, at times, ignorant of operational issues. Styles et al. (2015) alternatively proposed a series of benchmarks and best practices for managing the consumption of water by hotels. According to these researchers, effective water management can result in substantial savings for firms. However, despite these claims, the research offered little evidence for this and, without practical examples, it cannot be verified. Tsai et al. (2014) discussed managing fuel consumption and proposed methods involving the incorporation of activity-based costing to reduce the weight of passenger seats. They described a mathematical model through which this can be achieved but also conceded that, as a full account of expenses may not be provided, the effectiveness of their proposal could be limited. Activity-based costing (ABC) was also employed in a model proposed by Tsai et al. (2010), attempting to provide managers with a method of evaluating the costs and benefits of CSR programmes. However, this method did not account for the subjectivity of experts' views.

More recently, Alvarado-Herrera et al., (2017) and Annie et al. (2019) proposed a scale to measure the perceptions of employees and consumers, respectively, regarding an organisation's CSR activities. These scales were designed specifically for tourism firms, and the population sample was collected from Hong Kong and tourists from 24 countries. Annie et al. (2019) developed the scale, composed of employees, consumers, local community, natural environment and owners. Similarly, Martinez et al. (2013) and Fatma et al. (2016) attempted to develop a scale to measure CSR in tourism (e.g., perceptions of consumers). Unfortunately, all these studies have limited application as they have concentrated on a single context (Hong Kong, Spain or India, respectively). Therefore,

a comprehensive model to measure the adoption of CSR activities which may influence managerial behaviour remains absent.

2.4.1.3.2 CSR adoption and management

This strand of literature focuses on issues of practice and the motivating factors influencing tourism firms or managers. Arvidsson (2010) recommended communicating important CSR information, such as the objectives of the CSR strategy, to managers, while Eberhardt-Toth and Wasieleski (2013) indicated that individual characteristics, such as maturity and their responses to intense issues, determine managers' ultimate performance with regards to CSR practice. Schaltegger and Horisch (2017) ascribed the motivations behind CSR practice by firms to the need to be viewed as legitimate, rather than economic concerns, although the authors did not consider the extent to which legitimacy is linked to profitability. Similarly, Abaeian et al. (2019) and Guillet et al. (2012) stated that managers in hotels are likely to place greater importance on the performance of CSR-related activities. Abaeian et al. (2019) explored how managers perceive the notion of CSR via conducting interviews and found that CSR involves conflicts between achieving business objectives, considering ethical values and cultural norms when making environmental and social initiatives decisions. These articles are also limited in their applicability due to their geo-specific focus.

Anna (2019), Luu (2019) and Su and Swanson (2019) also deemed stakeholders' perceptions to be a factor that directs CSR orientation. It is therefore essential to work towards motivating staff in order to encourage more sustainable behaviour. This can be achieved via making employees feel that their efforts are fully noticed by managers (Tuan, 2019) and considering employees' physical, mental and social well-being (Su & Swanson, 2019). Nevertheless, stakeholder influence on CSR is not only resultant to the stakeholders' perceived, which indicates that further analysis needs to go beyond the consideration of salient stakeholders' interests (Anna, 2019). These studies, however, might not be generalisable since their concentration was on a single context; thus, testing other cultures may lead to different results.

Rahmawati et al. (2019) reported that cultural identity also has an impact on CSR practices. Based on a case study grounded in Hindu cultural identity in Indonesia, they found that spirituality plays a significant role in CSR in three dimensions: (i) a key element in creating a favourable environment for CSR; (ii) a CSR driver to inspire firms' managers; and (iii) a complement to CSR governance. Chou (2014) postulated that individual behaviour is essential in the area of green management practices in the tourism context, which may be related to the affected culture. Chou (2014) noticed the importance of organisational culture or the prevailing climate with regards to green management within an organisation. In addition, research by Kang et al. (2016) attempted to understand the influence that NC has on a manager's implementation of CSR, indicating that aspects such as

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uncertainty avoidance and power distance have a significant impact. However, the sample is limited to North American firms and does not contrast and compare cultural attitudes.

Lin et al.'s (2018) study considered how managers' attitudes towards Taiwanese society relate to a firm's objectives, viewing these as the most critical determinants in a manager's commitment to CSR. A similar study conducted by Garay et al. (2017) found that the fundamental motivation for introducing CSR is related to either lifestyle, altruism or business image, followed by other motivations (e.g., social, environmental and economic). This research has not, however, adequately addressed sustainability, particularly from the social aspect. Interestingly, research by Stylos and Vassiliadis (2015) on hotel managers' views of three-pillar sustainability indicated that managers of five-star hotels are more likely to place greater importance on financial and social aspects than managers of four-star hotels. However, no differences are identified with regards to environmental issues.

Holcomb and Smith (2017) considered the perceptions of hotel general managers regarding their hotels' CSR efforts and indicated that the vast majority of general managers view their hotels' CSR strategy favourably. Tsai et al. (2014) found that hotel managers have greener attitudes than their travel agency counterparts when these two sectors are compared. Interestingly, they also found that younger female managers are more likely to have greener attitudes. At present, the drivers of green practices are not clear. Mair and Laing (2012) attempted to identify the drivers of, and barriers to green practices at music festivals. They identified the driving factors to be primarily related to the values of the managers or organisations and/or a desire on the part of festival goers for sustainability. At the same time, barriers ranged from extensive costs and limited time to the absence of authority over the venue and the unavailability of appropriate suppliers. Limitations in the sample sizes recruited within these studies may restrict the potential applicability of the findings.

Maas and Rosendaal (2016) identified specific characteristics of the examined technique, including a focus on short-term social targets. A key issue with this research is its failure to consider the impact of these targets on CSR performance. Huber and Hirsch (2017), however, considered this and concluded that organisational incentive systems, which reward sustainability performance, do not necessarily increase the likelihood of managers' sustainability behaviour. However, this research uses management students as the sample, rather than serving employees, and so these conclusions may also not be necessarily applicable. Findings from research by Razumova et al. (2015) contradicted the claim that incentives have no bearing on CSR performance in Majorcan hotels, where it has been found that EP-related incentives improve the prospect of environmental innovation. Additional factors that, according to Razumova et al. (2015), influenced environmental

innovation have also been identified. These include the use of environmental accounting, training and employee satisfaction which can, however, be a result of sufficient CSR implementation.

2.4.1.3.3 Implementation of CSR and responsible tourism

The implementation of CSR has a positive impact on the attitudes of employees, and this has also been evident in research by Park and Levy (2014), Zientara et al. (2015) and Tsai, Tsang and Cheng (2012). This, along with other research, suggests that an employee's performance will improve through the implementation of CSR initiatives. A recent study by Chi et al. (2019) examined how tourism in China impacts managers' attachment to the local community influencing their attitudes toward CSR and revealed how the positive impacts of tourism perceptions favourably affect managers' CSR attitudes. This result might be limited to the context of China and could suffer from subjectivity since the study relied on opinions based on structured questionnaires.

In contrast, according to research on pubs in Scotland by Alexander et al. (2014), front-line employees are not concerned with ensuring that patrons drink responsibly, despite the existence of governmental and industry-level policies promoting this. Similarly, Wells et al. (2015) found that employees at UK heritage tourism sites lack the appropriate knowledge and training to behave in a manner that would be considered environmentally appropriate. However, additional research by Wells et al. (2016) on hotel employees in Iran alluded to the fact that employee characteristics are more important in promoting micro-level environmental behaviour than company-level policy. One particular employee characteristic found to influence environmental behaviour was a concern for future generations. The results of all of these studies, however, cannot be generalised as they have been conducted in vastly different contexts.

The issue of CSR strategy has also been the focus of many tourism articles, but their concentration on different facets of strategy yields an insufficient link between them. Dodds and Kuehnel (2010) described the ineffective CSR strategies implemented by Canadian tour operators, despite their high level of awareness of CSR issues. Their study, however, did not discuss the differences amongst the surveyed tour operators; instead, it treated them as a homogenous sample. Smith and Ong (2015) addressed the issue of global CSR strategies and concluded that it is challenging for global hotel chains to implement the standardised strategies issued by corporate HQs. This is because local stakeholders have a critical influence on the activities of local hotels and mainly prefer to focus on local issues. This study is limited to Thailand, and the inclusion of other countries may have yielded different results. Gröschl (2011) attempted to analyse the diversity of management strategies of major international hotel chains through the information presented on their websites. Groschl's conclusions indicate that these chains should provide greater information about their

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diversity management strategies to placate stakeholders. However, the findings do not discuss the effectiveness of the strategies employed by hotel chains.

By evaluating the business and CSR strategy of a major Spanish hotel chain, Martínez et al. (2014) found that the company's extensive integration of CSR is motivated by the need to reduce the gap between its desired and actual organisational identity. Carrigan et al. (2017) also assessed strategic motivations for CSR, focusing on sustainable food and beverage SMEs marketed to tourists. The researchers discovered that the use of a precisely localised supply chain could be attributed to the high social capital of these businesses. However, their research employs the unitary case study method and so, similarly, cannot be generalised. Furthermore, Sheldon and Park (2011) identified key drivers of, and barriers to CSR strategy in the US. Key drivers include a desire to improve reputation and to serve the relevant business community. Barriers include a lack of financial resources and strategic knowledge. Furthermore, research findings from a study by Wells et al. (2016) identified organisational values and a desire for energy efficiency as the key factors behind the CSR strategies of heritage tourism companies, while research by Horng et al. (2017) showed that the rationale for CSR strategy in Taiwan is deeply influenced by Confucianism.

Tourism, therefore, can be described as a complex system that consists of multiple stakeholders and impacts communities, businesses, individual tourists and eco-systems (Coghlan, 2015). In order to reduce the detrimental impact of tourism, it has become necessary to put in place appropriate methods for measuring the possible enhancement of responsible tourism. Responsible tourism, or enlightened mass tourism (Weaver, 2014), is tourism that curbs the harmful impact on destinations, communities and their environment. Koutra (2010) presented a method for this, which he refers to as Rapid Situation Analysis. This method has several benefits, including low cost and speed but is hindered by its failure to measure tangible impact through objective methods. Nonetheless, the use of subjective feedback from the local community appears to be reasonably common in research in responsible tourism studies. Examples are provided by Chen and Tian (2015) who assessed the impact of the Olympics on residents of Beijing and Qingdao and research by Polonsky et al. (2013) that evaluated the impact of strategic philanthropy on the community surrounding a heritage tourism site in Turkey. The latter found that the residents mostly have a favourable view of the impact of strategic philanthropy and the associated firm on their community. Thus, this may explain perhaps why low fare airlines have comprehensive philanthropic strategies (Fenclova & Coles, 2011). This strategic philanthropy may have a dual aim – assisting communities and achieving strategic goals (Polonsky et al., 2013).

This form of philanthropy would, then, be considered to have a low altruistic motive, according to Biraglia et al. (2018). Low altruistic motives are those where philanthropy is not undertaken solely

for altruistic reasons, and the authors contended that this would discourage tourists from visiting the locality. This research, however, did not consider the impact on the community surrounding the tourist attraction and, as a result, findings from both Polonsky et al. (ibid) and Biraglia et al. (ibid) may still be valid. However, Spenceley and Goodwin (2007) argued that token or isolated attempts at philanthropy by tourism companies had little impact on the community surrounding a South African nature reserve. Chettiparamb and Kokkranikal (2012) aimed to identify the factors required for responsible tourism to occur, focusing on the Indian state of Kerala. They listed societal pressure, sharing of information amongst key stakeholders, and a focus on local issues and strong leadership from local government. The authors conceded that these factors might not apply to other geographical locations. Moreover, an article by Frey and George (2010) concluded that local tourism businesses in Cape Town are unable to implement responsible tourism due to resource constraints.

Responsible tourism concerning individuals has been presented in the literature since the 1980s (Chettiparamb & Kokkranikal, 2012) and is defined as the tourist's visiting intention or desire to participate in responsible tourism (Biraglia et al., 2018). According to Caruana et al. (2014), this is largely influenced by the individual tourist's goals and objectives, both intrinsic and extrinsic. Kim and Youn (2017) contended that the design and delivery of stories about tourist destinations have a profound influence on visiting intentions. This research is, however, limited to the opinions of students from one Chinese university. Voluntourism is a specific form of responsible tourism in which tourists participate in the improvement of local communities. Research by Foller-Carroll and Charlebois (2016) involving Canadian Tourism Management University students found that participants' intentions range from purely altruistic reasons to a desire to differentiate themselves in the job market. However, according to Smith and Font (2014), responsible tourism and voluntourism are not being marketed responsibly or ethically. Therefore, the results do not live up to tourists' expectations and have also detrimentally impacted the destination communities. Despite this, Truong and Hall (2017) indicated that corporate social marketing by tourism companies could, in fact, benefit host communities through changes in tourist behaviour.

Finally, two articles discussed essential issues which have been mainly ignored in the responsible tourism debate so far. The first, by Levy and Hawkins (2009), demonstrated that tourism could contribute to peace or conflict resolution, but that the responsible tourism agendas of most firms have not focused on this element. The second article, by Tepelus (2008), discussed the issue of human trafficking and child sex tourism that falls within the scope of responsible tourism. However, this issue has mostly been ignored, and Tepelus's article has presented the case for its inclusion. However, the author does not proffer any recommendations for addressing these serious issues.

2.5 Conclusion

2.5.1 Literature limitations

Theoretical limitations might be one of the critical weaknesses of the prior research studies that integrate CSR in tourism. Around 62% of the tourism studies which integrated CSR rarely applied theories while discussing issues and therefore lacked a critical dimension, while possibly not attempting to improve upon the previous research. This raises some valid questions surrounding the value and contribution of these studies to the broader research field. Uncertainties concerning the contribution to theory could also be levelled at many of the empirical studies analysed here, and whether these studies help further the key debates and academic discourse in general. One of these queries pertains to whether or not the CSR activities performed by large corporations benefit their locations (Uwafiokun, 2008). Focusing specifically on the tourism industry, one issue that arises is how tourist firms can benefit the communities that host tourists. Certain additional articles that did not fulfil the criteria for inclusion in this final review addressed some of these elements; for example, an article by Buultjens et al. (2010) which discussed how an Australian mining company might facilitate tourism in remote indigenous communities.

Furthermore, although this review finds an active link in the literature between CSR and CG as well as stakeholder satisfaction and reporting quality, there is a recognised lack of discussion in these areas, particularly with regards to the environment. Only a limited number of articles attempt to study the relationship between CSR and issues related to CG, as well as CSR and EM in particular. Moreover, the literature has largely ignored the traditional argument over the roles and obligations of an enterprise (Moser & Martin, 2012). This debate is as old as the field of CSR itself, with a key question being whose needs should be prioritised – the shareholder's or the stakeholder's? Moreover, certain studies highlighted the positive impact that CSR initiatives have on a firm's performance. However, none of the selected studies promoted the view that CSR should be considered a core ethical responsibility of the business, regardless of its financial benefit. This argument, however, was entirely presented by Carroll (1991), who proposed the pyramid of CSR. Similarly, the distinctiveness of CSR and associated management practices within a cultural context was noticeably absent from the extant literature (Moon & Shen, 2010).

The literature was also unable to provide clarification on many critical issues due to a lack of consensus. For instance, only certain studies consider CSR itself to be a moderating factor (Theodoulidis et al., 2017) in organisational performance. This means it can be an antecedent for positive organisational performance only when it interacts with additional variables. Some authors argued for the opposing view, with strong financial/organisational performance considered a

prerequisite for positive CSR performance (Jackson et al., 2015); however, others (e.g., Bhandari & Javakhadze, 2017; Lee et al., 2013) reported a negative impact. The varied and multifaceted nature of the tourism industry may offer a key reason for these divergences, but few articles attempt to chronicle and categorise these variations or elucidate their causes. Therefore, a further moderating role either at the firm level such as CG, or at the country level, e.g., NG, national economics and NC may clarify and explain the association between CSR and firm performance.

A *methodological limitation* was also noticed, particularly relating to concluding inappropriate or inaccurate data. For instance, Bagur-Femenías et al. (2015) drew conclusions about corporate performance based on subjective answers presented in questionnaires, rather than examining objective financial results. Similarly, the research methods employed by Chen and Lin (2015b) did not consider factors other than corporate charity when evaluating financial performance. Some of the studies did not extend their scope to include highly relevant research questions; for example, Coles et al. (2014) did not evaluate the commitment to CSR. Experimental and exploratory research designs were also key methodological limitations of research conducted by Marchoo et al. (2014).

Sample limitations can be problematic, chiefly when they prevent the generalisability of results on CSR in tourism, as has been evident in much of the literature. Many studies addressed only specific countries, geographic locations, or particular sectors of the tourism industry, which makes it difficult to apply findings to a broader population. Many of these findings may have been influenced by only industry-specific and/or regional characteristics. Examples of such studies include those by Alvarado-Herrera et al. (2017), Annie et al. (2019) and Fatma et al. (2016), which attempted to develop scales to measure consumer perceptions but only surveyed consumers in a single country. Similarly, Johansen and Plenborg's (2013) study used a limited sample. Studies with larger samples may provide different results and/or findings that are more robust. Other studies reached conclusions which may be erroneous due to the sample used being inappropriate for the research objectives. Examples of this include research by Ham and Han (2013), which attempted to measure customer loyalty to hotels by surveying tourists in airports and research by Huber and Hirsch (2017), which sought to assess the impact of sustainability-based incentive systems on employees by surveying students. Likewise, Kim and Youn (2017) built their argument on the opinions of students rather than actual tourists when the examination took place.

2.5.2 Agenda for future research and summary

The systematic review of the literature has generated many valuable insights about CSR and its practice in the tourism industry. Although much of this research explicitly focused on the field of accounting, valuable information regarding additional sub-disciplines of management was also

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gained. Much of this information focused on aspects of HRM, marketing and strategic management through the discussion of performance and reward, customer loyalty, and firm strategy. As a result, future research might focus on the theoretical overlap between additional disciplines of management, tourism industry and CSR, with marketing, strategic management and HRM as particular fields of interest. Moreover, researchers could get involved in developing a greater understanding of the various subsectors of the tourism industry and their relationship with social and environmental responsibility. Efforts could be made to identify the specific characteristics of these subsectors, which could lead to a particular configuration of CSR practice and strategy. These sectors could also be analysed from a global perspective, with the inclusion of research from diverse regions, regulations, and cultures, to include inter-regional variances and similarities.

A further potential research avenue might be to address some of the theoretical debates that were mentioned but which were insufficiently tackled in the existing literature. Examples include an evaluation of the stakeholder/shareholder argument from the perspective of the tourism industry, using case studies and other extant research. Also, the distinctiveness of CSR and associated management practices based on the cultural context Moon and Shen (2010) offers another avenue of study that has been largely ignored in the literature. An additional possible area to consider relates to the imposition of taxation systems by countries, including the possibility of tax avoidance in light of CSR. For example, in 2002, the government of the Balearic Islands demanded an extra tax in order to fund environmental improvements. This had a negative effect on tourism to the islands, and so the tax was rescinded, causing sharp competitiveness (Holden, 2009).

An additional suggestion, made by this SLR, is to explore corporate performance and CSR in tourism firms considering developing countries, as to date, there is a notable lack of research within the emerging nation context. This, however, was also recognised earlier by Nyahunzvi (2013). The findings could consider the impacts of CG and national effectiveness (e.g. NG and NC). This gap is indicative of the need for studies in a broader array of areas, including CSR multi-dimensions such as social and environmental reporting; as Zhang and Hanks (2017) suggested, firms should comprehensively tailor their CSR messages in order to perform well. This can be in line with a comprehensive measurement model, which is, also, a future avenue for research. Although some studies attempt to propose a measurement model for the social and environmental activities of firms, these attempts seem to fall short. The reason, perhaps, is linked to the difficulties involved in measuring such a broad and varied theme (Amaeshi, 2010). As previously discussed, attempts to develop measurements have been flawed (Becken & Patterson, 2006; Horng et al., 2018; Tsai et al., 2010; Whitfield et al., 2014) leaving room to build upon previous work and create a more objective form of measurement with the potential for broader application.

This SLR made a suggestion that relates to issues around CG – most noticeably, executive pay and CSR practices (e.g., environmental performance). Theodoulidis et al. (2017) mentioned that CSR practices are an extension of CG policies; for instance, CEOs' and top managers' actions, mostly regulated via CG policies, can affect CSR decision making (Lee et al., 2017; Paek et al., 2013). The notion that some policies might cause shareholder anger (e.g., large executive pay-outs) warrants additional research. Similarly, the relationship between CSR and EM quality can be explored further. The provision of high-quality, comprehensive reporting can increase the satisfaction of stakeholders and improve the quality of voluntary (CSR) disclosures (Francis et al., 2008).

Finally, this research has offered a comprehensive systematic review of existing CSR literature in tourism. According to the methodology used, this is the first research of its type to systematically review CSR literature in the tourism context in particular. Therefore, it contributes to the understanding of how CSR is viewed in the literature and highlights what is yet to be understood. CSR is viewed as a vital component in the strategy of modern tourism organisations and evidence suggests that firms across several subsectors of the industry are adopting CSR practices, albeit to varying degrees. There is also evidence of CSR being practised by tourism firms from diverse geographical regions. Much of the literature also indicates a link between participation in CSR activities and organisational performance, but this is potentially mediated by other factors such as firm size, customer loyalty, or customer awareness. There is, however, little consensus on this subject at the moment, particularly in the absence of developing nation research.

To sum up, three key themes were identified in the literature. The critical gaps are related to a lack of discussion on the central debates in CSR, such as the conflict between shareholder and stakeholder approaches and the primarily neglected effect of culture or NG on CSR and the environment. There were other vital limitations concerning methodology, such as the use of inappropriate data and limited samples which precluded the research from being applied to a broader population. Moreover, some aspects, such as CG (e.g., compensation) and a global performance analysis considering developing countries, linked with CSR practices, have not been sufficiently examined. Researchers, furthermore, could benefit from using this SLR on CSR in tourism as a starting point for further academic scrutiny, potentially adding newer knowledge to the field as it comes to light. Additionally, managers may use the measurement scales that have been presented to assess the impact of their CSR activities on consumer perceptions and/or to measure the costs of their environmental or social impacts. They may also examine the reporting practices discussed and elect to prepare their own reports. The discussion of CSR and organisational performance may further assist in identifying the critical intermediary variables that apply to their particular situation.

2.5.3 Summary of the study

Questions	Results/Findings
<p>-What is know about CSR in tourism and what is yet to be discovered?</p> <p>-What are the patterns and themes?</p> <p>-What are the gaps and limitations?</p>	<ul style="list-style-type: none"> - Existing studies are descriptive and/or draw on single rather than multi-theoretical perspectives. - Themes: financial performance, financial reporting quality, environmental and social performance/disclosure, CG and CSR practices and/or control - Focused on how CSR is related to financial performance; and neglect others, e.g. executive compensation, environmental performance, governance and tax. - Limitations: include the dearth of qualitative, mixed-methods and cross-cultural/country studies. - Opportunities for future CSR in tourism research were outlined.

Chapter 3 Environmental performance and financial performance in tourism firms

Abstract

This study globally examines the impact of Environmental Performance (EP) on Financial Performance (FP) in tourism-related firms. Its aim is to investigate the causality relationship between EP and FP using a worldwide sample of 1,108 publicly listed companies from 2004-2018 with information obtained from DataStream (ASSET4). In adopting an original empirical model considering the moderating roles of firm-level Corporate Governance (CG) and country-level National Governance (NG) and National Culture (NC), the findings highlighted the following: Firstly, the results indicate that better EP performance is positively correlated with FP and vice-versa. Secondly, the relationship between EP and FP is affected by the moderating roles of CG, NG and NC. Thirdly, while CG for developed countries' has been found to reflect better FP, CG for developing countries' has not. The results are robust when controlling for firm-level characteristics, country-level potential variables, Generalized Linear Model (GLM), and alternative FP proxies, and have proven to be mostly similar. Moreover, the findings are consistent with the predictions of stakeholder and resource-based view theories. Finally, understanding the effectiveness of the environment and the drivers for better FP may assist tourism firms' executive managers, regulators as well as standard-setters in enhancing the improvement of environmental practices through the issuance of governance codes and practising guidelines.

Keywords: Financial Performance, Environmental Performance, Tourism firms, Multi-theory

3.1 Introduction

This second study of this thesis reports the first empirical examination of the effect of environmental performance (EP), proxied by environmental degradation, on both accounting and market FP in the tourism industry across countries. The EP–FP nexus is then moderated by corporate governance (CG), national governance (NG), and cultural features (e.g. individualism, masculinity, indulgence, uncertainty avoidance, power distance and long-term orientation). This section provides an overview of the research issues, motivation and problem statement, outlines the aim and the objectives and finally, briefly, summarises the contribution of the study.

3.1.1 Overview

The environment, in particular, is of great concern in the contemporary business climate (Hang Song et al., 2017). Governments, international organisations, non-governmental organisations, consumer associations and regulators are becoming increasingly concerned over environmental challenges such as pollution, resource depletion, climate change, and global warming (Carballo-Penela & Castromán-Diz, 2015; Wright & Nyberg, 2016). Global warming and climate change are incredibly challenging issues that will have a significant influence on the future. Firms must, therefore, seek to avert this threat by engaging in sustainable business practices. Polluting the environment in exchange for developing the economy is unsustainable (Song et al., 2013). More specifically, within the tourism industry, there is an increasing global debate about encouraging this industry, which offers economic, social, cultural and even educational benefits, to become more environmentally responsible (Dickson & Arcodia, 2010).

Organisations, therefore, need to ensure that they manufacture their products and earn profits in a manner that is friendly to the environment. Business organisations are becoming increasingly concerned that the environment is being destroyed and that non-renewable resources are being depleted. Increased destruction and depletion of resources can hamper the sustainability of businesses moving forward. Therefore, environmentally conscious and responsible firms cannot be oblivious to the impact that they are having on the environment (Hang Song et al., 2017). Increasing concerns over the environment have forced organisations to start looking for solutions to protect the environment while also maintaining income and competitiveness. Organisations are, consequently, frequently employing strategies to reduce their costs and expenses (Lucato et al., 2017).

Firms that disclose better EP results as part of their Corporate Social Responsibility (CSR) reports are likely to get a better reaction from the general public. An indicator of good EP is the degree of safety and health of consumers in the consumption of their products. Corporate social

responsibility disclosures serve as a means of telling the public that the company is manufacturing high-quality products and that its operations are being carried out responsibly and ethically. As a result, environmentally responsible firms are capable of benefitting from higher sales and higher prices. Firms can further enhance their corporate image by conducting their environmental activities with the aid of local labour, thereby enabling a reduction of labour costs and creation of jobs for the community (Angelia & Suryaningsih, 2015).

While it is vital for firms to be environmentally responsible, engaging in environmental management (EM) activities entails costs such as those associated with procuring cleaner raw materials and the extra investment associated with constructing/maintaining environmental facilities. Additionally, the benefits associated with EM efforts often come indirectly. Environmental management can, therefore, be regarded as a general cost without clear benefits. For firms to be motivated to incur the additional expenditure required to protect the environment, the benefits associated with engaging in EM activities must significantly outweigh the costs. López-Gamero, Molina-Azorín and Claver-Cortés (2010) suggests that EM activities can result in enhanced FP through enhanced worker productivity, efficient employment of resources, improved reputation, enhanced worker relations and improved competitiveness

Tourism firms have a significant and positive impact on the economic growth for both developing and developed countries, supporting the hypothesis of tourism-led economic growth (Paramati et al., 2017). Like other industries, there are also growing concerns over environmental issues in the tourism sector, as it accounts for a significant proportion of environmental concerns. For example, Song and Li (2008) observe that tourism plays a significant role in exacerbating environmental issues. The industry, therefore, must incur a broader social and environmental responsibility, due to the impact it has on the environment, economies, societies and cultures (De Grosbois, 2012; Henderson, 2007). Over the last decade, firms in the tourism industry have actively made expenditures on activities that aim to enhance their EP (Tan et al., 2017). For example, restaurants and hotels are beginning to put in place a variety of environmentally-sensitive business practices (Tan et al., 2017).

3.1.2 Motivations and problem statement

Despite increased investments in environmental management practices, it is not clear whether these efforts contribute to the betterment of FP. The issues around the environment have been studied across disciplines (e.g., Debbage & Debbage, 2019; Elmagrhi et al., 2018; Fang et al., 2018; Gössling & Scott, 2018; Haque & Ntim, 2020; Paramati et al., 2017; Rhou & Singal, 2020; Scott et al., 2018; Shahab et al., 2020; Su & Swanson, 2019; Toimil et al., 2018; Wilkins et al., 2018; Zhang &

Zhang, 2018). However, the empirical evidence, particularly on the contribution of EP to FP is mixed. Some studies observed that EP contributes positively to FP (e.g., Angelia and Suryaningsih, 2015; Chen, Ong and Hsu, 2016; Song, Van Hoof and Park, 2017; Tan et al., 2017; Bartolacci et al., 2018), while others have observed a negative relationship (e.g., Horváthová, 2010; Mathuva and Kiweu, 2016), with some having observed no significant relationship (Lucato et al., 2017; Nor et al., 2016).

The existing literature on environmental issues related to FP precisely in the context of tourism-related firms, as also discovered by the first study (SLR) of this thesis, tend to focus on a single country or sub-sector of the tourism industry. Moreover, the available studies, such as Tan et al. (2017), simply examine a link between EP and FP without taking into consideration country-level and firm-level factors such as the potential moderating effect of NC, NG and CG. The tourism industry, including the restaurant sub-sector, for example, is based on the fact that it is subject to customer discretionary expenditures, which reflects the sensitivity of this industry to the condition of the economy (Lee et al., 2013). As the macro institutional environment has a strong influence on firms' social and environmental responsibility behaviour, this should be examined by considering multilevel antecedents (Lattemann et al., 2009). This explains why the contribution of EP to FP may differ across sectors or countries. In addition, despite the contribution of the tourism sub-sectors to environmental concerns and investments to enhance their EP, minimal evidence exists that examines the impact of EP on FP in the whole tourism industry.

Furthermore, the existing literature is not well supported by empirical studies and is still far from offering an explanation as to how EP can contribute to tourism-related firms' FP across countries, mainly when the causality is concerned. This causality relationship became more motivated to be studied, as long as moderating effectiveness of CG, NG and culture is considered. Governance and cultural institutions may facilitate a firm's governance behaviour, which seems to dominate the adoption of CSR and the national income (Lattemann et al., 2009), with the latter being mostly a result of a firm's income. Legal origins, interpreted as highly determined of social control of the economic lifecycle, have significant consequences for the regulatory structure of society, as well as for economic outputs (La Porta et al., 2008). To sum up, it is an appropriate time to conduct research examining the causality relationship between EP and FP, which thereby has an original, useful contribution not only to scholars but also to professionals.

3.1.3 Aim, objectives and contributions

Motivated by the above insights, this study examines the contribution of EP to FP in the tourism industry, taking into account the moderating role of CG, NG, and NC. The objectives include;

- I. Exploring the link between EP and FP in the tourism industry.

- II. Analysing the effect of CG on EP and FP in the tourism industry.
- III. Investigating the moderating role of CG, NG, and NC on the link between EP and FP in the tourism industry.

By achieving these objectives, this study will first extend the present literature by focusing on the tourism industry to measure the effect of EP on accounting and market base FP. It will also take into account the moderating role and the determinants of NC, NG and CG in the association between EP and FP; something not done by previous studies. Finally, taking into account the differences in NC, NG and CG between developing and industrialised countries, this study compares the contribution of EP to FP across developed and developing countries. This could assist firms' managers and regulators in addition to standard-setters in enhancing the improvement of EP and FP through the issuance of governance, policies and practising guidelines.

3.2 Environmental performance, governance, and Institutional context of tourism firms

Corporate social responsibility, including the environment as it applies to the field of accounting, is a new and emerging field that has undergone changes to several practices in recent years. These practices include various aspects of social performance and EP (Soderstrom et al., 2017) and could affect the sustainability of the business. The concern for sustainability in tourism activities began in the late 1960s and the past decades have seen a growing awareness amongst, for example, hoteliers and investors, about social and environmental issues (Fatma et al., 2016). Thus, environmental consideration in the tourism industry has started to take precedence, particularly with the realisation that resources should be protected for long term business sustainability (Dodds & Kuehnel, 2010).

The tourism industry is regarded as the largest and fastest-growing (Ragab & Meis, 2016) and ranks third in global exporting and top in most developing countries (UNWTO, 2020b). The United Nation World Tourism Organisations reported that international tourist arrivals grew by 7% in 2017, generating US\$ 1.6 trillion, which represents US\$ 4 billion a day in export earnings, and is predicted to reach US\$ 1.8 trillion by 2030. Tourism, therefore, is a crucial driver for socio-economic progress, according to UNWTO, with current levels exceeding oil industry exports, automobiles or food products. Furthermore, tourism has an effect on the management of natural areas and heritage sites (Chan et al., 2013; López-Gamero et al., 2011). The labour-intensive nature of the sector implies that it also contributes enormously to the creation of jobs and the promotion of economic growth (Azam & Sarker, 2011). This suggests that the tourism industry represents a key economic sector in many countries.

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Recently, UNWTO (2020b) declared that tourism became central to both national and international commerce. This has produced economic benefits to related industries such as agriculture, construction, handicrafts, telecommunications, and accounts for approximately one in every ten jobs internationally. Furthermore, tourism contributes to some more significant movement beyond its core aims such as peace or conflict resolution (Levy and Hawkins, 2009). Nevertheless, the FP of tourism firms has traditionally been determined by several factors such as natural endowments, amenities, tourism infrastructure, safety, crime, transport networks, and marketing campaigns (Henderson, 2011).

Recent developments in the business environment and increasing concerns over pollution, resource depletion, global warming and climate change has increased the importance of EP across tourism firms. However, despite the importance of the sector, its tremendous growth is also contributing to environmental challenges such as rising demand for limited resources such as beaches and freshwater (Azam & Sarker, 2011). This rise in the use of natural resources harms society and the environment (Holden, 2009). Greenhouse gas emission through the use of transport, which significantly contributes to climate change is also a significant issue (UNWTO, 2020c). As a result of such environmental impacts, tourists' travel decisions might be negatively affected, which in turn can impact tourism FP. Tourism is also contributing to the elimination of indigenous cultures and to challenges related to the supply and disposal of waste in tourist and ecologically-sensitive areas (Azam & Sarker, 2011; Gil et al., 2001; Ramanathan et al., 2016; Strasburg & Jahno, 2017). These concerns are in contrast to the objectives of sustainable development, and in order to maintain a sustainable future, it is critical for international and national governments to put in place strategic mechanisms to regulate the activities of tourism firms.

The institutional environment, which has an influence on the adoption of these social and environmental practices, could be considered beside the firms' policies and regulations (Alshbili & Elamer, 2019). Internationally, much progress has been made by the "international community" to promote the sustainability of tourism firms. In countries where tourism contributes enormously to economic growth, efforts are being made to promote the sustainability of the industry by ensuring that tourism firms adopt environmental practices that are consistent with sustainability (Sasidharan et al., 2002). In China, for example, tourism is being regarded as an effective instrument and a political preference at all government levels (Deng et al., 2017). Therefore, significant progress has been made in the development of guiding principles for sustainable tourism.

Governance, at both firm and country-level, is essential in the tourism sector because it aids in the development of tourism policies that will contribute to sustainable tourism. Tourism policies provide a model for guiding the formulation of strategies and are considered to be a declaration of

strategic commitment aiming to promote the development of tourism. Therefore, within the “sustainable tourism perspective”, the tourism development model focusses on the principles of sustainability (Kerimoğlu & Çiraci, 2008). The tourism industry can, therefore, be seen as an industry that is subject to environmental regulations which are essential to firms’ implementation of sustainable tourism practices. The implementation of these practices will potentially have an impact on their EP, which will then, in turn, translate to their FP.

3.3 The theoretical framework for environmental and financial performance

3.3.1 Neoclassical theory

According to neoclassical theory (Marshall, 1890), enhancing EP contributes to higher costs; therefore, being involved in reducing pollution and improving the environment may contribute to diminishing marginal net benefits (Horváthová, 2010). Friedman (1970) has a similar view, suggesting that business responsibility is toward providing economic returns to the shareholders, not being involved in CSR activities (Font et al., 2012). From the shareholder value creation perspective, expenditures on environmental improvements contribute to proprietary, real and opportunity costs, which might outweigh the financial benefits associated with these environmental enhancements (Brammer & Pavelin, 2008; Cormier & Magnan, 1999; Preston & O’bannon, 1997; Waddock & Graves, 1997). Unless the benefits outweigh the costs, expenditure on environmental enhancements can reduce the FP and share price performance of firms (Brammer & Millington, 2008). The neoclassical theory leads to the “trade-off-hypothesis”, which posits that higher levels of environmental activities contribute to reducing FP.

An opposing argument, however, suggests that environmental practices can be beneficial for both firms and other stakeholders. Therefore, a strong connection between EP and economic benefits has been acknowledged (Jackson et al., 2015; Marchoo et al., 2014), with the rationale that substantial financial resources are required to effectively undertake CSR and environmental management initiatives. Thus, innovations arise to efficiently comply with environmental regulations and become involved in such environmental practices. As a consequence, this helps in eliminating inefficiencies by promoting innovations, which in turn gives rise to better FP.

3.3.2 Stakeholder theory

The link between EP and FP can also be explained using theories such as the stakeholder theory and the resource-based view. Contrary to neoclassical theory and Friedman’s view (1970), workforces

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and shareholders are not the only stakeholders that firms need to satisfy. In this light, the stakeholder theory suggests that the FP of a firm depends on both shareholders and other stakeholders such as customers, communities served by the firm, suppliers, the government and the natural environment. Consequently, the firm needs to make efforts to ensure that its efforts are geared towards satisfying all stakeholders, which will then result in better FP. There is a heightened sense of concern among stakeholders over the EP of firms. Consequently, the validation of environmental initiatives can be regarded to be a credible indication of meeting the expectations of stakeholders (Leonidou et al., 2013; Tan et al., 2017). The involvement in environmental management (EM) practices can be construed as an attempt by the firm to meet the requirements of stakeholders, which in turn contributes to an enhancement in the firm's reputation and eventually contributes to its FP (Ibid).

Another line of reasoning suggests that EP and FP exhibit a non-linear or inverse U-shaped relationship (Horváthová, 2010). According to this school of thought, EP and FP exhibit a positive association up to the level of EP for which benefits are maximised. Beyond this point, the relationship between EP and FP becomes undesirable. Furthermore, a neutral association has been suggested between EP and FP (McWilliams & Siegel, 2001). In this light, firms that do not take steps to enhance their EP will benefit from lower costs but suffer from lower prices, while those that invest in efforts to enhance EP will suffer from higher costs but benefit from higher prices (Horváthová, 2010).

3.3.3 Resource-based view theory

Additionally, the link between the EP-FP nexus can also be explained using the resource-based view. Firms require critical resources to maintain a competitive position, and these resources need to be unique, which lead to greater long-term performance (Barney, 1986a; 1986b). The resource-based view, therefore, suggests that EP engagement enables firms to gain access to heterogeneous and immobile resources such as employee commitment and morale, customer satisfaction, ease of finance, customer retention and favourable image (Branco & Rodrigues, 2006). The creation/maintenance of these resources contributes to higher sales, which in turn contribute to higher prices (Luo & Bhattacharya, 2006; Tavitiyaman et al., 2012). The higher sales eventually lead to improved FP. The presumption here is that the higher sales occur at higher than regular prices.

3.3.4 The rationale behind applying multiple theories

Based on the conclusion above and the discussion outcomes from the applied theories section (see 2.3.2), this study asserts that the relationship between EP and FP in the tourism context can be

viewed through the lens of combined multiple-theories. The SLR in this research has critically discussed the existing theoretical framework of the potential area linked to CSR by considering the broader context of tourism-related firms. In terms of theories used, stakeholder theory was the most frequently applied in the tourism literature (Deegan & Blomquist, 2006), which takes into account the broader implications of firms' strategies, considering the environmental, social and ethical implications (Wood, 1991). Freeman and Reed (1983) demonstrated the importance of the interaction with different stakeholders, which was later proposed by Freeman (1984) as CSR increases the financial performance of firms. Tourism studies applied the stakeholder theory to explain firms' CSR practices (Garay & Font, 2012), where engaging in CSR has benefits in terms of enhancing firm image (Ham & Han, 2013; Holcomb & Smith, 2017; Kang et al., 2016). However, to obtain such benefits, the public needs to be made aware of the outcomes of the relevant activities (Ettinger et al., 2018; Holcomb & Smith, 2017; Kang et al., 2016). This is especially the case when firms require critical resources to maintain a competitive position, and these resources need to be unique to enable greater long-term performance (Barney, 1986a; 1986b).

Therefore, combining the resource-based view and stakeholder theory, EP engagement contributes to companies with a favourable reputation and various resources (Tan et al., 2017). These two theories can be combined to form the "heterogeneous resources and reputation-building hypothesis". The creation of heterogeneous resources and building of reputation is particularly important for firms operating in the tourism industry because of higher employee turnover. Workers in the tourism industry tend to have no career aspirations in the sector and as such tend not to commit to the industry. The sector is a service industry, which implies that human capital is a vital resource in the industry because of the inherent requirement placed on employees to offer very high-quality services to customers. Finally, the EP-FP theory is also governed by the slack resource theory. Accordingly, firms are more likely to engage in efforts to enhance EP only when they have enough resources at their disposal (Campbell, 2007). In this light, firms with more resources are more likely to engage in CSR activities, while those with limited resources may not prioritise engagement in activities that enhance EP.

3.4 Empirical literature review and hypotheses development

3.4.1 Environmental performance and financial performance

There is a wide range of studies investigating the association between EP and FP (e.g., Angelia and Suryaningsih, 2015; Chen, Ong and Hsu, 2016; Song, Van Hoof and Park, 2017; Tan et al., 2017; Bartolacci et al., 2018; Horváthová, 2010; Lucato et al., 2017; Nor et al., 2016; Mathuva and Kiweu, 2016). Mathuva and Kiweu (2016), for instance, examined the contribution of environmental and

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social disclosure to FP by “savings and credit cooperatives” in Kenya. Based on a total of 212 firms in this industry over 2008-2013, the study observed that only 23% of these firms provide social and environmental disclosures; in addition, the study observed a negative association between environmental/social disclosure and FP. Although the focus of this study was on environmental disclosure, the evidence is consistent with the neoclassical theory, which suggests that efforts to enhance EP can hurt FP.

In contrast, as the combination of both stakeholders view and recourse-based reflect (see 3.3.4), Tan et al. (2017) explored how different dimensions of EP contribute to FP in the travel and tourism context. Using data from 2003-2014, the study observed that when the aggregate of EP is employed, the contribution to FP is positive. However, when EP is disaggregated into three various dimensions (emission reduction, resource reduction and product innovation), the reduction of resources is observed to contribute positively to the FP of hotels and negatively to the FP of airline firms. The second dimension, product innovation, gives rise to high FP in the restaurant sector only. The results, therefore, provide support for the trade-off effect in airline companies, while the heterogeneous resources and reputation-building hypothesis is observed to be dominant in the restaurant and hotel sectors. The third dimension, emission reduction, in addition to product innovation, is not shown to affect FP for hotels. However, the findings generally provide support for the positive moderating effect of slack resources on the contribution of different EP dimensions to FP in the travel and tourism industry, and as such, are supportive of the slack resources hypothesis (Tan et al., 2017). The contribution of EP to FP, however, seems to be sensitive to moderating roles, which may affect the level of the contribution.

Horváthová (2010) explored the contribution of EP to FP by conducting a “meta-analysis” of previous studies. Based on this, the study provided evidence that the contribution of EP to FP is susceptible to the empirical method employed. In particular, the sensitivity of EP to FP is observed to be very high when simple correlation coefficients rather than more advanced econometric approaches are employed. The study also observed that portfolio studies tended to find a negative correlation between EP and FP. This finding is attributed to the omission of critical variables in the models employed by these studies (Horváthová, 2010). A positive correlation is observed for “common law” countries. Nevertheless, theoretically, this relationship is in line with the stakeholder perspective as well as the recourse-based view theory. However, the author suggested a long period of time was needed for EP to contribute positively to FP.

Lucato, Costa and de Oliveira Neto (2017) explored the association between EP and FP among Brazilian SMEs. Although the study did not observe any meaningful link between EP and FP, it observed that larger firms tend to be weaker in EP than smaller firms. Bartolacci et al. (2018)

investigated the causality link between EP and FP for waste management companies in Italy. Based on an empirical study of 45 Italian firms during the period 2012-2015, their study provided evidence that EP and FP exhibit a solid positive relationship. This implies that, contrary to neoclassical theory, efforts to enhance EP do not result in poor FP. Similarly, Angelia and Suryaningsih (2015) observed that EP and FP display a strong positive relationship for firms listed on the Indonesian Stock Exchange. However, Nor et al. (2016) investigated the link between environmental disclosures and FP in Malaysia and based on data for the top 100 firms in terms of market capitalisation during the year 2011, provided evidence that the results were mixed as far as the link between environmental disclosures and FP are concerned.

Additionally, while the focus of the above study was on environmental disclosures, the implication of the association can be hypothesised. Song, Zhao and Zeng (2017) examined the relationship between Environmental Management (EM) and FP among Chinese firms from 2007-2011. The study provides evidence that EM contributes enormously to FP among these firms; however, the benefits of EM take some time to be realised. Consequently, EM activities conducted during a given year do not help in enhancing FP during that year. Instead, the benefits are realised in subsequent years. This is because of the significant costs associated with engaging in EM activities (Hang Song et al., 2017). Similarly, Chen, Ong and Hsu (2016), investigated the impact of EM on FP among multinational construction firms, highlighting the benefits and costs associated with engaging in EM activities. The study showed that, among the EM activities, efforts to minimise on-site pollution contribute enormously to short and long-term FP. This outcome also supports the view of the combined theories; namely the stakeholder and resource-based view.

Further evidence provided by Iwata and Okada (2011), which supports the applied theoretical framework, explored the link between EP and FP among Japanese manufacturing companies. Based on data for 2004-2008, the study provided evidence that different measures of EP contribute differently to FP. In particular, the study observed that FP is not significantly influenced by waste emissions. Financial performance is observed to improve with a reduction in the emission of greenhouse gases (Iwata & Okada, 2011). This study, however, fails to take into account the moderating effects of CG, NC, slack resources, etc. It also focuses only on Japanese manufacturing firms, thereby wholly ignoring other industries in general and the tourism industry in particular. Moreover, Qi et al. (2014) investigated the contribution of EP to FP in China. Based on data for Chinese industrial firms, this study explored the contribution of industrial EP to FP as well as the indirect contribution of munificence and resource slack to the EP-FP nexus. The study provided evidence that enhancement of firm or industrial-level EP contributes hugely to FP. Consequently, the causality relationship between EP and FP is seen to be positive within the tourism industry.

To sum up, the prior evidence is generally supported by the resource-based view and stakeholder theory, in that environmental practices contribute to firms with a favourable image and various resources (Tan et al., 2017). This combination of theories forms the “heterogeneous resources and reputation-building hypothesis”, which are mainly crucial for tourism-related firms because of higher employee turnover. This business is a service sector, implying that human capital is a critical resource to offer a high-quality service to consumers. Accordingly, firms are more likely to engage in efforts aimed at enhancing EP to gain profit and build a good reputation. When considered in this light, tourism firms are more likely to engage in environmental activities.

H1: There is a significant relationship between EP and FP in the tourism context.

3.4.2 Environmental performance determinants and moderating role factors

The debate on the EP–FP nexus is unresolved to some extent because what seemed to be a direct relationship has been recognised as being complicated (Coghlan, 2015; Holden, 2009; Horváthová, 2010; Qi et al., 2014). Consequently, moderating factors play a crucial role in determining the EP–FP relationship. For example, a study by Qi et al. (2014) considered the effects of the moderating roles, providing evidence that slack resources significantly influence the EP-FP nexus. This study, however, did not consider the potential moderating effects of other factors such as CG, NG and NC. Furthermore, it is limited only to China and to industrial firms without considering other countries and the tourism industry. Nevertheless, the complexity of this nexus (particularly in the context of tourism) can be solved through the combined theoretical framework of the stakeholder and resource-based view. This is, however, conditioned by considered governance and cultural values. Environmental engagement, as the resource-based view suggests, enables organisations to gain access to heterogeneous resources, e.g., employee commitment and morale, stakeholders’ satisfaction, ease of finance, customer retention and favourable image (Branco & Rodrigues, 2006). This contributes to good FP (Luo & Bhattacharya, 2006; Tavitiyaman et al., 2012) and is linked to CG, NG and NC.

Hirunyawipada and Xiong (2018) explored the moderating role of marketing and operations capabilities in the EP–FP nexus. Based on a large panel data set, the study shows that EP is capable of enhancing short- and long-term FP as well as a forward-looking performance of companies that have strong marketing capabilities. Conversely, operations capacity only moderates the relationship between EP and corporate value. Furthermore, they observe that EP and FP exhibit a “bi-directional” relationship and that marketing capability moderates the link between the two variables. The study does well to aid the understanding of the EP–FP nexus as well as the

moderating effects of operations and marketing capabilities. However, like most studies, it fails to consider how CG, NG and NC can moderate this relationship.

Unlike most studies, which focus on the link between EP and FP, Baboukardos (2018) considered the contribution of EP to firm value and the moderating role of environmental provisions on this relationship. Based on a sample of 692 firm-year observations, Baboukardos's study provides evidence that investors place more importance on the EP ratings of French firms that have recognised environmental provisions in their balance sheets than those that have not. This implies that EP can make an enormous positive contribution to FP for firms that recognise environmental provisions (Baboukardos, 2018). The study contributes to the value relevance of EP but fails to consider how EP can influence FP as well as the potential moderating effects of CG, NG and NC. It completely ignores the fact that FP contributes directly to firm value and how EP potentially contributes to FP.

Environmental performance's positive contribution to FP has been recorded in many other studies that focus on the tourism industry (Jang et al., 2017; Lenzen, 2008; Lerner & Haber, 2001; Lin et al., 2018; Llach et al., 2013; López-Gamero et al., 2009; López-Gamero et al., 2011; Serra-Cantalops et al., 2018; Theodosiou & Katsikea, 2012; Tugores & García, 2015). A principal shortcoming of these studies is that they often focus on one tourism sector (e.g., restaurants, hotels, etc.) or one country. Moreover, they do not consider the moderating role of CG, NG and NC. Further examination of these dimensions, which can be divided to formal constraints, e.g. regulations, laws and government policies, and informal constraints, such as culture, norms and social trust (Lattemann et al., 2009), would offer a deep insight into and explanation of the EP–FP nexus.

3.4.2.1 Environmental performance and corporate governance (CG)

Governance, defined as the act of governing, has gradually shifted since the 1990s from the notion of government, which later reflects in tourism literature and policy formulation (Sofield et al., 2017). The main objective of CG at firm-level is to ensure that managerial interests are aligned to those of shareholders in particular and stakeholders in general. Therefore, CG helps in resolving agency issues such as conflicts of interest between shareholders and managers. Corporate governance ensures that managers put in place strategies that are consistent with the creation of shareholder value achieved through good firm performance. Nevertheless, strategic planning possibly requires anticipating risks and measuring its impact on the firm. Presuming that EP contributes positively to FP, CG should force management to incorporate strategies to enhance CG. Mitchell, Wooliscroft and Higham (2013) state that a sustainable strategy incorporates high standards of CG, development of innovation and agreement in regulatory policies between governments and businesses.

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Considering the potential determinants of EP on FP, some studies have focused on the link between CG and EP. For example, Janggu et al. (2014) investigated the contribution of CG on the reporting of sustainability of 100 publicly traded firms in Malaysia based on the agency theory perspective. Using “structural equation modelling (SEM)” of “partial least squares”, the study provides evidence that sustainability disclosure is a function of CG features, including board designation, professionalism and board size. Their study unquestionably contributes to the understanding of CSR in general and the contribution of CG on its disclosure. However, it could be enhanced by also exploring the relationships between EP and FP, CG and FP, and the moderating role of CG on the EP-FP nexus. Their study is further limited by its sole focus on Malaysia as well as ignoring how industry-specific features can affect the link between CG and sustainability disclosure.

Walls, Berrone and Phan (2012) explored the link between CG and EP. The evidence suggests that EP is a function of some CG characteristics such as board, manager and shareholder characteristics. Their study takes a significant step towards developing a theory to explain the CG-EP link; however, like the previous study, it fails to consider the EP-FP nexus and the moderating roles of CG, NG and NC. Salo (2008) explored the link between CG and EP. While not observing any strong correlation between CG and EP, the study found that CG and EP have improved over time and that strong convergence exists between firms with strong governance/environmental standards and those with weak governance/environmental standards. Again, while this study contributes to the theoretical and empirical link between CG and EP, it fails to extend its analysis to the link between EP and FP with CG interaction. Furthermore, it does not take into account the different industries in general and tourism in particular.

Cong and Freedman (2011) analysed the contribution of good CG to EP and disclosures. The study specifically focuses on the contribution of good CG to pollution disclosure. The evidence indicates no strong connection between pollution performances (EP) and good CG. Nevertheless, good CG contributes positively to pollution disclosure. The correlation, however, weakens when the improvements to CG made by the 2002 SOXA (Sarbanes–Oxley Act) are considered. While improving the theoretical and empirical understanding of the link between pollution performance/disclosure and good CG, the study fails to consider how good CG can contribute to the entire EP.

Many other studies have examined and shown the contribution of CG to FP (e.g. Ntim, 2016; Song, Van Hoof and Park, 2017). Ntim and Soobaroyen (2013) conducted an empirical investigation into the association between CG and CSR, which included social and environmental practices. Furthermore, they examined the moderating role of CG on the relationship between FP and CSR. Based on a neo-institutional framework, they found that good CG applies pressure to increase such

practices. Moreover, the combination of CSR and CG has a critical positive impact on FP compared with CSR acting alone. The authors, thus, concluded that CG features have a positive influence on the FP-CSR relationship. Despite having robust results, they ignored the dimensions of EP while investigating the association between social and environmental responsibility (central of CSR), CG and FP.

Furthermore, there are multiple levels of public governance, e.g. environmental governance is mostly at the global level; ecotourism policies are complex (Mitchell et al., 2013). Therefore, as this among global associations, multiple local level approaches must be considered (Erkuş-Öztürk & Eraydın, 2010). There are differences in environmental orientation among stakeholders, and they are influenced by factors such as awareness, economic benefits and governance structure (Imran et al., 2014). Internal stakeholders, such as senior managers at the policy level in national headquarters and staff, are committed to fulfilling statutory obligations for efficient EM and servicing external stakeholders (Mitchell et al., 2013). Research in this area is ongoing, especially in the tourism context. This, therefore, may shape perceptions and expectations of society about businesses' social role (Melissen et al., 2018). Consequently, the relationship between proper CG and both EP and FP should be positive.

H2a: The EP is determined by CG.

H2b: The relationship between EP and FP is positively moderated by CG.

3.4.2.2 Environmental performance (EP) and national governance (NG)

The association between commerce and community has been extensively studied over recent decades; there is an expectation that research into corporate social and environmental performance in response to the increased concern regarding this issue will continue (Kansal et al., 2018). The attainment of EP has been at the forefront of fundamental policy issues, particularly in the tourism context. Environmental governance contributes and might shape a firms' governance (Lattemann et al., 2009). Recently, collaborative forms of governance among tourism and other related agents has been growing in importance as part of the drive or environmentally sensitive tourism (Erkuş-Öztürk & Eraydın, 2010).

Consequently, national laws operationalising the government's approach could have an impact on the business environmental discussion. Liang and Renneboog (2017) identified a strong correlation between firms' corporate social responsibilities, including environmental activities, and their country's governance, for instance, government effectiveness and regulatory quality. Organisations need a robust regulatory framework in order to be socially and environmentally responsible. The absence of such a framework could lead to being socially irresponsible, particularly in developing

countries (Azmat & Samaratunge, 2009). Therefore, the analysis of such factors is needed, particularly concerning the sustainability of tourism (Dinica, 2017).

Alternatively, weaknesses in governance might lead to unsustainable development. Robust governance, thus, is dominant in better EP (Stanford & Guiver, 2016). This can also lead to a growth in natural resources. Relying on such resources, referred to as green development, the New Zealand government aimed to increase the contribution of the economy to 40% of national GDP by 2012 (Dinica, 2017). This drive to improve operational efficiency and to generate higher economic value has influenced or been influenced by environmental orientation (Mitchell et al., 2013). However, governance in tourism seems to differ from that in other contexts. It is multisectoral and fragmented, with governance possibly crossing several public administrative domains (Wang & Ap, 2013). Therefore, understanding the law and its environmental and economic effects is necessary, particularly within the tourism industry. It has been reported that tourism firms have a lack of confidence in the efficacy of government policies (Frey & George, 2010) and that further public policies appear essential, particularly in developing countries, to ensure a proactive measurement considering the fears of climate change (Jamaliah & Powell, 2018).

These public policies have an association with EP, particularly concerning the site of integration of short and long-term strategy (Mitchell et al., 2013). This dominates the national income level in affecting social and environmental responsibilities (Lattemann et al., 2009). Therefore, NG may have a significant effect on EP and its policies. Most of these regulations are introduced by acts of parliament or standards issued by government agencies. This could, therefore, force firms to comply with the rules, resulting in a reduction in the level of pollution or an increase in the amount of environmentally friendly practices. Ultimately, the firm is encouraged to introduce innovative products that are of a higher quality, which increases a firm's reputation and enables it to increase sales at higher prices. This eventually leads to better FP. As part of a cross-cultural academic dialogue, an understanding of different NG patterns in different countries is required (Zhai & Luo, 2018), mainly with regard to EP.

H3a: The EP is determined by NG.

H3b: The relationship between EP and FP is positively moderated by NG.

3.4.2.3 Environmental performance and national culture (NC)

Culture, which is a system of shared values and norms, defining appropriate attitudes and behaviours and widespread presence, promotes creative thinking and rapid performance, mainly in service firms (Chen, 2011). The role of NC, which has been under-studied, could influence environmental attitudes in the context of tourism, mainly within emerging economic markets

(Filimonau et al., 2018). Filimonau et al. (2018) utilised the environment-orientated dimensions (one of Hofstede's cultural frameworks) in order to explore the effect of NC on environmental attitudes in a quantitative survey of Polish tourists, representing a correlation between cultural and environmental reaction. In this regard, they report the need for NC as a vital element of future policy-making as well as managerial discourse on the critical drivers for increased sustainability. Similar calls about culture and tourism issues have arisen, with Huang and Crofts (2019) contending that NC and tourist satisfaction is yet to be studied.

A study by Huang and Crofts (2019), used an international visitor survey to test the relationships between Hofstede's cultural dimensions and tourist satisfaction and shows regular correlations between NC and satisfaction. Although their study has provided a critical impact of NC dimensions linked to tourist satisfaction, it is worth testing these dimensions by focusing on EP and FP. There is, however, a consensus that there is an association between NC and environment concern (Abascal et al., 2016). Environmental forces and individual forces, described as culture (Chen, 2011), seem to be among the main driving factors for EP. National culture factors are perceived as having a substantial influence on sustainability, including the environment (Filimonau et al., 2018). Factors such as indulgence, masculinity, individualism, Uncertainty Avoidance (UA), Power Distance (PD) and Long-term Orientation (LTO), known as Hofstede's cultural dimensions, could play a role in effecting the EP. This can be via the managers' and employees' behaviours, attitudes and practices (Ostroff & Bowen, 2016).

Therefore, as firms have a cultural orientation, employees will be shaped and directed toward green sustainability (Liden et al., 2014). This should enhance the attributions of management, concentrating on environmental sustainability (Dumont et al., 2017). A study by Ameer and Othman (2012) analysed the top 100 sustainable international companies in 2008 from both developed and developing countries, finding a significant ROA as a result of focusing on factors such as environmental responsibilities. They observed that Japanese firms performed better than European ones, which is unexpected given the high power distance perceived in Japanese culture. However, Japanese firms, particularly when they spread around the world, can have a distinct culture that overrides the NC, which is thereby subject to global influences (Ameer & Othman, 2012). Feng, Wang and Huang (2014) examined the link between social and environmental practices and the cost of equity capital in the tourism industry, and whether culture has any impact in this respect. Using global tourism firms, they found that there are different concerns with regard to CSR in the tourism context among different regions, which is due to the culture and other factors such as managerial beliefs and variations in investors' perceptions.

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Although firms may fulfil the criteria for legitimacy and their public responsibilities, they may fail to support individual culture and ethical reflection, which consequently leaves the business open to crises that could be prevented by such reflection (Wood, 1991). Hence, Luu (2018) emphasised that firms must create a culture consistent with the norms, beyond their interests, in order to meet the majority of stakeholders' interests. Recently, tourism scholars have identified culture as an essential determinant of CSR and as a critical element for the sustainability of tourism (Canavan, 2016; Esparon et al., 2014; Horng et al., 2018; Hughes & Scheyvens, 2016; Wells et al., 2015). Horng, Hsu and Tsai (2018) argue that possible critical elements (NC) should be discussed separately, especially in the tourism field where stakeholders are widely attracted by firms. This has an active link to environmental issues; therefore, efforts to understand the perceptions of social responsibility, especially in the emerging economic context, need to focus on establishing a link between the challenges of socio-economic governance and cultural traditions (Melissen et al., 2018).

Kang, Lee and Yoo (2016) attempted to understand the influence of Hofstede's different NC dimensions on CSR activities, including the environment. The findings of their study indicate that aspects such as uncertainty avoidance and power distance have a significant positive impact. They also indicate that individualism and masculinity have a significant negative effect. This study used a panel regression analysis of 365 US tourism firms from 1993 to 2011; their findings cannot, therefore, be generalised due to the focus on US tourism. Nevertheless, it is obvious that NC dimensions such as individualism, masculinity, indulgence, PD, UA and LTO, can moderate and determine EP within the tourism industry. Finally, NC factors are critical for the success of any organisation. These factors contribute to EP depending on the strength of cultural dimensions in operations. The impact of some NC dimensions on EP is likely to be negative because influential culture might be incompatible with the adoption of EM practices. Furthermore, NC is likely to view efforts to enhance FP as costly to the firm. For example, in cultures where power distance is high, it might be difficult for an active board to exist, possibly contributing to a lack of compliance to environmental standards, which in turn leads to poor environmental standards.

H4a: The EP is determined by NC dimensions.

H4b: The relationship between EP and FP is moderated by NC dimensions.

3.4.2.4 The EP-FP nexus differs between developing and developed countries

Countries are likely to differ in the manner in which EP and CG affect FP because of differences in the formulation and enforcement of environmental strategies. The strategy of understanding and considering corporate social and environmental responsibilities differs, particularly in the tourism-related firms when it is linked to developed and developing countries (Luis Garay & Font, 2012;

McLachlan & Binns, 2014). Generally, countries with high environmental standards are likely to be characterised by a high level of compliance with these standards and a high level of EP. Although firms' priorities among social and environmental responsibilities can differ either (environmental management has a greater concern), firms in developed countries have a broad perspective of understanding these responsibilities (Melissen et al., 2018). This concern reflects the industry's focus on cost-saving, as well as meeting environmental regulations (Luis Garay & Font, 2012). Consequently, these practices should have a greater effect on FP in countries with high environmental and enforcement policies.

Although CSR is mostly a western concept, the introduction of global ethical strategies could influence both developing/ed nations (Melissen et al., 2018). Melissen et al. (2018) reported societal governance and culture gaps, for instance, the level of tolerance with regard to corruption, which is less prioritised as one of the ethical issues in the majority of sub-Saharan African society. Therefore, the level of consideration afforded to EP can differ from one society to another. As the EP–FP nexus is broadly recognised among businesses, this should have a close link with the level of FP. Jamaliah and Powell (2018) said that governmental policies, influenced by local governance and culture, appear to be essential, particularly in developing countries, to ensure a proactive measurement of climate change. In developing countries, a number of pressure groups, in addition to the media, strive to promote good social governance to voice community concerns (Azmat & Samaratunge, 2009). Countries with high CG tend to have better FP because of a high degree of alignment between the interests of shareholders and managers. Better CG standards contribute to higher FP. On the other hand, countries with low FP and CG are characterised by low FP.

Paramati, Alam and Chen (2017) demonstrated the importance of classifying countries by economic development level in order to achieve a deeper understanding of economic or financial growth of tourism and CO₂ emissions. Their study, which employed robust panel econometric techniques, examined the relationships between economic growth and emissions (CO₂) considering the different effects between developed and developing countries on economic growth and CO₂ emissions in the tourism context. Their results showed a significant positive impact of tourism on economic growth for both developed and developing economies. Furthermore, considering the link between tourism characteristics and CO₂, a faster emission reduction was observed within firms in developed countries comparing to the ones in developing countries. Consequently, dividing the sample by economic development level into developed and developing countries should provide a more in-depth insight in order to fully understand the link between EP and FP in the tourism industry among these different categories.

H5: The relationship between EP and FP differs between developed and developing nations.

3.5 Research design

3.5.1 Sample and description of data

This study examines the impact of environmental performance EP on financial performance FP in the tourism industry across countries. The sample consists of all firms in the tourism industry with available data on the 'DataStream', specifically within ASSET4. The data spans the years 2004–2018, and the industry has been sub-classified into five sub-sectors: hotels, restaurants, casinos, airlines and travel and leisure firms. After controlling for the influence of duplicate firms, duplicates were eliminated from the sample, resulting in a final sample of 1108 companies. This includes dependent variable FP; independent one EP and moderating firm and country-level corporate governance, national governance and national culture. Table 7 below presents details of how the sample of this current study is composed.

Table 7: Sample compensation

Economic situation	Countries	No. of countries	No. of firms
Developed Countries	Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Japan, Lithuania, Malta, Netherland, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland UK, and US (31)'	31	790
Developing Countries	Bahrain, Brazil, Chile, China, Colombia, Egypt, Hong Kong, India, Indonesia, Jordan, Kuwait, Malaysia, Mexico, Morocco, Nigeria, Oman, Pakistan, Philippines, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, UAE and Vietnam (29)	29	318
Total	60 countries		1108
<u>Tourism sub-sectors:</u>			
Airline			290
Hotel			327
Travel and Leisure (Trasure)			355
Restaurant			66
Casino			70
Total observation		2366	

3.5.2 Definition of variables and model specifications

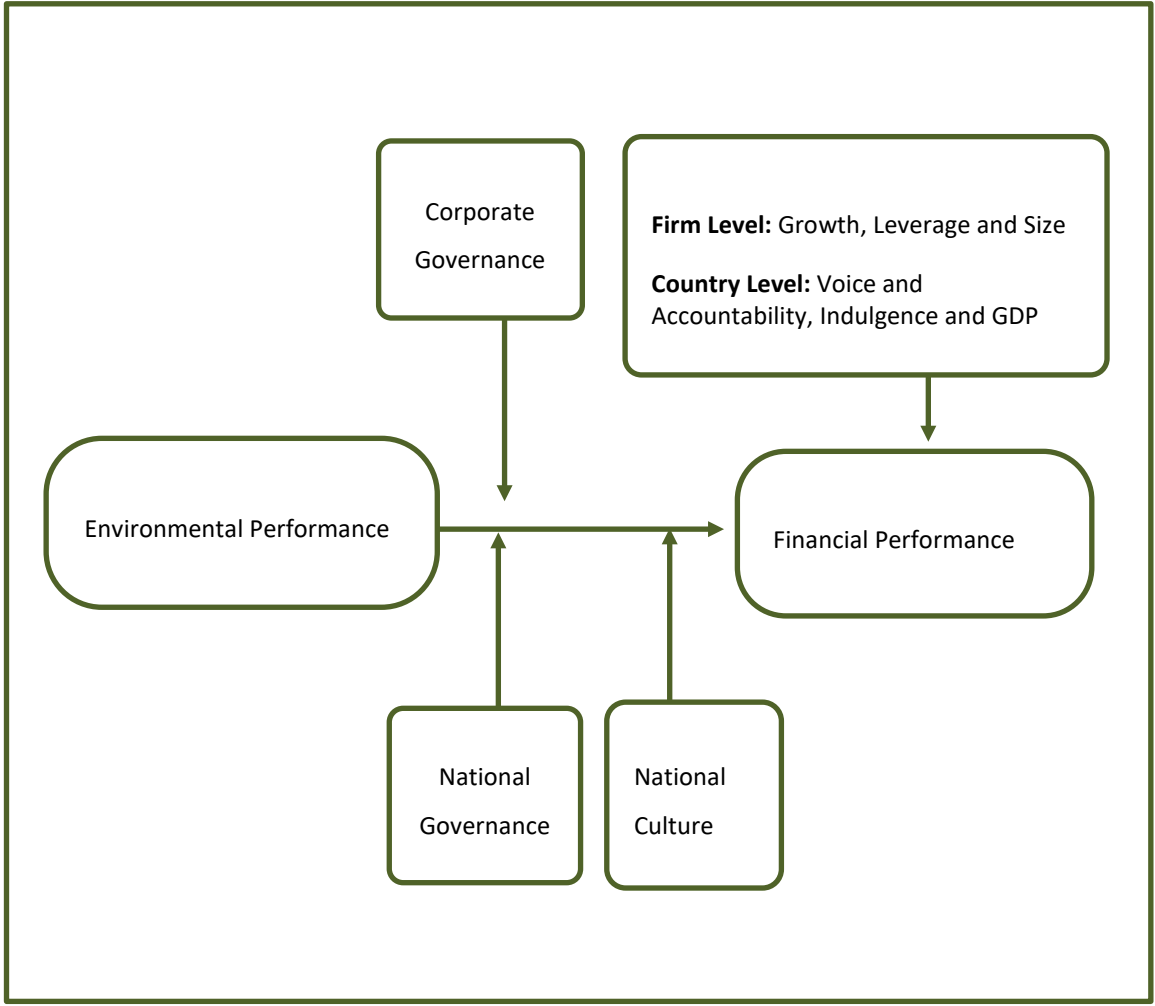
Table 8: Variables' structure and definition

Symbol	Variables and Definitions
FP	Dependent: (available in DataStream) Financial Performance: ROA (Accounting Base) and Tobin's Q (Market Base); the market value of equity. <i>High (%) represents excellent performance.</i>
EP	Independent: (available in ASSET4) Environmental Performance: A company's impact on living and non-living natural systems, including air, land, and water (Environmental Degradation). (ASSET4) 'lower is best.'
1. CG	Moderating: <u>1- Corporate Governance:</u> A company's capacity, through its use of best management practices, to direct and control its rights and responsibilities. <i>High (%) is favourable (ASSET4)</i>
2. <u>(NG):</u>	<u>2- National Governance:</u> Country-level governance factors (WGI) <i>High (%) is favourable.</i>
a) COC	a) Control of Corruption: Public power is exercised for private gain.
b) GE	b) Government Effectiveness: Quality of public and civil services and degree of independence from political pressures.
c) PS	c) Political Stability: Absence of violence and terrorism.
d) ROL	d) Rule of Law: Quality of contract enforcement, property rights, police and courts.
e) RQ	e) Regulatory Quality: Ability of governments to formulate and implement sound policies that promote private sector development.
f) VAA	f) Voice and Accountability: Extent to which citizens can participate in selecting their government.
3. <u>(NC):</u>	<u>3- National Culture:</u> Country-level culture dimensions (Hofstede, 1984, 2001).
a) PD	a) Power Distance: Less powerful members of a society accept that power is distributed unequally.
b) INDI	b) Individualism: Take care of only themselves and their immediate families.
c) MASC	c) Masculinity: A preference for achievement, assertiveness and material rewards for success.
d) UA	d) Uncertainty Avoidance: Members of a society tolerate uncertainty and ambiguity.
e) LTO	e) Long Term Orientation: Societies link with their past while dealing with the present and future.
f) INDU	f) Indulgence: Societies allow relatively free gratification of basic and natural human drives related to enjoying life.
a) Growth	Firm or country-Level Controls: a) Growth: Change in sales (Available in DataStream)
b) Leverage	b) Leverage: Debt to total assets (Available in DataStream)
c) Size	c) Size: Log (of total assets) (Available in DataStream)
d) GDP	d) Gross domestic product, constant prices. (International Monetary Fund)

3.5.3 Regression model to investigate the aims of the study

The model employed to explore the direct impact of EP on FP in the tourism industry in Figure 11 below was used for the first time in this study. The purpose of mitigating concerns is linked to reverse causality between EP and FP, the FP variable being one-year (ahead) lagged. The sample is accordingly shrunk to cover the period from 2005 to 2018. Environmental practices, which could desirably contribute to the FP, take some time to be realised (Hang Song et al., 2017). This has been mentioned and considered by the United Nations Environment while dealing with their sustainable development goals. Consequently, the current year's FP correlated with last year's EP. This relationship was controlled for firm and country-level as well as being moderated by CG and both NG and NC.

Figure 11: Graphical representation of the study



The main models employed to investigate the objects

3.5.3.1 Details of the primary models employed for investigation of relationships

Model 1, to explore the link between FP and EP:

$$FP_{i,t}(ROA) = B_0 + B_1EP_{i,t-1} + B_2Controls \tag{1}$$

Model 2, to explore the link between EP and CG, NG and NC:

$$EP_{i,t-1} = B_0 + B_1CG_{i,t} + B_2Controls \tag{2.1}$$

$$EP_{i,t-1} = B_0 + B_1NG_{i,t} + B_2Controls \tag{2.2}$$

$$EP_{i,t-1} = B_0 + B_1NC_{i,t} + B_2Controls \tag{2.3}$$

Finally, the moderating roles of CG, NG and NC are considered, respectively, as follows:

$$FP_{i,t}(ROA) = B_0 + B_1EP_{i,t-1} + B_2CG_{i,t} + B_3(EP * CG) + B_4Controls \tag{3.1}$$

$$FP_{i,t}(ROA) = B_0 + B_1EP_{i,t-1} + B_2GE_{i,t} + B_3(EP * NG) + B_4Controls \tag{3.2}$$

$$FP_{i,t}(ROA) = B_0 + B_1EP_{i,t-1} + B_2RQ_{i,t} + B_3(EP * NC) + B_4Controls \quad (3.3)$$

Where: **EP**: Environmental Performance (firm-level); Corporate Governance **CG**; Government Effectiveness **GE**, Regulatory Quality **RQ** (National Governance **NG**); Power Distance **PD**, Individualism **IND**, Masculinity **MAS**, Uncertainty Avoidance **UA**, Long-Term Orientation **LTO** (National Culture **NC**); **FP**: Financial Performance (ROA) and, for the additional regression, MV.

3.5.3.2 Additional regression considering market-based FP (MV) and EP

In order to discover the impact of EP on market performance, this study carried out a further investigation. This could help by comparing between accounting-based FP (ROA) and market-based FP. The latter is seen as a long period of performance.

$$FP_{i,t}(Tobins'Q) = B_0 + B_1EP_{i,t-1} + B_2Controls \dots \quad (4)$$

3.5.3.3 Different regression models GLM, examining FP and EP

For robustness purposes, an alternative regression model was used. The GLM model could be appropriate for this panel data. Therefore, this study has used it to support the main regression results.

$$FP_{i,t}(ROA) = B_0 + B_1EP_{i,t-1} + B_2Controls \dots \quad (5)$$

CONTROLS: Control variables: Firm-level (Size/leverage/growth) and (culture “indulgence” and “UA” international economic “GDP” and regulation indicators “voice and accountability” and “RQ”) for country-level factors.

3.6 Empirical results and discussion

Applying the above-created model, a causality relationship between EP and FP in view of the firm and country-level features, the outcomes are reported in this section, starting with the descriptive statistics of all applied variables.

3.6.1 Descriptive statistics results

Figure 12: The percentage of harmful environmental impact by tourism sub-sectors¹

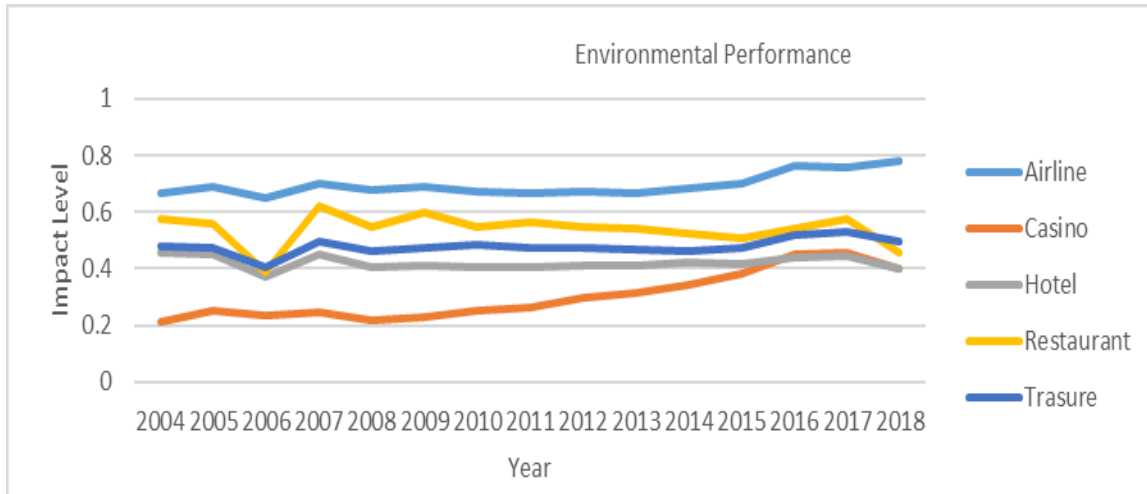


Figure 12 shows the percentage of average annual harmful impact on the environment. Airlines appear to have a higher impact on the environment, whereas casinos have the lowest. This has impacted the level of FP, as shown in Figure 13.

Figure 13: The percentage of FP by sub-sectors of tourism

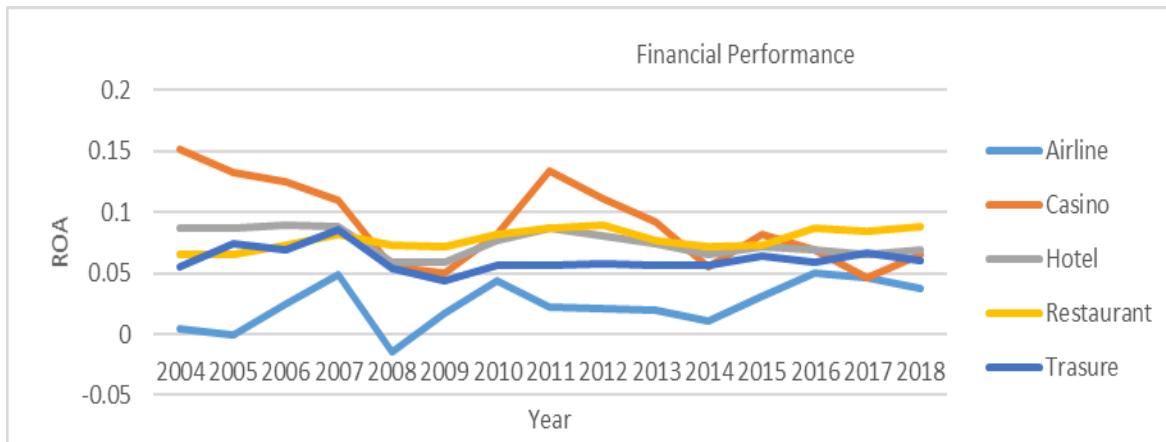


Figure 13 illustrates the percentage of FP within the tourism industry. The casino companies appear to have a higher ROA, while airlines have the lowest. This could be as a result of whether companies consider environmental issues. When airlines have a poor environment, their ROA performs poorly. In contrast, casinos have the lowest environmental degradation and therefore, higher ROA. This association between EP and FP will be discussed further after reporting the descriptive statistics of all used variables to the developed model of this study.

¹ Tourism sub-sectors: Airlines, Casinos, Hotels, Restaurants and Travel and Leisure (Trasure) firms.

Table 9: Descriptive statistics

Tourism. Vars ²	Developing Country				Developed Country				Global Tourism			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Dependent.V:												
FP	.06	.08	-.20	.36	.06	.06	-.24	.36	.06	.07	-.24	.36
Independent.V:												
EP	.59	.24	.10	.94	.54	.31	.09	.95	.55	.29	.09	.95
Firm-level.Vs:												
CGov	.36	.23	.03	.94	.59	.28	.03	.96	.54	.29	.03	.96
LEVER	.31	.15	0.0	.77	.32	.21	0.0	2.5	.32	.20	0.0	2.5
Size	15	1.2	11	17	15	1.3	10	18	15	1.3	10	18
Country-level.Vs:												
INDI	.27	.11	.17	.65	.79	.16	.46	.91	.67	.26	.17	.91
INDU	.36	.19	.17	.68	.61	.12	.30	.75	.55	.18	.17	.75
RQ	.81	.20	.42	1.0	.92	.05	.73	1.0	.89	.11	.42	1.0
VAA	.55	.21	.06	.85	.89	.06	.75	1.0	.81	.18	.06	1.0
GDP	.04	.03	-.04	.11	.02	.02	-.05	.09	.02	.02	-.05	.11
PD	.69	.12	.49	1.0	.42	.10	.22	.68	.48	.16	.22	1.0
MASC	.51	.11	.28	.66	.65	.13	.26	.95	.62	.14	.26	.95
UA	.48	.22	.29	.86	.55	.20	.35	.94	.53	.21	.29	.94
LTO	.55	.19	.27	1.0	.47	.22	.21	.88	.49	.22	.21	1.0
COC	.74	.21	.28	.95	.91	.04	.56	1.0	.87	.13	.28	1.0
GE	.82	.16	.42	.99	.91	.04	.60	.99	.89	.09	.42	.99
PS	.59	.26	.07	.96	.69	.13	.30	.99	.67	.18	.07	.99
ROL	.75	.19	.34	.95	.92	.04	.62	1.0	.88	.12	.34	1.0
Observations:	2366											

² FP: financial performance (ROA); EP: environmental performance (environmental degradation); CGov: corporate governance; LEVER: Leverage; INDI: individual; INDU: indulgence; RQ: regulatory quality; VAA: voice and accountability; PD: power distance; MASC: masculinity; UA: uncertainty avoidance; LTO: long term orientation; COC: control of corruption; GE: government effectiveness; PS: political stability; ROL: rule of law.

Table 9 shows the 'descriptive statistics' of the study's variables. In order to gain insight into the distribution and background statistics of the variables examined, a special focus was made on the mean and 'standard deviations' of the main variables: FP, EP, CG, NG, and NC. It can be observed that the mean ROA was 0.06 for the tourism industry across countries. Moreover, the ROA was 0.06 for developing countries and for developed countries. A similar conclusion can be drawn based on the EP, representing environmental degradation. In developed countries, firms had a lower mean, at 0.54, impact on the environment, compared with a 0.59 mean of effectiveness in emerging-economic countries. Meanwhile, developed nations had a better CG at 0.59 compared with 0.36 for firms in developing countries. For the tourism industry across countries, the mean environmental impact was 0.55, and the CG was similar. This signals how tourism firms harm the environment, as the CG still, given this figure, struggles to resolve this issue. The means were slightly above the standard deviations, suggesting that these variables are - to a great extent - uniformly distributed and, as such, meet the minimum requirements of the models. Finally, within the country-level factors, there are three drivers: government effectiveness, control of corruption and the rule of law. Their means are 0.89, 0.89 and 0.88, respectively.

3.6.2 Regression analysis results

Table 10 presents the 'correlation matrix' of the variables used to investigate the aim of this study. The outcomes show a low correlation among the exploratory variables, which are used in the main regression model. Moreover, each applied regression considered the correlation among the independent variables included. This was, to an extent, the reason for the inclusion and exclusion criteria among other available factors, in order to eliminate the possibility of major multicollinearity issues. Focusing once more on the critical variables – CG, EP and ROA – it can be observed that EP (environmental degradation where lower is better) and ROA display negative correlation (-0.25), suggesting that neglecting the environmental issue potentially contributes adversely to FP. This means that lower environmental harm (EP) increases FP, while CG displays a positive association, implying a potentially positive contribution of CG to EP. Finally, CG and ROA display significant positive association (0.08) implying a possible positive contribution of CG to ROA.

Table 10: Correlation matrix across the variables used ³

	FP	Env	CGov	Leverage	Growth	Size	INDI	INDU	PD	MASC	UA	LTO	RQ	VAA	COC	GE	PS	ROL	GDP	
FP	1.00																			
Env	-0.25***	1.00																		
CGov	0.08***	0.19***	1.00																	
Leverage	-0.07**	-0.09***	0.04	1.00																
Growth	-0.04*	-0.03	0.01	0.02	1.00															
Size	-0.42***	0.58***	-0.06**	0.04*	-0.01	1.00														
INDIV	0.11***	-0.17***	0.58***	0.06**	0.02	-0.24***	1.00													
INDUL	0.12***	-0.24***	0.43***	0.13***	0.01	-0.34***	0.80***	1.00												
PD	-0.13***	0.16***	-0.36***	-0.02	-0.01	0.22***	-0.79***	-0.67***	1.00											
MASC	0.02	-0.14***	-0.23***	0.01	0.00	0.06**	0.16***	-0.03	-0.30***	1.00										
UA	-0.28***	0.24***	-0.32***	0.05*	-0.01	0.28***	-0.24***	-0.14***	0.24***	0.10***	1.00									
LTO	-0.18***	0.31***	-0.44***	-0.11***	-0.02	0.38***	-0.53***	-0.68***	0.37***	0.38***	0.44***	1.00								
RQ	0.11***	-0.05**	0.20***	-0.12***	0.01	-0.09***	0.42***	0.18***	-0.54***	0.14***	-0.35***	-0.15***	1.00							
VAA	0.05*	-0.03	0.31***	-0.08***	0.01	-0.11***	0.72***	0.54***	-0.76***	0.20***	0.05*	-0.20***	0.71***	1.00						
COC	0.05*	-0.03	0.18***	-0.11***	0.01	0.01	0.47***	0.20***	-0.54***	0.27***	-0.14***	-0.04	0.92***	0.80***	1.00					
GE	0.06**	-0.03	0.13***	-0.11***	0.00	0.02	0.36***	0.08***	-0.42***	0.27***	-0.23***	0.01	0.90***	0.61***	0.92***	1.00				
PS	0.03	-0.08***	-0.14***	-0.11***	-0.03	0.02	0.06**	-0.11***	-0.28***	0.40***	-0.03	0.13***	0.67***	0.49***	0.72***	0.72***	1.00			
ROL	0.05*	-0.04*	0.21***	-0.10***	0.01	-0.03	0.50***	0.25***	-0.57***	0.22***	-0.15***	-0.09***	0.94***	0.81***	0.97***	0.93***	0.70***	1.00		
GDP	0.09***	-0.05*	-0.15***	-0.03	0.01	-0.01	-0.32***	-0.19***	0.27***	-0.22***	-0.18***	0.00	-0.20***	-0.39***	-0.28***	-0.20***	-0.08***	-0.30***	1.00	

³ FP: financial performance (ROA); EP: environmental performance (environmental degradation); CGov: corporate governance; LEVER: Leverage; INDI: individual; INDU: indulgence; RQ: regulatory quality; VAA: voice and accountability; PD: power distance; MASC: masculinity; UA: uncertainty avoidance; LTO: long term orientation; COC: control of corruption; GE: government effectiveness; PS: political stability; ROL: rule of law.

3.6.3 The main regression analysis

Table 11: The main regression of the impact of EP on FP (OLS)

Tourism industry. Vs ⁴	Financial Performance (ROA)		
	(1)	(2)	(3)
Main independent:			
EP	-0.053*** (-12.84)	-0.016** (-2.89)	-0.016** (-3.01)
Firm-level controls:			
CG		0.019*** (3.52)	0.020*** (3.72)
Growth		-0.000** (-2.62)	-0.000* (-2.54)
Leverage		-0.008 (-1.17)	-0.008 (-1.29)
Size		-0.020*** (-15.81)	-0.020*** (-15.85)
Country-level controls:			
Indulgence		-0.048*** (-4.37)	-0.052*** (-4.72)
UA		-0.035*** (-4.01)	-0.033*** (-3.78)
RQ		-0.001 (-0.03)	-0.012 (-0.49)
VAA		0.019 (1.19)	0.027 (1.69)
GDP		0.234*** (4.17)	0.321*** (4.14)
Constant	0.087*** (33.99)	0.393*** (16.03)	0.390*** (15.09)
Year effect	No	No	Yes
Observations	2763	2400	2400
R ²	0.056	0.207	0.231
Adjusted R ²	0.056	0.204	0.223
F	164.8	62.33	31.01

Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance

Table 11 presents a statistically significant relationship between FP (ROA) and EP (environmental degradation), which is an outcome of model 1; and across model 2 and 3 where the control variables, as well as year effect, are included in the analysis of tourism firms across countries. For example, and as hypothesised in Hypothesis 1, environmental practices have favourable statistical effectiveness on firm FP. This mirrors the negative linkage between EP (environmental degradation) and FP. In other words, an increase in environmental impact, proxied as EP, leads to a decrease in the primary dependent variable (ROA) and vice versa.

⁴ FP: financial performance (ROA); EP: environmental performance (environmental degradation); CGov: corporate governance; LEVER: Leverage; INDI: individual; INDU: indulgence; RQ: regulatory quality; VAA: voice and accountability; PD: power distance; MASC: masculinity; UA: uncertainty avoidance; LTO: long term orientation; COC: control of corruption; GE: government effectiveness; PS: political stability; ROL: rule of law.

Model 1 shows the primary and direct impact of EP on FP; it can be observed that EP has a significant contribution to FP, equal to -0.05 at a significant level of 0.001. For every one unit of increase in EP (environmental degradation), FP decreases by 5%. Therefore, a decrease in harmful environmental impact leads to an increase in FP (ROA) by the same figure. However, after controlling for firms' characteristics, NG and NC as well as year effect, the percentage dropped to 2%. Model 2 reports the results, a pooled OLS regression of ROA and EP, CG and the controls. Generally, the results illustrate at a significant level that the independent variables explain firm FP.

Focusing on the main drivers of FP, through *t* statistics, CG appears to contribute extensively to ROA by 2% for every one-unit increase in CG. This implies that CG generally contributes favourably to FP for the global tourism industry. The contribution of EP (harmful practices) to ROA is materially negative across all models. Thus, a reduction in such practices leads to the opposite, i.e. better FP. The growth has a negative, but not economically significant, influence of 0.0001***, while leverage is at -0.008 and size is at -0.020***. Each has an adverse material contribution except leverage.

Furthermore, in country-level control, in view of national factors such as governance, culture and economy, indulgence and UA as examples of culture are at -0.052*** and -0.033***, respectively. Regulatory quality and voice and accountability, standing for NG, do not materially control FP. Finally, GDP as an economic factor is at 0.321***, which significantly influences FP. In summary, the validity of the model applied is accepted as R^2 and Adjusted R^2 are 23% and 22%, respectively. Moreover, the 2,400 observations can be in a state of efficient number where the ultimate results can be generalised and trusted.

3.6.4 The regression results of determinants factors of EP

Table 12: Determinants of EP regression analysis

Dependent.		Environmental Performance (Determined by Firm.Gov, National.Gov and National Culture ⁵)											
Indep.	C.GOV	National Governance						National Culture					
Var.	CG	PS	ROL	VAA	RQ	GE	COC	PD	INDI	MASC	UA	LTO	INDU
Coef.	0.154*** (8.99)	-0.047 (-1.75)	0.009 (0.23)	0.020 (0.70)	-0.029 (-0.70)	0.024 (0.48)	0.018 (0.49)	0.155*** (4.97)	-0.103*** (-5.53)	-0.266*** (-7.96)	0.186*** (7.92)	0.242*** (11.53)	-0.224*** (-7.91)
Con.	0.492*** (47.28)	0.597*** (31.53)	0.558*** (16.36)	0.550*** (23.97)	0.591*** (16.08)	0.543*** (11.81)	0.550*** (17.05)	0.490*** (30.65)	0.632*** (48.68)	0.726*** (33.64)	0.466*** (34.09)	0.442*** (37.52)	0.690*** (41.93)
Obs.	3083	3174	3188	3139	3189	3189	3186	3185	3182	3074	3076	3182	3180
R²	0.026	0.001	0.000	0.000	0.000	0.000	0.000	0.008	0.010	0.020	0.020	0.040	0.019
A. R²	0.025	0.001	-0.000	-0.000	-0.000	-0.000	-0.000	0.007	0.009	0.020	0.020	0.040	0.019
F	80.85	3.066	0.051	0.496	0.491	0.227	0.243	24.69	30.59	63.40	62.73	132.9	62.56

Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance

⁵ EP: environmental performance (environmental degradation); CGov: corporate governance; PS: political stability; ROL: rule of law; VAA: voice and accountability; RQ: regulatory quality; GE: government effectiveness; COC: control of corruption; PD: power distance; INDI: individual; MASC: masculinity; UA: uncertainty avoidance; LTO: long term orientation; INDU: indulgence.

Table 12 illustrates the estimated model for the variables that determine environmental activities and have the power to affect EP in the global tourism context. These reflect the H2a, H3a and H4a test. Looking at the coefficient results, it is observed that CG contributes significantly to EP. The factor loading on CG is equal to 15%. Assuming a level of significance of 0.001, it can be concluded that the influence of CG to EP is strikingly significant. However, as the direction of this contribution, CG does not seem to have a reduction of the harmful environmental impact, which was not expected. This issue will be discussed further in the upcoming section. The second determinantal factor investigated in this study is National Governance factors (NG). Although the PS and RQ seem to have a reduced role in the harmful environment, they are an addition to the other NG variables (ROL, VAA, GE and COC), not significant with EP. On the other hand, NC, connected to Hypothesis 4a, has a significant determination concerning EP. Like NG, the results show a favourable determination between NC and EP. The association between them is mixed, e.g. an increase in INDI, MASC and INDU reduce the level of environmental harm. Power distance, on the other hand, positively determines EP. Power distance, UA and LTO have the opposite outcomes. Further explanation of these associations will be presented and discussed in the following section.

Table 13: The effect of firm-level CG, NG and NC interactions

Tourism. I	Dependent Variable Financial Performance (ROA)												
	Firm Gov	National Governance (NG)						National Culture (NC)					
#Variables	CG	PS	ROL	VAA	RQ	GE	CORR	PD	INDI	MASC	UA	LTO	INDU
Main Independent:													
EP	-0.018 (-1.89)	-0.004 (-0.20)	-0.086* (-2.29)	-0.069** (-3.05)	0.047 (-1.19)	-0.050 (-0.95)	-0.112** (-3.24)	0.026 (1.82)	-0.073*** (-5.44)	-0.043 (-1.95)	-0.067*** (-5.33)	-0.021 (-1.91)	-0.040* (-2.43)
Firm-level Controls:													
CG	0.017 (1.60)	0.015* (2.57)	0.020*** (3.73)	0.019*** (3.56)	0.020*** (3.60)	0.019*** (3.56)	0.021*** (3.80)	0.022*** (3.96)	0.005 (0.87)	0.009 (1.51)	0.017** (3.23)	0.016** (2.87)	0.019*** (3.51)
Growth	-0.000** (-2.61)	-0.000** (-2.71)	-0.000** (-2.68)	-0.000** (-2.60)	-0.000** (-2.61)	-0.000** (-2.64)	-0.000** (-2.61)	-0.000** (-2.61)	-0.000* (-2.56)	-0.000** (-2.64)	-0.000** (-2.66)	-0.000** (-2.64)	-0.000** (-2.60)
Leverage	-0.007 (-1.11)	-0.007 (-1.08)	-0.007 (-1.01)	-0.006 (-0.92)	-0.007 (-1.14)	-0.008 (-1.16)	-0.006 (-0.98)	-0.006 (-0.96)	-0.003 (-0.50)	-0.009 (-1.38)	-0.008 (-1.17)	-0.008 (-1.23)	-0.007 (-1.00)
Size	-0.02*** (-15.73)	-0.02*** (-15.60)	-0.019*** (-15.03)	-0.02*** (-15.91)	-0.02*** (-15.83)	-0.02*** (-15.45)	-0.02*** (-15.41)	-0.02*** (-15.86)	-0.021*** (-16.52)	-0.02*** (-16.27)	-0.019*** (-15.70)	-0.02*** (-15.74)	-0.02*** (-15.82)
Country-level Controls:													
INDU	-0.048*** (-4.37)	-0.058*** (-5.05)	-0.047*** (-4.28)	-0.047*** (-4.25)	-0.048*** (-4.35)	-0.048*** (-4.32)	-0.047*** (-4.19)	-0.058*** (-4.99)	-0.063*** (-5.00)	-0.028** (-2.58)	-0.045*** (-4.06)	-0.059*** (-4.29)	-0.074*** (-3.72)
UA	-0.035*** (-3.99)	-0.038*** (-4.27)	-0.029** (-3.24)	-0.034*** (-3.98)	-0.034*** (-3.83)	-0.033*** (-3.66)	-0.031*** (-3.48)	-0.023* (-2.46)	-0.025** (-2.77)	-0.055*** (-5.92)	-0.097*** (-5.96)	-0.033*** (-3.73)	-0.035*** (-4.00)
RQ	-0.000 (-0.00)	0.015 (0.66)	0.075 (1.95)	0.004 (0.17)	-0.018 (-0.59)	0.023 (0.84)	0.021 (0.66)	0.009 (0.41)	0.025 (1.16)	-0.020 (-0.93)	-0.000 (-0.00)	-0.004 (-0.20)	-0.002 (-0.09)
VAA	0.018 (1.18)	0.035* (2.15)	0.028 (1.62)	-0.024 (-1.01)	0.017 (1.06)	0.016 (0.98)	0.013 (0.74)	-0.003 (-0.19)	-0.019 (-1.08)	0.028 (1.74)	0.015 (0.99)	0.023 (1.39)	0.020 (1.29)
GDP	0.235*** (4.18)	0.256*** (4.51)	0.216*** (3.83)	0.231*** (4.13)	0.232*** (4.14)	0.231*** (4.12)	0.228*** (4.07)	0.239*** (4.26)	0.270*** (4.78)	0.231*** (4.03)	0.231*** (4.15)	0.231*** (4.11)	0.234*** (4.18)
Moderating Effects:													
# moderating Var..s	CG	PS	ROL	VAA	RQ	GE	CORR	PD	INDI	MASC	UA	LTO	INDU
Effect When EP = 0	0.017 (1.60)	-0.016 (-0.88)	-0.127** (-2.78)	-0.024 (-1.01)	-0.018 (-0.59)	-0.053 (-1.19)	-0.076* (-1.96)	0.016 (0.73)	-0.013 (-0.89)	-0.009 (-0.38)	-0.097*** (-5.96)	-0.023 (-1.64)	-0.074*** (-3.72)
Interacted with EP	0.004 (0.26)	-0.019 (-0.71)	0.077 (1.84)	0.065* (2.43)	0.035 (0.80)	0.037 (0.64)	0.109** (2.82)	-0.091** (-3.12)	0.093*** (5.11)	0.072* (2.23)	0.096*** (4.51)	0.015 (0.77)	0.042 (1.56)
Constant	0.395*** (15.80)	0.384*** (14.50)	0.419*** (13.26)	0.424*** (15.36)	0.411*** (12.63)	0.415*** (11.35)	0.442*** (14.43)	0.395*** (13.27)	0.431*** (17.05)	0.418*** (15.65)	0.423*** (16.71)	0.408*** (15.75)	0.408*** (15.52)

Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance. **Observations:** 2400; **R²** 21%; Adjusted **R²** 20% and **F:** 56.6

3.6.5 Analysis of moderating roles

In Table 13, the moderating contributions of CG, NG and NC on the relationship between EP and FP are taken into account. To date, these factors have not been tested with reference to tourism firms. Scholars have noticed the role that moderating factors can play in the relationship between environmental and social responsibility, and FP (Youn et al., 2015). This is because of discretionary customer expenditures, which are extremely sensitive to the economy and apply significant influence on businesses such as restaurants and airlines (Youn et al., 2015).

In general terms, the effect of the factors mentioned, particularly cultural features, have been identified. Although the interaction term EP*CG does not contribute remarkably to ROA, it is positively affected by 0.004. This means that a good CG weakens the negative effect of EP (harmful impact) on FP. Nevertheless, in the absence of CG, EP can be seen as a negative (favourable) factor loading -0.018 but not noticeably. Additionally, CG 0.017 is linked to ROA if the environmental impact (EP) is equal or close to zero. This, to an extent, supports Hypothesis 2 that CG moderates the link between EP and FP, which was discussed earlier. Moreover, considering CG at the firm-level, which was considered at all stages of the analysis, it can be observed that ROA still relies heavily on CG. This implies that good CG gives rise to better FP. Nevertheless, this implies that the relationship between EP and ROA can be moderated by CG further moderating the role, which would better explain this relationship.

Consequently, this relationship is also moderated by country-level variables, such as NG (PS, ROL, VAA, RQ, GE and COC) and NC (PD, individualism, masculinity, UA and LTO). As was suggested in Hypothesis 3, NG features have an impact on EP and FP nexus. Voice and accountability, a dimension of NG, can be observed from the positive factor loading of 0.065*. Another factor influenced by NG is control of corruption; this also has a positive impact (0.109**) on the link between EP and FP. This shows that NG can play a role in the EP-FP relationship. However, some dimensions, such as PS, ROL, RQ and GE, seem not to play a moderating role in this association. This effectiveness of NG, which has not previously been analysed, will be discussed in the discussion section.

Lastly, as Hypothesis 4 suggests that NC features moderate the EP-FP connection, the impact is generally notable. This can be observed from the favourable and remarkable factor loading of 0.093*** (6.27) on the individual dimension. Similarly, with UA, a factor loading of 0.096*** could be observed. Power distance and masculinity were also reported as remarkably moderated the relationship by -0.091* and 0.072* respectively. However, PD was the only dimension that negatively influenced the association between FP and EP. Power distance and UA positively contribute to sales performance, as highlighted by Orzes et al. (2017). Factors such as LTO and

indulgence do not appear to affect this relationship. To conclude, as previously discovered, NG has an important impact on this relationship, and NC does have a significant influence on the link between FP and EP in the tourism context.

3.6.6 Analysis of developed and developing nations

Table 14: The main impact differences between developed/ing nations

Tourism Industry	Financial Performance		
	Developing Economy	Developed Economy	Global Tourism
Main Independent:			
EP	-0.042** (-3.11)	0.004 (0.62)	-0.016** (-2.89)
Firm-level Controls:			
CG	0.008 (0.72)	0.020** (3.16)	0.019*** (3.52)
Growth	-0.000 (-0.82)	-0.000** (-2.65)	-0.000** (-2.62)
Leverage	-0.064** (-3.01)	0.021*** (3.40)	-0.008 (-1.17)
Size	-0.020*** (-6.14)	-0.021*** (-14.84)	-0.020*** (-15.81)
Country-level Controls:			
INDU	-0.008 (-0.37)	-0.159*** (-6.01)	-0.048*** (-4.37)
UA	-0.041* (-2.13)	-0.010*** (-5.99)	-0.035*** (-4.01)
RQ	-0.021 (-0.81)	0.117* (2.38)	-0.001 (-0.03)
VAA	0.213* (2.17)	-0.169*** (-4.94)	0.019 (1.19)
GDP	0.213* (2.17)	0.229** (2.92)	0.234*** (4.17)
Constant	0.418*** (8.01)	0.557*** (10.04)	0.393*** (16.03)
Observations	572	1816	2400
R2	0.303	0.213	0.207
Adjusted R2	0.291	0.208	0.204
F	24.41	48.74	62.33

Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance

Table 14 presents the estimated parameters of the variables for the tourism sector in developed and developing countries. The regression model (1) for a splatted dataset into developing /developed nations was employed in order to test H5 considering the drivers of FP in both nations. It is observed that CG 0.020** contributes favourably and remarkably in developed nations, compared to emerging economic firms at 0.008. This implies that, as in the full sample, CG in developed markets results in better FP. In contrast, this table shows that EP (environmental degradation) has a material negative impact in developing nations to FP at -0.042**.

Notably, a load of neglecting environmental seems to cost more in developing countries, which reflects the possibility of further national factors that enhance environmental practice such as NG and NC. Particularly in the tourism context, known as the primary sources for developing countries,

sustainability is the main consideration. This difference could be studied further in future. The other variables are almost consistent with the results observed for the entire sample, as discussed previously, except voice and accountability. The opposite results have been reported, where its contribution is 21% in developing countries, compared to -17% in developed nations.

3.6.7 Additional analysis

Table 15: Accounting / market-based FP and EP

Tourism Industry.Vs ⁶	Financial Performance (FP)	
	Accounting Base (ROA)	Market Base (Tobin's Q)
Main Independent:		
Environment	-0.016** (-2.89)	-0.698*** (-9.04)
Firm-level Controls:		
CG	0.019*** (3.52)	0.093 (1.21)
Growth	-0.000** (-2.62)	0.000 (0.63)
Leverage	-0.008 (-1.17)	-0.100 (-1.28)
Size	-0.020*** (-15.81)	0.521*** (29.98)
Country-level Controls:		
Indulgence	-0.048*** (-4.37)	-0.496** (-3.18)
UA	-0.035*** (-4.01)	0.472*** (3.86)
RQ	-0.000 (-0.03)	2.128*** (7.29)
VAA	0.019 (1.19)	-0.211 (-0.96)
GDP	0.234*** (4.17)	3.066*** (3.84)
Constant	0.393*** (16.03)	-1.465*** (-4.32)
Fixed Year	No	No
Observations	2400	2217
R²	0.207	0.395
Adjusted R²	0.204	0.392
F	62.33	143.8

Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance.

As mentioned previously in the main regression analysis of the environmental degradation proxied as EP and FP as the dependent variable, EP provides a negative impact on the dependent ROA. Model 4 concerns firm and country-level indicators, including: (1) CG; (2) growth; (3) leverage; (4) size; (5) indulgence; (6) UA; (7) RQ; (8) VAA; and (9) GDP. This applies market value MV for FP

⁶ ROA; return on assets; Tobin's Q: Due to the complexity (Inoue & Lee, 2011) of the TQ formula by (Tobin, 1969) this study use a simplified formula (MV) available in DataStream; CGov: corporate governance; LEVER: Leverage; INDU: indulgence; UA: uncertainty avoidance; RQ: regulatory quality; VAA: voice and accountability.

instead of accounting-based ROA. The author is particularly interested in conducting an additional OLS regression to explore the differences among these indicators considering the market and accounting for base FP. The results follow a similar theme (see Table 15), although some difference was recognised. The relationship between EP and Tobin's Q (MV) is strongly negative, at -0.698^{***} compared with -0.016^{**} regarding ROA. This evidence supports the finding of Inoue and Lee (2011) and Yadav et al. (2016) that firms with green rankings have a better market value. Surprisingly, not as reported regarding ROA, CG does not seem to contribute significantly, considering MV. This is a sign that not only CG shapes the relationship between EP and FP. Similarly, growth and size have different impacts among the countries; however, the size' effect is opposite regarding ROA and MV, which contributes positively. National culture, e.g. UA and RQ, have changed to positively influence MV.

Furthermore, Table 16 shows the market-based FP and its link with EP considering the interaction of CG, NG and NC. Mainly, it can be observed from the estimation that CG shares similar interactions; however, this is not the case with regard to NG (PS, ROL and GE). Their interactions outcomes are 1.059^{**} , 1.661^{**} and 2.399^{**} , respectively. Nevertheless, these were not materially recognised regarding ROA. It was observed that NC (individualism and UA), however, was essentially linked to MV. Furthermore, PD seems to have no effect on the relationship between EP and Tobin's Q or MV.

Table 16: Tobin's Q (MV) and EP plus CG, NG, and NC interactions

Tourism. I	Dependent Variable Financial Performance (TQ)												
Main Independent:													
EP	-0.711*** (-5.34)	-1.440*** (-5.20)	-2.178*** (-4.15)	-1.163*** (-3.67)	-1.768** (-3.20)	-2.859*** (-3.87)	-2.290*** (-4.74)	-0.623** (-3.10)	-1.054*** (-5.60)	-0.897** (-2.85)	-1.325*** (-7.52)	-0.743*** (-4.75)	-0.768*** (-3.33)
Firm-level Controls:													
CG	0.078 (0.53)	0.091 (1.13)	0.116 (1.51)	0.096 (1.25)	0.115 (1.49)	0.122 (1.59)	0.118 (1.53)	0.098 (1.27)	-0.098 (-1.13)	0.029 (0.35)	0.068 (0.89)	-0.081 (-1.02)	0.093 (1.21)
Growth	0.000 (0.63)	0.000 (0.42)	0.000 (0.64)	0.000 (0.64)	0.000 (0.65)	0.000 (0.62)	0.000 (0.64)	0.000 (0.63)	0.000 (0.66)	0.000 (0.66)	0.000 (0.61)	0.000 (0.58)	0.000 (0.63)
Leverage	-0.098 (-1.24)	-0.107 (-1.37)	-0.086 (-1.11)	-0.090 (-1.15)	-0.096 (-1.23)	-0.091 (-1.16)	-0.084 (-1.07)	-0.099 (-1.26)	-0.083 (-1.05)	-0.117 (-1.52)	-0.100 (-1.29)	-0.116 (-1.50)	-0.097 (-1.24)
Size	0.521*** (29.77)	0.521*** (29.83)	0.519*** (29.24)	0.520*** (29.95)	0.519*** (29.82)	0.518*** (29.39)	0.524*** (29.34)	0.521*** (29.90)	0.510*** (29.25)	0.508*** (28.78)	0.525*** (30.25)	0.527*** (30.75)	0.521*** (29.98)
Country-level Controls:													
INDU	-0.497** (-3.18)	-0.531** (-3.28)	-0.474** (-3.04)	-0.489** (-3.13)	-0.494** (-3.17)	-0.451** (-2.88)	-0.499** (-3.17)	-0.521** (-3.18)	-0.722*** (-4.03)	-0.205 (-1.31)	-0.451** (-2.89)	-1.108*** (-5.91)	-0.569* (-2.06)
UA	0.473*** (3.86)	0.550*** (4.42)	0.514*** (4.08)	0.474*** (3.88)	0.510*** (4.12)	0.558*** (4.42)	0.547*** (4.42)	0.499*** (3.80)	0.628*** (5.06)	0.245 (1.86)	-0.285 (-1.26)	0.603*** (4.95)	0.472*** (3.87)
RQ	2.131*** (7.27)	2.421*** (7.69)	2.186*** (4.01)	2.159*** (7.38)	1.543*** (3.69)	2.315*** (5.11)	2.711*** (5.98)	2.146*** (7.31)	2.423*** (8.22)	1.958*** (6.68)	2.130*** (7.32)	1.896*** (6.41)	2.125*** (7.27)
VAA	-0.212 (-0.97)	-0.220 (-0.96)	-0.338 (-1.41)	-0.566 (-1.76)	-0.271 (-1.22)	-0.374 (-1.65)	-0.211 (-0.85)	-0.271 (-1.06)	-0.815*** (-3.32)	-0.199 (-0.88)	-0.247 (-1.13)	0.0547 (0.24)	-0.207 (-0.94)
GDP	3.071*** (3.84)	3.155*** (3.91)	2.987*** (3.72)	3.048*** (3.82)	3.027*** (3.79)	3.004*** (3.76)	3.007*** (3.77)	3.077*** (3.85)	3.514*** (4.38)	3.747*** (4.56)	2.970*** (3.73)	2.761*** (3.50)	3.068*** (3.84)
Moderating Effects:													
	Firm Gov	National Governance (NG)						National Culture (NC)					
#Variables	CG	PS	ROL	VAA	RQ	GE	CORR	PD	INDI	MASC	UA	LTO	INDU
	0.078 (0.53)	-0.825** (-3.15)	-0.839 (-1.32)	-0.566 (-1.76)	1.543*** (3.69)	-1.293* (-2.10)	-1.526** (-2.85)	-0.007 (-0.02)	0.268 (1.34)	0.427 (1.28)	-0.285 (-1.26)	-1.115*** (-5.76)	-0.569* (-2.06)
Interact*EP	0.027 (0.12)	1.059** (2.78)	1.661** (2.86)	0.565 (1.51)	1.186 (1.95)	2.399** (2.94)	1.789*** (3.31)	-0.161 (-0.39)	0.688** (2.67)	0.718 (1.57)	1.186*** (3.96)	0.373 (1.35)	0.121 (0.32)
Constant	-1.457*** (-4.21)	-1.163** (-3.18)	-0.684 (-1.57)	-1.200** (-3.15)	-0.887* (-1.97)	-0.368 (-0.73)	-0.735 (-1.74)	-1.428*** (-3.43)	-1.154*** (-3.30)	-1.501*** (-4.07)	-1.120** (-3.21)	-0.723* (-2.05)	-1.424*** (-3.93)
Note: t statistics in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001 indicate the level of significance. Observations: 2217; R² 40%; Adjusted R² 39% and F: 125.2													

3.6.8 Robustness analysis

Table 17: The impact of EP on FP (ROA and TQ) applying GLM model

Tourism Industry	Financial Performance	
	Accounting Base (ROA)	Market Base (Tobin's Q)
Main Independent:		
Environment	-0.016** (-3.01)	-0.690*** (-8.98)
Firm-level Controls:		
CG	0.020*** (3.72)	0.095 (1.26)
Growth	-0.000* (-2.54)	0.000 (0.70)
Leverage	-0.008 (-1.29)	-0.109 (-1.41)
Size	-0.020*** (-15.85)	0.518*** (29.57)
Country-level Controls:		
Indulgence	-0.052*** (-4.72)	-0.493** (-3.16)
UA	-0.033*** (-3.78)	0.428*** (3.48)
RQ	-0.011 (-0.49)	2.068*** (7.07)
VAA	0.027 (1.69)	-0.314 (-1.40)
GDP	0.321*** (4.14)	1.265 (1.13)
Constant	0.390*** (15.09)	-1.251*** (-3.49)
Fixed Year	Yes	Yes

Note: t statistics in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ indicate the level of significance.

Considering the specification test, e.g., Hausman test, table 17 shows the results of the 'generalised leaner model' (GLM), which was conducted for robustness purposes for both ROA and MV. Generalised leaner model has never been used in the tourism context; it provides a useful framework for dealing with several continuous variables. In its simplest form, this table highlights that, in general, the results in both OLS and GLM are similar. The only variable that contributes to FP in a slightly different way is GDP. It contributes significantly in the OLS model, particularly regarding Tobin's Q. However, its contribution is not significant in the GLM outcomes. The remaining main independent EP and firm and country-level control variables contribute to FP similarly. These variables contribute favourably and materially to ROA as well as MV in tourism firms around the world.

Finally, the regression also tested with the VIF (Variance Inflation Factor) (see Table 18) test; however, none of the variables shows a VIF greater than 10. This indicates that collinearity among

involved variables is low so as not to affect the stability of the regression analysis (Myers, 1990). Therefore, the model used does not suffer from multicollinearity.

Table 18: Variance inflation factor (VIF) (for the primarily employed regression).

Variable	VIF	1/VIF
Voice and Accountability	5.34	0.187292
Regulatory Quality	3.99	0.250852
Indulgence	2.52	0.397324
Uncertainty Avoidance	2.15	0.465082
Size	1.69	0.591062
Environmental Performance	1.69	0.591309
Corporate Governance	1.55	0.645961
GDP	1.21	0.823552
Leverage	1.10	0.908654
Growth	1.00	0.998259
Mean VIF		2.22

In conclusion, the analysis above provides a report of the main outcomes of the conducted model using a variety of regression techniques as well as both OLS and GLM in order to support and strengthen the outcomes of this study. This report is followed by an in-depth discussion of these findings, which considers the multiple theory applied, and whether the results support the theories outlined or not. The proceeding section also considers the link of the results from this study to prior studies and hypothesis as well as their implications.

3.6.9 Discussion

Based on the preceding analysis, H1, that good EP contributes positively to FP (both market-based and accounting-based ROA), and vice versa otherwise, has been confirmed as being statistically correct. Environmental performance is proxied by the score of environmental degradation. A high score represents a high level of neglecting the environment, and a lower score presents a better concern for the environment, where a reduction of harmful impact on the society and environment is experienced. Therefore, the referred favourable association between EP and FP in this study is negative. An increase in the neglecting of environmental practices could decrease the FP, and the opposite should be true. This study's results are consistent with prior empirical studies such as those of Angelia and Suryaningsih (2015), Bartolacci et al. (2018), Chen et al. (2016), Qi et al. (2014), Hang Song et al. (2017) and Tan et al. (2017). Although they investigated different contexts or industries, they obtained similar results. The conclusion of the outcomes, considering all stakeholders (e.g. customers, suppliers, employees and community) who are concerned about the environment (Tan et al., 2017), is that enhancing environmental practices would lead to better firm performance, particularly in the financial sense.

This study controlled for both firm characteristics and country-level factors. As the issue of EP and FP was globally examined, this study considered the potential governance, economic and cultural aspects in order to support the accuracy of the results. To address firm-level aspects, many studies within environmental issues considered firm size effect. Another firm-level factor considered was that of growth of a firm which was extracted from the DataStream. As expected, size, growth and leverage all have an impact on FP. Size of firms, e.g., negatively affects the firms' FP by 2% and this among different samples (developed/ing). Likewise, leverage leads to negative FP by about 0.08 %. Some previous studies have reported similar outcomes (e.g. Tan et al., 2017, Chen, et al., 2016). Moreover, although growth seems to have a negative impact of (0.0002) on FP, this impact is not economically essential. Despite this, the effects of the market base FP is positive, which is in line with previous studies (Qi et al., 2014; Chen et al., 2016). Finally, as confirmed in a previous study by Youn et al. (2015), the leverage variable has no vital role in controlling FP.

Accordingly, a better EP by tourism-related firms would be seen as a sign of meeting the stakeholders' expectations, which might result in their satisfaction (Xie et al., 2017). This, in turn, supports and enhances firms' reputations and images. As a result, through sales and accepting paying premium prices, tourism firms should have a good FP (Theodoulidis et al., 2017). The applied Combination of theories, e.g., the resource-based view, stakeholder theory and neoclassical theory, which support the idea that EP and human capital contributes to tourism firms with a favourable reputation and various resources (Tan et al., 2017). Although neoclassical theory ignored the environment, it admitted the importance of workers and labourers. Since the tourism industry is a service industry, human capital is a vital resource in order to offer high-quality services to customers. The creation of heterogeneous resources and building of firms' images and reputation could be important for firms because of possible higher employee turnover. Therefore, the hypothesis that good EP increases tourism firms' FP supports the theories mentioned and has an acceptable economic implication. This is because of the lower percentage impact on FP caused by EP. In addition to an economic implication, the outcomes have a significant theoretical, policy and/or methodological implications.

Financially performing well in tourism firms, however, is influenced by CG. Every unit added to the value of CG means a rise in FP by 2%. This, nevertheless, is only for accounting-based FP (ROA) and particularly in developed nations. As firms and tourism businesses must possess valuable and unique resources in order to be sustainable and obtain high FP, environmental practices along with sufficient policies could help fulfil such needs. This notion is implicitly proposed by stakeholder theory and resource-based theory. In line with the theoretical and empirical expectations, CG contributes favourably to FP, probably because enhanced governance results in the formulation of better strategies, enhanced corporate management, and enhanced disclosures, all of which bring

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about enhanced firm performance, particularly FP. The results are in line with Tan et al. (2017), one of the few studies to have considered the different sectors of the tourism industry. As observed earlier, most studies have not considered the entire industry, instead focused on only a single sector or an individual country. This explains why the results of this study might deviate from those of earlier studies.

From what has been discussed so far, it is clear the direct relationship between EP and FP is regarded as complicated (Coghlan, 2015; Holden, 2009; Horváthová, 2010; Qi et al., 2014). Therefore, other factors may play a crucial role in determining this complexity. The central hypothesis, hence, followed by; H2a, H3a and H4a, that EP is influenced by CG firm-level or NG and NC as country-level factors. This impact is confirmed to also be correct. In general, NG and NC influence EP at an acceptable level, with the exception of H2 as CG was insignificant. As a consequence, this is a reason to complete the analysis process using the model created, which suggests that the association between EP and FP is moderated by an internal factor (CG) and external factors (NG and NC). This model, employed for the first time in this study, uses EP as a proxy for considering environmental issues. Throughout the analysis, the results reflect a material contribution to the EP and FP nexus.

The moderating role effect of CG, as H2 displays, is also confirmed as being slightly recognised. Although it seems insignificant, it is worth consideration, especially within firms in developed countries, where the CG was seen in other regression results in this study to be more pronounced. The contribution was positive, but not material. Moderating roles act as an additional influence to strengthen or weaken the EP–FP causality relationship. The action of CG in this specific regression model is to, unexpectedly, weaken the relationship. However, as reported earlier, this is not significant. The possible reason is the combination of developed and developing countries in one sample. When the sample was separated into developed and developing nations, CG acted differently and more energetically in the developed economic countries; and opposite, on the other hand. Although the CG moderating role factor along with NG and NC has not been discussed in terms of EP–FP in the tourism industry, the existing studies, such as Azmat and Samaratunge (2009), Dinica (2017), Liang and Renneboog (2017), Mitchell et al. (2013) and Stanford and Guiver (2016), to an extent, support the outcomes.

National governance (H3), which was confirmed as being accepted, may provide guidelines for both individuals and firms or apply pressure where companies' practices are assessment-based. Such guidelines would be via qualified rules, regulations and actions which can be measured in this study using RQ in addition to VAA, COC and ROL. National features, namely ROL, VAA, GE and COC, are seen to have a direct moderating role on the impact of harmful environmental practices. However,

unexpectedly, these features seem to weaken the examined causality relationship and moreover to have a reduced impact on the ROA. A similar outcome has been seen in research by Jiang and Zhang (2018), who investigated whether regulatory restriction can be beneficial to firms' performance. They concluded that the restriction on regulations CG, particularly executive compensation, had a negative association with firms' accounting FP. This decrease, however, could be in favour of customers, where the prime price discussed earlier is restricted and moderated by a variety of NG dimensions. Likewise, the adverse impact of COC on the FP is supported by Deng et al. (2020), who found that the China anti-corruption movement was hugely disruptive to casinos' performance in the US. The results of this hypothesis, finally, has its own implication to both economic and theoretical discussion as well as to policymakers and different levels of regulators.

Furthermore, NC (H4), which was seen to be true, explains how individuals deal with EP–FP relationship and has similar moderating effects, except for PD. In general, they weaken the association, which means the pronounced EP and FP relationship lessens as society's individual, masculinity and UA, cultural dimensions, are strongly exist. Alternatively, low and high distance between decision-makers and stakeholders (such as customers, employees and suppliers) can be negatively reflected on EP. When managers, for instance, are isolated from stakeholders, participating in environmental decision making becomes difficult or impossible. Employees in lower PD environments may feel that it is their duty to involve themselves in such environmental responsibility. Thus, the results demonstrate an increase in the cost of ignoring the environment by tourism firms. Interestingly, in this type of society, the chance of reducing the harmful impact on the environment caused by firms can be realised. An increase in the pattern of individualism, on the other hand, seems to react negatively for the environment, with no pressure being placed on firms to reduce harmful effects. However, individualism, cultural feature, may create a healthy environment as being acting independently, as it is correlated to an extent with freedom. Like individualism, masculinity adversely supports the EP–FP relationship. Masculinity refers to the success of work and achieving goals, whereas feminine, cultural feature, consider quality-of-life and modesty (Hofstede et al., 1998). Different societies, consequently, depending on national factors, treat the implementation of environmental initiatives by firms differently.

Uncertainty avoidance (UA), in addition to LTO, has similar effects to those of masculinity on the EP and FP connection. A high societal acceptance of ambiguity, known as UA, leads to a decrease in FP and does not seem to support the proposed cost of ignoring environmental practices. Uncertainty avoidance feature possibly minimises such situations via regulations and laws as a unified belief (Hofstede, 2011). Conversely, cultural circumstances shape good and bad performance; the success of efforts made depends on what is suggested by LTO (Hofstede, 2011). Therefore, the LTO could have an influence on implementing environmental initiatives as an effort to achieve good EP and,

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in return, better FP. To conclude, as is consistent with prior studies (Canavan, 2016; Dumont et al., 2017; Filimonau et al., 2018; Kang et al., 2016; Liden et al., 2014; Wells et al., 2015), NG across all dimensions would essentially affect the EP, which, in turn, has an influence on the FP. Similar to H3, the outcomes of this hypothesis 4 will have economic, theoretical and empirical implementations.

Finally, H5, that the impact of EP on FP as well as CG is different when compared between developing and developed countries; it is also confirmed as accepted, particularly regarding CG's impact on FP. CG's contribution to FP is statistically relevant for developed countries and irrelevant for developing countries. However, the negative (favourable) association between neglecting environmental practices EP and FP appears to be much more recognised in developing countries. A possible explanation for this being that tourism business is the main source of income for most developing nations; thus, sustainability practices are essential (Bojanic, 2011). The governments of these nations could be directly involved in tourism-related policies and strategies, including the environment, which can influence CG. National polices in emerging economic countries might consider sustainability more, particularly in this industry. Scholars such as Azmat and Samarantunge (2009), Jamaliah and Powell (2018b), McLachlan and Binns (2014) and Melissen et al. (2018) have reflected on these differences. However, they have not been discussed in terms of the tourism industry across countries. It should be noted that similar differences appear when market FP is compared with accounting FP. Similar to the above hypotheses, this conclusion could have important economic, theoretical and empirical implementations.

For the majority of the other variables, EP and FP, including at the firm level and the country level, have, to some extent, a similar impact. However, NG such as voice and accountability (VAA) and regulatory quality (RQ), which are inconsistent between nations, have a negative impact on FP in developed countries. It is likely that this is because firms that are experiencing CG are not interested in NG and, as such, may just be conducting their business without any real regard for this factor. Regulatory quality has a materially positive influence on FP in developed countries, but a negative impact in developing countries. Firm characteristics appear to have a similar impact, except leverage, which is negative and significant in developing countries and the opposite in others. Thus far, the analysis reveals that reflecting on better EP contributes favourably to FP, as illustrated by the sign and significance of the coefficients of the relationship between EP and ROA and between EP and Tobin's Q (market value). The main noticeable difference is the materiality of CG, which was strongly recognised regarding ROA and vulnerable with regard to Tobin's Q.

These results of this study are robust to different specifications, such as GLM specifications; the fixed effect model cannot be used with features such as cultures dimensions. This evidence, however, is inconsistent with 'neoclassical theory', Friedman's (1970) view and the 'trade-off-

hypothesis', suggesting that higher levels of EP do not enhance FP. Instead, higher levels of desirable EP contribute towards higher FP (Brammer & Millington, 2008; Tan et al., 2017). The evidence, though, has similarities with the 'resource-based view', which argues that environmental management efforts contribute to the accumulation of resources that are critical for enhancing FP (Tan et al., 2017; Tavitiyaman et al., 2012). The results are also consistent with prior evidence from the tourism context literature (Llach et al., 2013; López-Gamero et al., 2010; López-Gamero et al., 2011; Song et al., 2013; Tan et al., 2017).

To conclude, in view of the originality of this study, the link between EP and FP in tourism firms across countries is moderated by CG, NG, and NC. Previous empirical studies have mostly examined the direct relationship of EP-FP. The exception is that of Tan et al. (2017), who studied the moderating role of slack recourse on the EP-FP relationship. However, Tan's study ignored possible national material such as the national economy, governance, and culture while it globally analysed EP-FP nexus. The interactions analysis outcomes have been seen to weaken the examined relationship. For example, CG contributes positively and significantly to ROA when EP does not interact with CG (see 3.6.3). Nevertheless, when CG interacts with EP, the impact becomes weak. Furthermore, government effectiveness contributes negatively on its own; however, it is positive when it interacts with EP. The moderating role can also strengthen the association between EP and FP. For instance, power distance and individualism are not statistically significant in the absence of EP, but they materially contribute to the relationship after interacting with the primary variable EP.

3.7 Summary and conclusion

The present study has explored the contribution of EP to FP as well as the impact of CG, NG and NC on the relationship between EP and FP in the context of tourism across the world. Based on the analysis, it can be concluded that CG, NG, and NC determine EP in the tourism industry. Furthermore, the link between EP-FP, lower levels of harmful environmental impact, lead to better FP, which is moderated by firm-level material such as CG (see Table 19). This association is also noticeably moderated and controlled by national-level factors such as NG, NC and national economy. Economic conditions also have an obvious effect on this relationship. Therefore, when the sample is split into developed and developed countries, the contribution of CG to EP is only relevant in developed countries. It is likely that this is because developed countries have better governance structures and enforcement procedures than developing countries. This helps ensure that tourism firms in developed countries are operating in line with environmental laws.

Moreover, the relationship between EP and FP is favourable (negative) in the tourism context and is only significant in developing countries. This means that, as long as firms consider environmental

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issues by reducing possible harmful impact, their image and reputation grows, which results in an increase in the satisfaction of stakeholders, including customers. This may result in a positive FP. This is in line with the stakeholder theory, which suggests that FP depends on both shareholders and other stakeholders, such as customers, the communities served by the firm, its suppliers, the government, and the natural environment. Moreover, the absence of impact in developed countries can be explained by the presence of CG as CG can offset the influence of EP on FP.

Considering the impact of moderating roles, this study first found that CG, NG, and NC, to a degree, make a material contribution to EP–FP in tourism firms. The interaction of CG–EP affects the impact on the EP and FP association. Similarly, voice and accountability, and control of corruption significantly moderate the relationship. The culture was also found to contribute materially to the EP–FP nexus in the context of tourism. Individualism, masculinity and uncertainty avoidance reinforces the relationship, while power distance weakens it. This is likely because of the power that most governments have and the accepted norms and lifestyles, which could implicitly have an influence on stakeholders' actions. Lastly, both firm-level and country-level control factors, such as size, growth, leverage, voice and accountability, indulgence, UA, RQ and GDP, also have differing contributions to FP. GDP, for example, contributes favourably all through the applied model.

Based on the conclusions above, tourism firms can leverage the benefits that can be derived from EP by adequately planning their environmental management (EM) strategies. EM strategies should be developed in such a way as to ensure that the costs do not outweigh the benefits. Firms should then form valuable links with shareholders in order to understand their specific needs as far as EP is concerned. Finally, tourism firms in developing countries should take valuable steps to enhance their CG approaches so as to ensure that CG is promoting EM practices and that those practices are contributing favourably to FP.

Based on the information discussed so far, it can be inferred that this study makes a new contribution to the tourism industry and EP–FP literature. Specifically, the incorporation of the viewpoints of all stakeholders for planning and understanding the implementation of environmental strategies and their truly reflects on FP. The outcomes of this newly developed model will help users obtain an extensive understanding of environmental issues and devise a management strategy for use in such practices. Finally, although the model is exemplified with the tourism context, it can be generally applied to any service industry sector with a need to manage environmental strategies. To sum up, this study is a part of increasing research that explores the notion that CG is socially built (Alon & Hageman, 2017). Consequently, further consideration of NG and cultural elements by managers could have broader benefits when dealing with the EP–FP link.

Table 19: Summary of study two outcomes

Hypothesis	Test outcomes
EP (degradation) negatively affects FP	Significantly negative
EP-FP nexus is moderated by CG	Positive but not significant
EP-FP nexus is moderated by NG	Only VAA and COC are positively significant. Others are insignificant.
EP-FP nexus is moderated by NC	Hofstede's dimensions significantly impact on it, except LTO and indulgence.
EP-FP nexus differs between developed/ing countries.	EP was more pronounced in developing countries, and CG is satisfactory only in developed countries.

Chapter 4 Executive compensation and environmental performance in tourism firms

Abstract

This study globally examines the impact of executive compensation (EC) on environmental performance (EP) in the tourism industry. A created model, including national-level and organisational-level factors to predict the causality relationship between EC and EP, has accordingly been developed to investigate the moderating effect of corporate governance (CG), national governance (NG) and national culture (NC) on the EC-EP nexus. Executive compensation is treated as the independent variable and EP as the dependent one. The present study makes use of a sample of 1,108 tourism publicly listed companies from 2004-2018 in 60 nations, with information obtained from DataStream (ASSET4). The findings of this study highlight the following: firstly, the results revealed that EC is positively associated with EP. Secondly, this association is more pronounced in developed countries vis-a-vis developing ones. Thirdly, while the literature review revealed that factors such as governance and culture also impact/moderate EC and can thus affect EP, the statistical analysis finds this to hold true for CG, NG and NC. The results were considerably robust after controlling for country-level and firm-level features, as well as GLM and alternative EC measurement. The results also appear to be relatively consistent with the tenets of the stewardship, institutional and optimal contracting theories. Conducting this study should result in the development of new insights into the relationship between EC and EP. It has also added considerably to the literature available on the subject.

Keywords: Executive compensation, Environmental performance, Tourism firms, Corporate governance, Multi-theory

4.1 Introduction

4.1.1 Overview

The literature reports the major impact of CSR on many accounting aspects, which are linked to firms' performance such as reduction of the cost of capital and earnings management, in addition to the introduction of new environmental standards (Karim et al., 2018). Since this high quantity of social and environmental activities was reported, the onus and encouragement to practise these activities are necessary. This can be done through factors such as EC. This study, therefore, aims to empirically examine the impact of EC on EP, moderated by factors such as CG, NG and NC across the global tourism sector. This introductory section provides an overview of the research issues, defines the research problem, outlines its aims and explains the benefits and contribution of the study.

Safeguarding the environment from further damage has become one of the most important global priorities. There is little doubt that the environment has been considerably damaged by human activity over the course of the last few decades and the current millennium. Climate policies, on their own, cannot offset the emissions growth in some countries (UN Environment Programme, 2019). Thoughtless and environmentally degrading actions on the part of businesses, governments and human society as a whole have resulted in a huge increase in air and water pollution, deforestation and global warming (Ferrarini et al., 2019). This threatens the human race, and the G20 nations are engaged in continuous negotiation to reduce global warming in the coming years (Gilbert et al., 2018). Countries with developed economies have responded with a decline in CO2 emissions (Quéré et al., 2019).

From a theoretical perspective, stewardship proves that individuals (e.g. executives) take on a considerable part of the organisational mission. Unlike agency theory/managerial power theory, which suggests that managers/executives are self-serving, stewardship theory describes directors as collectivists, pro-organizational and trustworthy (Davis et al., 1997). Furthermore, the institutional theory addresses the influences that firms have on their institutional environment, including norms, regulations and social beliefs (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). All of these could play a crucial role in firms' governance and are associated with NG and NC, which ultimately enhances corporate social and environmental strategies. Therefore, firms may comply with such institutional pressures in order to improve organisational. This is within the suggestion of the optimal contract view where managers act to minimise costs and maximise firm value (Hölmstrom, 1979).

Contemporary business leaders and organisational managers realise the importance of environmental protection and are continuously working towards the enhancement of organisational sustainability (Zhou, 2019). It is now widely accepted that businesses and their chief executives should prioritise and pay attention to the enhancement of organisational sustainability and EP. It is crucial that organisational management focuses on developing and implementing environmentally sustainable strategies and operating practices in order to reduce pollution and safeguard against depletion of natural resources, thereby slowing down the rate of climate change and controlling global warming (Gilbert et al., 2018).

4.1.2 Motivations and problem statement

Recent research has found that firms focusing on enhancing their social and environmental strategies could result in customer loyalty and a better image, which should enhance profitability (Li et al., 2019). Organisations with good reputations, built on consumer perceptions of environmental responsibility and performance are considered favourably by customers and possibly by investors (Gao et al., 2016). This, in turn, results in enhanced market values, as well as organisational revenues and profitability, as consumers are willing to pay a premium price for the products and services of such companies (Leonidou et al., 2013). Although shareholder agreement on compensation, known as Say on Pay, which was first introduced in the UK in 2002 might reflect on this issue (Ferri & Gox, 2018), it is essential to bear in mind that senior executives play a critical role in the enhancement of responsiveness towards environmental issues and improvement of EP. While some studies (e.g., Berrone & Gomez-Mejia, 2009; Burchman & Jones, 2019; Callan & Thomas, 2011; Flammer et al., 2019; Haque, 2017; Haque & Ntim, 2020; Ji et al., 2019; Kartadjumena & Rodgers, 2019; Lynch & Perry, 2003; Maas & Rosendaal, 2016; Mahoney & Thorn, 2006; Shahab et al., 2020; Velte et al., 2020; Zou et al., 2015) have explored/analysed issues around this topic, the findings of focused empirical studies have been mixed.

Prior similar studies (e.g., Baraibar-Diez et al., 2019; Cho & Shen, 2007; Flammer et al., 2019; Hong et al., 2016; Mahoney & Thorn, 2006; Zou et al., 2015) have researched and concluded a positive link between EC and EP. On the other hand, some scholars have found a negative relationship between the EC and EP (e.g., Francoeur et al., 2017; Ji et al., 2019; Li et al., 2016; Miles & Miles, 2013; Park et al., 2019). However, despite the importance of the tourism industry and its quite unique characteristics (see 2.1.2), the existing studies have ignored the necessity of vital firm and national-factors such as CG, NG and culture and the moderating role that they could play. This, therefore, in addition to the absence of tourism-related research, could motivate the conducting of the current study examining the causality of EC on EP considering the potential moderating effect of CG, NG and NC.

There is little doubt about the increasing importance of organisations focusing on the enhancement of EP. This is particularly true for the tourism industry, which is considered to be a substantial generator of greenhouse gases, wastage, environmental degradation and noise pollution. Although tourism firms' senior executives, particularly CEOs, are influenced by NC, such as uncertainty avoidance, they are obliged to enhance their CSR efforts (Kim et al., 2018). This can be done by considering EC. The research on executive payments continues to grow over time and across nations as more data becomes available (Ferri & Gox, 2018). The available literature reveals that the impact of EC on EP in the tourism sector has not been the subject of intensive study and research up until this point. The available literature, being unsupported by the empirical investigation is not able to explain the ways in which EC can result in enhanced EP in the tourism sector worldwide. Issues about EC and EP are yet to be examined in the tourism industry with a global perspective.

With research also not accounting for firm-level and country-level factors, the influence of EC on EP may well differ between countries and between different business sectors. It is, for instance, important to remember that organisational governance, NG patterns and cultural characteristics, both at the organisational and the national level, can influence organisational CSR strategies. For instance, firms in high uncertainty avoidance societies make less contribution to CSR, but CEO narcissism can positively moderate this issue (Kim et al., 2018). A recent meta-analysis by Gao et al. (2016) found that the area of environmental initiatives in the tourism industry needs to be studied in detail by improving the existing models or using new frameworks in order to contribute meaningfully. Consequently, the shortfall in the information available on this subject, the impact of EC on EP, moderated by governance and cultural factors, certainly presents an interesting area for introducing a new framework. Finally, the research on executive payments continues to grow over time and across nations as more data become available (Ferri & Gox, 2018).

4.1.3 Aim, objectives and contributions

This study, as the first of its type, aims to examine the relationship between EC and EP in tourism firms with specific regard to the moderating impact of governance and culture. Its objectives are:

- I. Exploring the relationship between EC and EP in the tourism industry.
- II. Examining the impact of CG on EC and EP in the tourism industry.
- III. Investigating the moderating role played by CG, NG and NC on the relationship between EC and EP in the tourism industry.

Finally, with existing research on the impact of EC on EP in the tourism sector being extremely limited, this research study will contribute considerably to available data on the subject and should

be counted amongst the initial research efforts on the subject. Considering such new factors in tourism and environmental studies makes a meaningful theoretical contribution (Gao et al., 2016). As this research examines the moderating influence of CG, NG and culture on the relationship between EC and EP, the depth sight should be in use by users in different stakeholder levels. The outcomes of this study should, therefore, contribute considerably to existing theoretical frameworks and augment available literature, which has unique support to managers, shareholders and regulators.

4.2 Executive compensation, environmental performance, governance, and institutional context of tourism firms

4.2.1 Executive compensation

Executive compensation has been gaining attention during the last four decades, considering the organisational outcomes (Lee et al., 2019). Executive compensation is concerned with the remuneration package that is mainly designed for business leaders, members of senior management and executive-level employees of business corporations (Karim et al., 2018). Peng, Tang, and Zheng (2019) stated that executive compensation was a fundamental issue for investor consideration because improperly compensated executives may not be incentivised to perform in the best interest of shareholders. Miles and Miles (2013) stated that the comparison of remuneration and performance often evaluated executive compensation. Although executives may be provided with remuneration increases and bonuses, even during periods of poor performance (Lynch & Perry, 2003), Park, Song and Lee (2019) proposed that executive compensation should be approached based on principles.

The pay-setting process depends on a significant number of factors. A comprehensive understanding of these factors and their relationship with compensation decisions is vital for shareholders and users seeking to evaluate the efficiency of real-world compensation measures (Ferri & Gox, 2018). However, payment strongly influences CEOs decision-making (Lee et al., 2019). Therefore, the regulation of EC is intended to increase the certainty of good performance. High performing organisations are becoming increasingly important to global society. In fact, their contribution goes beyond pure economic growth. A strategic and principle-based approach to executive compensation thus assists in driving optimal business performance (Ferri & Gox, 2018). The creation of an effective executive compensation system should ultimately result in the generation of value for senior managers, their organisations, the economy and society. Companies are organisations of people who possess natural energy creativity, and ambition that can be accessed through various means (Park et al., 2019). Incentive systems constitute a critical means of

enhancing, harnessing and focusing such motivation, typically in service of the mission, strategy and purpose of an organisation. It is, nevertheless, vital to appreciate that compensation can comprise a core element in motivation and can contribute substantially to individual and collective.

4.2.2 Environmental performance

Environmental issues have a considerable impact on organisations because of their effect on stakeholder interaction, investment decisions and government regulations (Baraibar-Diez et al., 2019). These issues have become considerably more apparent in recent years, particularly in the tourism context, where the consumers' perceptions of social and environmental programs affect their behavioural intention (Gao et al., 2016). Therefore, major corporations worldwide are focusing on raising the bar concerning satisfaction of stakeholder expectations regarding sustainability (Gao et al., 2016). Appropriate organisation and management of corporate strategy have a substantial effect impact on the environmental activities of a business (Cho & Shen, 2007; Jouber, 2019). Sustainability has thus now become an essential ingredient for long-term organisational success. Empirical studies have revealed that corporations with high sustainability and EP generate value for their shareholders and stakeholders proxied by profits (Rodgers et al., 2019).

These organisations benefit more from competitive advantage since they are continuously able to attract and retain committed employees and loyal customers as compared to low sustainability businesses (López-Gamero et al., 2010). Aguilera-Caracuel and Guerrero-Villegas (2018) asserted that firms that continue to satisfy stakeholders with responsible environmental and social practices should experience enhancement in organisational reputation and credibility. Sustainable organisations also help in the preservation of natural resources and contribute to the conservation of global land, water and energy through their sustainable programmes and environmental advocacy (Sarkis & Zhu, 2018). Sarkis and Zhu (2018) added that some major corporations have directly or indirectly adversely impacted on the environment over the past decades. Such organisations have a crucial role to play in environmental preservation. Thus, as environmental issues have become a global concern, they could enhance their chances of thriving in an internationally competitive market.

4.2.3 Corporate governance

Corporate governance is broad in scope and has both institutional and social aspects (Hong et al., 2016). It comprises the system of principles, policies, procedures and clearly defined accountabilities and responsibilities that are used by stakeholders to overcome the various conflicts

of interest that are inherent in the corporate form (Brennan & Solomon, 2008). This influences how organisational objectives are established and achieved, the ways in which risk is monitored and evaluated and the ways that are used for the optimisation of organisational performance (Hong et al., 2016; Yang et al., 2011). Corporate governance constitutes the interaction between diverse participants, namely shareholders, the board of directors and the organisational management in the shaping of organisational performance and progress (Ji et al., 2019). This also ensures transparency and healthy and balanced economic development. Organisations with strong corporate policies should incentivise managers to invest in social and environmental performance as this provides financial returns (Hong et al., 2016), which ensures the safeguarding of both shareholders and other stakeholders.

Therefore, CG is vital as it enhances organisational accountability and averts organisational disasters (Brennan & Solomon, 2008). Furthermore, it is critical for avoiding major financial scandals such as those involving Enron and WorldCom, and in terms of creating greater transparency and accountability (Parker, 2005). This results in more consumer-friendly policies, protection of social groups and stakeholders, and safeguarding the environment (Ji et al., 2019). It is also critically important for enhancing the generation of investor trust, preventing corruption and enhancing enterprise value (Klapper et al., 2003; WU, 2005). Furthermore, CG principles should be in accordance with specific principles dealing with governance structure, board structure and directors' duties and performance (Alazzani et al., 2017).

4.2.4 The institutional context of tourism firms

The tourism industry, a combination of sectors such as airlines, cruises, casinos, restaurants, and hotels and resorts, seems to have a considerable environmental impact (Bramwell & Lane, 2008). This industry is viewed as the most extensive and fastest-growing business area (Ragab & Meis, 2016) and ranks third in worldwide exports and top in most developing nations (UNWTO, 2019a). The United Nations World Tourism Organisation (UNWTO) reported an increase in international tourist arrivals of 6% in 2018, generating 3.7% growth in the global economy. Furthermore, tourism possibly contributes to all of the sustainable development goals (SDG), particularly goals 8, 12 and 14. As (SDG N8) decent work and economic growth, tourism is one of the global economic growth driving forces, providing one out of every 11 jobs worldwide. This, by 2030, should help in the sustainable growth of tourism, which promotes local culture and products. Responsible consumption and production (SDG12) are factored in by the tourism industry, which could play a role in achieving global sustainability. The Sustainable Tourism Programme aims to develop initiatives that result in improved economic, social and environmental performance.

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Regarding the threat from rising sea levels, particularly for coastal areas, tourism can take a part of the responsibility for creating protection, which should sustainably contribute to the use of marine resources. In the 2030 UNWTO agenda, sustainable tourism requires a clear implementation framework, e.g. adequate investment in technology, infrastructure and human resources. Accordingly, tourism is a central driver for socio-economic progress and is responsible for the generation of environmentally sustainable policies and improvement in their EP (Alonso & Ogle, 2010). This is perhaps, a response to stakeholders' environmental support attitudes, mainly those of tourists when they make their holiday plans (Campos-Soria et al., 2018).

Whereas the tourism business is associated with adverse environmental consequences and did not adopt sustainability until 1997, there is growing evidence of being ready to nurture and foster environmental excellence through the adoption of best practices in environmental management (Blancas et al., 2010). The institutional environment has an impact on the adoption of CSR practices, including environmental practises (Alshbili & Elamer, 2019). This might be considered beside the firms' policies and national regulations. Consequently, it is crucial to increase concern for the environment amongst the several smaller and dependent tourism operations and to support best practice environmental management at all levels in tourism firms. The United Nations Environment Programme (UNEP) and the World Tourism Organisation (WTO) encourage countries to ensure that tourism industry embraces sustainability principles and contribute towards environmental wellbeing (Postma et al., 2017).

4.3 The theoretical framework for executive compensation and environmental performance

The theoretical framework for examining the link between EC and EP for this study has been developed through the elaboration of four specific theories, namely: stewardship theory, institutional theory and optimal contracting theory vs managerial power theory. Bruce, Buck and Main (2005), who illustrate an approach to analysing executive pay considering cross-country conditions, discussed some useful theoretical lenses. They mentioned the interlinking of the principal agent, executive power, and stewardship theories, arguing that institutional theory could provide a suitable framework to better understand developments in EC.

4.3.1 Stewardship theory

Stewardship is a psycho-sociological theory that portrays top managers as stewards of organisations (Godos-Díez et al., 2011). Stewardship theory claims that individuals (e.g. executive managers) see themselves as part of the organisational mission. Unlike agency theory, which tends

to see top management either individualistic or opportunistic and mainly self-serving, stewardship theory describes top managers as collectivists, pro-organisational, and trustworthy (Davis et al., 1997). Consequently, executive managers are interested in pursuing organisations' goals. This, however, works in favour of both firms and executive managers because the success of the organisation means an improvement in the CEO's self-image and self-concept (Davis et al., 1997). As Godos-Díez et al. (2011) explain, stewardship theory describes the commitment of CEOs toward the shareholders as well as other stakeholders, for example, the natural environment, which is the primary factor in this study. A willingness, thus, to take responsibility, mainly the larger institution leaders ought to act for others in the common interest, which can be related to social responsibility, loyalty, and possibly environment (Van Dierendonck, 2011). In the literature, human beings are stewards of the environment, and they must protect natural resources (Francoeur et al., 2017). Therefore, ECs could lead to an increase in executives' efforts toward better EP in the tourism context, which was based on the institutional norms and social/environmental beliefs.

4.3.2 Institutional theory

The institutional context can have an influence on the development of social and environmental practice (Jackson & Apostolakou, 2010). The institutional theory addresses the influences that organisations have in their institutional environment, which includes norms, regulations and social beliefs, all of which can play a crucial role in firms' corporate, social and environmental strategies (DiMaggio & Powell, 1983). Kang et al. (2016) reported the importance of conforming to local social norms in order for firms to be successful. Building on this evidence, institutional theory embodies the view of stakeholders having developed certain expectations from firms' CSR actions, initiatives and reports (De Grosbois, 2016). Adopting such practices means that one is complying with rules, social norms and values, which improves a firms' image amongst stakeholders (Bonilla-Priego et al., 2014; Garay & Font, 2012). The institutional perception on CSR proposes that there is a diversity of institutional settings as well as social and environmental rules influencing firms' strategies (Jones, 1999; Matten & Moon, 2008). Accordingly, top executives can be influenced by the surrounding institutional context. However, as the agency cost is existing, sufficient control of the conflict is essential. By having such considerations, managing directors and managers will be involved in corporate activities to the benefit of all stakeholders. Thus, the study hypotheses are developed from the stewardship theory using the strength of CG to forecast the likelihood of social and environmental contracting.

4.3.3 Optimal contracting theory vs managerial power theory

An optimal contract is an arrangement that balance agency expenses, i.e. contracting, monitoring and behaviour concerning each other where directors act to minimise costs and maximise a firm's value (Hölmstrom, 1979). Jensen and Murphy (1990) stated that an optimal contract leads to considerably more compressed pay when compared with measures for verifiable performance. The discrimination that is shown against an individual, however, suggests lesser pay and performance; it implies that the degree of discrimination as assessed after adjusting for performance may result in underestimating the degree of actual discrimination. An optimal contract also makes use of bonus pay, rather than the fear of dismissal; it can thus be surmised that both efficiency wages and the right to terminate employees are essential elements for an optimal incentive contract (Jensen & Murphy, 1990).

Managerial power theory, on the other hand, explains essential features of the EC landscape, including optimal problematic contracting, which conversely suggests that directors use their power to shape their compensation (Bebchuk et al., 2002). The theory further argues that executive pay is not correlated to performance and that high earners do not necessarily have to be high performers. It is thus vital to ensure, and it can be through proper CG that executives perform and function in the optimal interests of shareholders and other stakeholders. Managerial theory argues that managers may not necessarily do so; such conflict of interests may result in poor decision making and the search for short-term rewards regardless of long-term risks, as occurred in the decisions that resulted in the great recession (MacLeod, 2003). Managerial power theory thus holds that high-level executives possess the power required to establish unequal bargaining power; this leads to the creation of market inefficiencies and high levels of compensation that do not relate to performance (Murphy, 2002). Bebchuk, Fried and Walker (2002) expressed the necessity of taking the role of managerial power, comprises two points, i.e. (1) executives have some degree of control of their organisation's board of directors and (2) they can leverage their power to obtain excessive compensation, into account when executive compensation is examined.

4.3.4 The rationale behind applying multiple theories

Taking into account the above explanation of theories as well as the outcomes of the SLR (see section 2.3.2), this study believes that the link between EC and EP in tourism firms can be understood via a combination of the above multiple-theories. The SLR conducted in this thesis has critically reviewed the existing theoretical framework of the various areas associated with social and environmental issues considering the context of worldwide tourism-related firms. In order to realise the complexity of this context, it is necessary to examine these relationships through a

combination of differing theoretical dimensions. From those analysed, it became clear that the stakeholder view was the most commonly discussed in the tourism literature (Deegan & Blomquist, 2006), with its emphasis on considering the broader implications of firms' strategies of environmental, social and ethical implications (Wood, 1991). This notion is supported by the work of Freeman and Reed (1983, 1984). In the tourism context, unlike agency cost and managerial power theory, stewardship sees directors as collectivists, pro-organizational and trustworthy (Davis et al., 1997). Additionally, institutional theory reflects the firms' influences on and by their institutional environment, including norms, regulations and social beliefs (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) in completing the picture of the link between EC and EP. However, in addition to firms' governance, NG and NC were two other factors that were also believed to enhance corporate social and environmental strategies. Tourism-related firms therefore, should comply with firm and national-level pressures in order to improve organisational financial and environmental performance, which is within the view of the optimal contract view where top managers act to maximise firm value (Hölmstrom, 1979). However, this is contingent upon firms making the public aware of the outcomes of the strategies they adopt to achieve this (Ettinger et al., 2018; Holcomb & Smith, 2017; Kang et al., 2016).

As for running such organisations, while the assumption may be that executive managers act in their own self-interests, CEOs may pursue goals beyond this self-interest (Francoeur et al., 2017). Managerial power and agency conflict, therefore, cannot solely discuss EC as being exclusively associated with environmental practices. Meanwhile, managers are seen as being self-interested, while managerial ethics and moral values seem to have been rejected (Godos-Díez et al., 2011). Nevertheless, these values favour engaging in activities such as environmental practices. Consequently, it could be said that the stewardship theory considers shareholders'/stakeholders' needs (Bebchuk et al., 2002). Based on this view, executives and their firms are part of the societies in which they are located; they either influence or are influenced, interchangeably. Thus, they will consider stakeholders' norms and expectations. Francoeur et al. (2017) argue that behaviour is a social matter since individuals (executives) think of what should be/should not be done, which could reflect a recognition of others' goals and the interdependencies involved.

Therefore, combining stewardship theory, institutional theory and the view of optimal contracting over managerial power theory, EC contributes to companies with a favourable environmental performance, which ultimately enhances reputation and various resources (Tan et al., 2017). These multiple theories were combined to deliver the story, which helps in developing and building the study hypothesis. The creation of heterogeneous encouragement tools and building of reputation is particularly important for tourism businesses because of their higher employee turnover. The tourism industry is a service industry, indicating that human capital is a vital resource to run the

business and offer high-quality services to consumers. Finally, the EC-EP link is also governed by the slack resource view. Accordingly, firms are more likely to engage in efforts to enhance EC only when they have sufficient resources (Campbell, 2007). When viewed in this light, firm size and growth are more likely to have an impact on this relationship.

This study's theoretical framework concludes that EC is a fundamental factor to performing well considering all stakeholders, particularly environmental concerns. This is, however, seen to be linked to the core firm value (Hernandez, 2008). Thus, this framework proposes that executives are likely to engage in environmental practices, especially when they are motivated, e.g. by EC. Therefore, a considerable link between EC and EP is generally expected.

4.4 Empirical literature review and hypotheses development

4.4.1 Executive compensation and environmental performance

Although some studies (Francoeur et al., 2017; Ji et al., 2019; Li et al., 2016; Miles & Miles, 2013; Park et al., 2019) which aimed to explore the relationship between senior ECs and corporate environmental/social practices reported adverse results, the majority of the literature has shown a positive association. This positive relationship is in line with the applied combination theories, which includes stewardship theory, institutional theory and optimal contracting theory. Research by Mahoney and Thorn (2006) - one of the earliest studies, investigated this association between EC and CSR, including environmental activities. Based on 77 Canadian firms, they concluded that a significant positive relationship existed. Thus, they emphasised the importance of the structure of EC as an encouragement for socially and environmentally responsible practices. Although this study reflects the multiple-theory's view, its outcomes cannot be generalised as it only focused on a single context being affected by a sole culture and governance.

Considering the multiple theoretical views created and supported by the literature, the enhancement of EP within today's modern organisations cannot be underestimated. Modern public and private firm sectors are increasingly focusing on generating and implementing sustainable strategies, policies and processes in order to contribute to environmental safety and security, reduce emissions, control global warming pollution, wastage and reduce environmental impact (Radu, 2016). Modern organisations are also under increasing pressure from governments, regulatory organisations, the media, and activist groups to employ appropriate strategies for the promotion of EP (Yu et al., 2017). Success in the achievement of improvement in EP can result in several benefits, including enhancement of organisational reputation, the achievement of customer approval and satisfaction, enhancement in organisational sales and improvement in stakeholder

perceptions and relations (De Mendonca & Zhou, 2019). Cho and Shen (2007) stated that firms could assist in organisational environmental actions and develop positive social results by linking executive remuneration to EP. Stewardship theory as well as optimal contracting theory, e.g., supports this empirical evidence.

Although, some studies have discovered that organisations make use of remuneration to punish or chastise managers Baraibar-Diez et al. (2019), examined the relationship between sustainable remuneration policy and environmental score, reported positive relationship. They additionally investigated significant elements such as economic, social and governance factors in Spain, France, Germany and the UK over the period 2005-2015. Using fixed-effects model, developing their formula with appropriate rectification after accounting for diverse factors that incorporated firms' characteristics such as CSR committee, firm size, FP, and debt ratio. Consistent with the combination theoretical viewpoint, Baraibar-Diez et al. (2019) found that EP was positively correlated to CEO compensation policies, which was controlled by the CSR committee. Nevertheless, it would be prudent to take into account further controlling or moderating role factors as these can expand the richness of the literature, enabling greater generalisation of the results. The use of pollution prevention strategies results in greater remuneration increases than the utilisation of pollution minimising policies, with organisations that spend more on environmental actions greater in number than those who do not (Berrone & Gomez-Mejia, 2009). This essentially implies that rewarding CEOs for improved EP can drive them to undertake diverse environmental initiatives. Making CEOs responsible for environmental action may nevertheless be better accomplished with the help of tools such as external audits.

In contrast to the managerial power opinion which emphasises an institutional viewpoint, the stewardship view and optimal contracting theory research by Hong et al. (2016), examined the incentives for CSR, and concluded that EC led to better social and environmental performance. Based on novel executive compensation data, the authors also suggested that CSR might be beneficial to shareholders, which runs counter to the agency cost view. Thus, Park et al. (2019) proposed that organisations should employ incentives for motivating executives to make use of considerable strategic openings that are connected to social, governance and environmental targets. Improvement of corporate accountability for sustainability should also involve the connection of incentives with pay. Baraibar-Diez et al. (2019) concluded that sustainability issues were becoming increasingly common in the boardroom, with directors focusing specifically on the relationship between sustainability performance and EC. Some high-profile companies have been vocal about their attempts to develop such a relationship, i.e. concerning daily practices such as safety incident rates and energy efficiency; this reinforces the growing acceptance of sustainability as an essential driver for business value (Parisi, 2013).

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Although a lack of studies within this area is clearly evident, the combined theories applied for the first time in this study (stewardship, institutional and optimal contracting theories), do help to shed light on the positive link between EC and EP. This linking of sustainability performance to EC essentially entails the packaging of corporate performance on particular sustainability metrics, which can incorporate social, governance and environmental metrics (Karim et al., 2018). Some U.S companies have already tied EC to sustainability performance (Cordeiro & Sarkis, 2008). The organisation's EC calculation is determined by some sustainability metrics, including social and environmental achievements (Callan & Thomas, 2011). Park et al. (2019) reported some challenges involved in the creation of a compensation framework that includes EP. Companies should have developed mechanisms for the tracking of sustainability metrics and targets to track performance against such metrics (Cho & Shen, 2007). It was also essential to ensure the integrity of the compensation framework. Miles and Miles (2013) suggested that it was necessary to align executive compensation packages with strategic sustainability targets to place sustainability at the heart of business decision making.

H1: There is a significant relationship between EC and EP in the tourism context.

4.4.2 Executive compensation determinants and moderating roles factors

A recent meta-analysis conducted by Gao et al. (2016) concluded the need for significant improvements of the existing models, used by the literature and the building of new frameworks in order for academics involved in the tourism arena to make a meaningful contribution toward the topic of environmental initiatives and practices. Furthermore, phenomena such as executive pay cannot be explained only in conventional agency terms; it is necessary to be addressed with a broader view (Bruce et al., 2005). Consequently, consideration of a variety of firm and national-moderating roles will increase the understanding of the association between EC and EP, along with providing accurate results. Bruce et al. (2005) reported that contemporary and local institutions are powerful influences on EC as well as CG.

Taking into account the outcomes of the above meta-analysis by Gao et al. (2016) as well as the conducted one in this thesis (see Chapter 2), this current study believes that the relationship between EC and EP, particularly in the tourism context is best understood via the application of multiple-theories. Unlike the managerial power view, the stewardship theory sees executives as being pro-organizational and trustworthy (Davis et al., 1997) and institutional theory reflects the firms' influence on and by their institutional environment (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Managers and their firms are part of their societies; consequently, they might consider stakeholders' norms and expectations. The behaviour of executives is a social matter which

could reflect the goal of being socially/ environmentally responsible (Francoeur et al., 2017). Therefore, combining the stewardship, institutional and the view of optimal contracting theory, EC contributes to companies with a favourable environmental performance, which enhances the reputation of the business (Tan et al., 2017). However, this can be moderated by both firm and country-level factors e.g., CG, NG and NC. These factors could enhance corporate environmental, social and governance (ESG) strategies. Consequently, tourism-related firms should comply with firm and national-level pressures in order to perform well both financially and environmentally, which reflects the optimal contract view (Hölmstrom, 1979). Based on this theoretical view, as well as previous studies conducted, this section develops the moderating role.

4.4.2.1 Executive compensation and corporate governance

Executive compensation is a critical element of corporate governance and is by and large determined by an organisation's board of directors (Flammer et al., 2019; Hong et al., 2016). CG and balancing the interests of all internal and external stakeholders have been revealed to influence CSR (Aguilera et al., 2006; Jo & Harjoto, 2011) and has gradually shifted since the 1990s, which has been reflected in later tourism literature and policy formulation (Sofield et al., 2017). Regarding EC, Miles and Miles (2013) suggested a role can be played by managerial power that deals with the possibility of EC in corporations representing arms' length negotiations between organisational officials and shareholders, or pursuit of rents by active CEOs. It is worth mentioning however those formal theories of EC are essentially based upon the shareholder value model, and only a limited number focus on the effect of the firm's organisational structure on its remuneration decisions (Karim et al., 2018). Park et al. (2019) proposed that management friendly boards regularly inflate the compensation of CEOs, even though the form of the optimal compensation contract primarily relies upon relevant contractual constraints.

Zhang, Cai, Jia and Li (2019) specified that the initial objective of suitably designed executive pay was to attract, retain and motivate high-quality executive talent and resolve agency associated issues and difficulties. This incentive, however, can be abused particularly when top managers and executives might take advantage of remuneration to satisfy their own personal needs. This type of attitude has resulted in the collapse of well-known organisations such as Enron and WorldCom, as well as converting corporate regulations (executive compensation) to a CG issue (Arnold & de Lange, 2004; Carberry & Zajac, 2017). Several executive compensation packages thus include some requirements regarding organisational performance and its relationship to the extent of executive pay received by organisational executives (Bebchuk et al., 2002). Accounting scandals of well-known organisations such as Enron, Fannie Mae and the Royal Bank of Scotland have revealed the problematic side of CG as it relates to compensation.

Murphy's (2002) study revealed how executive remuneration increased the focus of executives on their own personal interests, ignoring shareholder interests and resulting in turmoil for the organisation's viability and the economy in general. Executive compensation can, therefore, be perceived as not just being a possible technique for dealing with the agency challenge, but likewise, it should be regarded as an element of the agency problem in its own right. However, Miles and Miles (2013) postulated that executive compensation strategies, if used suitably without any fraudulent or excess actions, can bond executives to owners and enhance shareholder wealth. The misuse or dysfunction of this CG mechanism could, though, impoverish managerial entrenchment and might increase moral hazard (Abdelmotaal & Abdel-Kader, 2016). Interest in the relationship between executive compensation and CG has increased on account of the existing financial climate, the financial collapse of well-known organisations and the accusation of rewards for failure and absence of accountability (Flammer et al., 2019).

Criticisms from different areas reflect the challenging side of EC as it cannot wholly be associated with a CG mechanism (Murphy, 2002). Executives are, to an extent, infrequently satisfied and there is the possibility that they can continually ask for more, thereby showing their hubris and damaging the element of trust, which can enhance the effectiveness of executive compensation (Zhang et al., 2019). Some experts have defended this attitude and argue that the utilisation of proper management, with the assistance of legislation and CG codes, could help in eliminating principle-agent problems and the organisation's financial condition (Flammer, 2018; Faizul Haque, 2017; Kartadjumena & Rodgers, 2019; Rauf et al., 2019). It can thus be concluded that executive pay continues to be a challenging area of CG and boards are continuously struggling to decide upon executive remuneration that is fair from a shareholder and stakeholder perspective, yet also manages to satisfy the organisational executives (Ferri & Gox, 2018). This issue is clearly seen in the tourism industry, where the notable lack of such studies is reported.

H2a: CG determines EC.

H2b: CG considerably moderates the relationship between EC and EP.

4.4.2.2 Executive compensation and national governance

While EC is determined by CG with the concurrence of organisational shareholders and varies from firm to firm, it is in some countries driven less by market-based forces and is subject to political influence and other national governance (NG) (Bruce et al., 2005). Firms interact with NG logic to create CG (Aguilera et al., 2018). Aguilera et al. (2018), globally, explored the impact of NG and regulations with respect to CG; namely the level of EC. Their study found that national regulations are likely to determine and moderate top executive pay levels in Brazil. Furthermore, Brazil's

economy requires listed firms to disclose the EC, reflecting the vital need to have legitimate compensation practices. Firms in Brazil have been found to pay higher executive compensation than the US and the UK (Aguilera et al., 2018). The authors concluded that EC receives different evaluations depending on the national dominant governance logic.

The regulations of EC appear to be a way to limit risk (Fabrizi, 2018). This could result in the imposition of a wide range of accounting rules, governance reforms, direct legislation and other rules which influence the structure and level of CEO pay (Jiang et al., 2018). Jiang et al. (2018) noticed firstly smaller pay rises for those executives whose payments are above the industry average and vice versa, and secondly, that central government companies controlled by different entities behave differently with regards to compensation disclosure; this expresses the essential impact of national-level factors. National governance, thus, according to the World Bank, covers areas such as regulatory quality (RQ), government effectiveness (GE), political stability (PS), voice and accountability (VAA), the role of law (ROL) and control of corruption (COC) – all of which could influence the EC.

Bertay and Uras (2020), using international panel data to examine the association between capital banks and workers compensations, discovered the noticeable effectiveness of NG on this discussed relationship. Sheikh, Shah and Akbar (2018), examined the effects of firm performance and CG on EC in an emerging market relying on the NG factors in Pakistan. As the authors mentioned, GE and RQ remained negative in that context, and there was more of an influence on governance and environmental practices. Moreover, with regards to corruption, executives in Pakistan are more likely to behave unethically and opportunistically (Sheikh et al., 2018). Similarly, in European countries, where the different impacts linking to EC are realised, these differences are attributable to different country-level factors (Fiechter, 2013). The author stated that, as Switzerland and the UK have “Directive Corporate Governance” including the EC rules, they reflect different results compared to countries without mandatory rules such as Austria. Regulatory quality, thus, has a possible direct impact on the EC. Hearn (2013) studied the effect of firm-level and country-level governance on executives’ self-rewarding behaviour in West African firms. The study found that executives consider the impact on their own benefits associated with government policies such as corruption control.

Bishara and Schipani (2009) inspected previous research on corruption, and how ethical leadership related to corrupt activities connected to executive self-dealing, that harms their entities. They ultimately emphasised the need for a framework to improve governance to prevent executives from corruption in the future. A recent study by Feng and Johansson (2018), examined the EC in public governance. Using Chinese listed state-controlled companies, they found a significant and

positive connection between executives' payment and corrupt behaviour, which in turn reported as positively connected with firm performance. Feng and Johansson (2018) suggested that executives are more likely to engage in that behaviour when their compensation is not at a sufficient level. Thus, the linkage between EC and control of corruption is worthy of being examined, particularly in the tourism industry, where the lack of studies is clearly noticed.

In addition, a study by Coccia and Igor (2018) analysed considerable data on senior managers' pay in public organisations, observed the impact of the ignorance of the national factors linking to the compensation. The statistical results of their study evidenced the association of top managers' compensation with NG - namely government effectiveness, regulatory quality, voice and accountability, the rule of law, political stability and finally, control of corruption. Robust government effectiveness leads to low levels of corruption, which can be translated into the relative effectiveness of CG including EC (Robertson, 2009). These worldwide governance indicators (WGI), which specifically focus on governance practices, seem to reflect the EC of tourism firms through the credibility of the government's commitment as well as political and social pressures. Thus, an understanding of different NG patterns in different countries is required (Zhai & Luo, 2018), mainly concerning EC, which is believed to be an exploration into the realm of EP.

H3a: NG determines EC.

H3b: NG significantly moderates the relationship between EC and EP.

4.4.2.3 Executive compensation and national culture

The dimensions of governance discussed above appear to have influences on executives' behaviour, which can be regarded as being one of the major cultural aspects. Culture is a system of shared values and norms defining appropriate individuals attitudes and behaviours, which could promote the way of thinking of individuals, mainly in service firms (Chen, 2011). National culture is a factor which is continuously studied and which could influence attitudes in the context of tourism, mainly within developing economic nations (Filimonau et al., 2018). Filimonau et al. (2018), reported the necessity for the role of NC as an element of future policy-making as well as managerial discourse. This role, especially in the tourism industry, is yet to be studied (Huang & Crofts, 2019).

National culture assumptions tend to dominate the EC (Tosi & Greckhamer, 2004). Tosi and Greckhamer (2004) explored CEO compensation strategies and their association with NC (uncertainty avoidance (UA), power distance (PD), long term orientation (LTO), individualism, indulgence and masculinity) developed by Hofstede (1984, 2001). Their findings noted that: (1) CEO pay is associated with PD, where CEO pay in culture is most philosophical of the strength of the power structure, and; (2) total compensation is related to individualism. Therefore, as the authors

concluded, cultural dimensions can advance the understanding of top managers' compensation, especially in a cross-national context. Consequently, as the cultural aspects are different from one nation to another, executive remuneration differs from country to country and from one context to another. Recently, Verma and Sharma (2019) investigated the link among different employee benefits/payments and cultures in the service sectors, which included tourism firms. The empirical results indicated significant effectiveness of culture factors, specifically power distance and uncertainty avoidance.

Bova and Vance (2019) examined the influence of UA on managers' stock-option exercise behaviour. Using data from a multinational firm, they found that employees with higher UA exercise their stock options earlier. This supports the assumption in the literature that the cultural norm influences employee attitudes. Moreover, their findings help to explain the cross-cultural differences in firms' compensation practices. Power distance has also been seen as being essential to EC. Greckhamer (2016) explored how PD structures shaped EC across countries and confirmed the forces that PD could shape compensation. However, these factors can be studied further in the future as it relates to executive/nonexecutive compensation. Furthermore, regarding Hofstede (1984, 2001) cultural dimensions, Kanagaretnam, Khokhar and Mawani (2018) examined whether UA, individualism and masculinity have an impact on senior managers' compensation. Their results showed a central association, with higher levels of UA, leading to lower levels of CEOs compensation. In contrast to this, higher levels of individualism and masculinity are associated with higher levels of EC.

Long term orientation (LTO) dimension is also crucial when it comes to determining managerial behaviour and compensation. Sternad and Kennelly (2017) explained how LTO affects executive performance, which, to an extent, is connected with EC. Based on a model of the influence of cultural actors on managerial LTO, the authors stated that LTO was linked with the firm-level with regards to managers' predispositions and their commitments with different stakeholders, which influences sustainability-related managerial issues. This includes consideration of executive payment arrangements, which are more likely to cause managerial long-term excellent performance (Sternad & Kennelly, 2017). The final dimension of NC is Indulgence, which can be defined as enjoying life and the control of basic human desires (Hofstede, 2011). A paper by Kaur and Sharma (2019) investigated the relationship of indulgence with total organisations' reward. They found that organisational compensation practices depend upon the attributes of culture (indulgence). The researchers sought to determine the degree to which Hofstede's dimensions were linked with compensation practice and found clear relationships between NC characteristics and the methods for determining EC.

H4a: NC dimensions determine the EC.

H4b: NC dimensions moderate the relationship between EC and EP in tourism firms.

4.4.2.4 The EC-EP nexus is different in developing and developed countries

As discussed above, where factors such as governance and culture have their power to moderate the EC and EP nexus, countries are likely to differ in the manner, formulation and enforcement of dealing with this relationship. Executive compensation, which has gained considerable attention in the past three decades, has mostly been researched within developed nations (e.g., the U.S and the UK), possibly due to the availability of data there (Rampling et al., 2013). However, as senior managers' remuneration is part of CG and could play an essential role in economic development, it is essential to see how the firms of developing countries compensate top executives (Rampling et al., 2013). Since the executive pay-performance link represents the bulk of managerial incentives for top management, a closer look at the nature of the pay-performance link for top management in transitional economies will provide much-needed information for the evaluation of the current reform effort and the designing of future reform measures.

A review paper by Rampling et al. (2013) highlighted the critical mechanism of management pay-performance for current policymakers in China. This may have an influence on environmental policies and strategies, which in turn could lead to better EP. A study by Mahoney and Thorn (2006), which provides an example of developed countries, explored the linkage between EC and social/environmental performance. Their results included a significant positive relationship between EC and EP. Furthermore, Baraibar-Diez et al. (2019), to an extent, examined this relationship in Spain, France, Germany and the UK. This empirical study reflects the positive association between EP and CEO compensation policies.

Kartadjudjuma and Rodgers (2019) investigated the efficacy of EC in motivating managers to pursue corporate sustainability in Indonesia. Their study suggested that higher levels of EC could motivate management to do more for climate and environmental concerns. However, as their study found, a focus on climate and environmental concerns had considerable adverse consequences for organisational performance. The study suggested that EP was a weakening factor and a partial mediator in the relationship between EC and financial health performance. Similarly, Zou, Zeng, Lin, and Xie (2015), empirically investigated the association between EC and EP in China, reporting a negative association except for executives' cash payments, which had a positive relationship. Due to these diverging results, when studies involving developing/developed economies are considered, it is worth remembering that the link between EC and EP may differ from nation to nation.

H5: The relationship between EC and EP is different in developing and developed nations in the tourism context.

4.5 Research design

This study employs the strategy of empirical examination of the firm and country-level factors using historical secondary data. These factors were developed in line with rationally designed models. The study statistically analysing the data, which are available on DataStream or international institution such as the World Bank. This within the constraints of time focused on the global tourism context. Assets4, a part of DataStream, contains EC, EP and CG in addition to other firm characteristic's features, e.g. financial and reporting information. Earlier years of information, however, suffer from large data missing, so the decision was made to utilise data from 2004 to 2018. As in the previous study of this thesis, the designed model considers the moderating roles of CG, NG and NC. Furthermore, potential controls and the impact of economic conditions between different countries were measured.

4.5.1 Sample and description of data

Table 20: Sample of compensation and EP

Economic situation	Countries	No. of Firms
Developed Countries	Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Japan, Lithuania, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK and US (31)	790
Developing Countries	Bahrain, Brazil, Chile, China, Colombia, Egypt, Hong Kong, India, Indonesia, Jordan, Kuwait, Malaysia, Mexico, Morocco, Nigeria, Oman, Pakistan, Philippines, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, UAE and Vietnam (29)	318
Total	60 countries	1108
<u>Tourism Sub-sectors:</u>		
Airline		290
Hotel		327
Travel and Leisure		355
Restaurant		66
Casino		70
Observations	1364	

This study, part of this thesis, investigates the effect of EC on EP in the tourism-related firms across countries, as it relates to both developed and developing nations. The analysis' model of this research, used at first, is also considering the effectiveness of the moderating roles - governance and culture, taking into the accounting firm and country-level factors. The sample has been carefully developed and includes all tourism organisations (with available information) on DataStream, more particularly within ASSET4. Data for this purpose has been obtained from 2004-2018. This type of data is available since 2002; however, early periods were suffered from massive

missing data. In order to examine the causality, EP lagged throughout the analysis, and the year 2004 offset. Thus, the ultimate coverage is from 2005 to 2018. The tourism industry has been categorised into five segments, namely: hotels, restaurants, casinos, airlines and travel and leisure firms. Duplicates have been eliminated from the sample in order to control the influence of duplicate firms. The final sample includes 1108 firms in 60 countries, details of which are provided in Table 20.

4.5.2 Definition of variables and model specifications

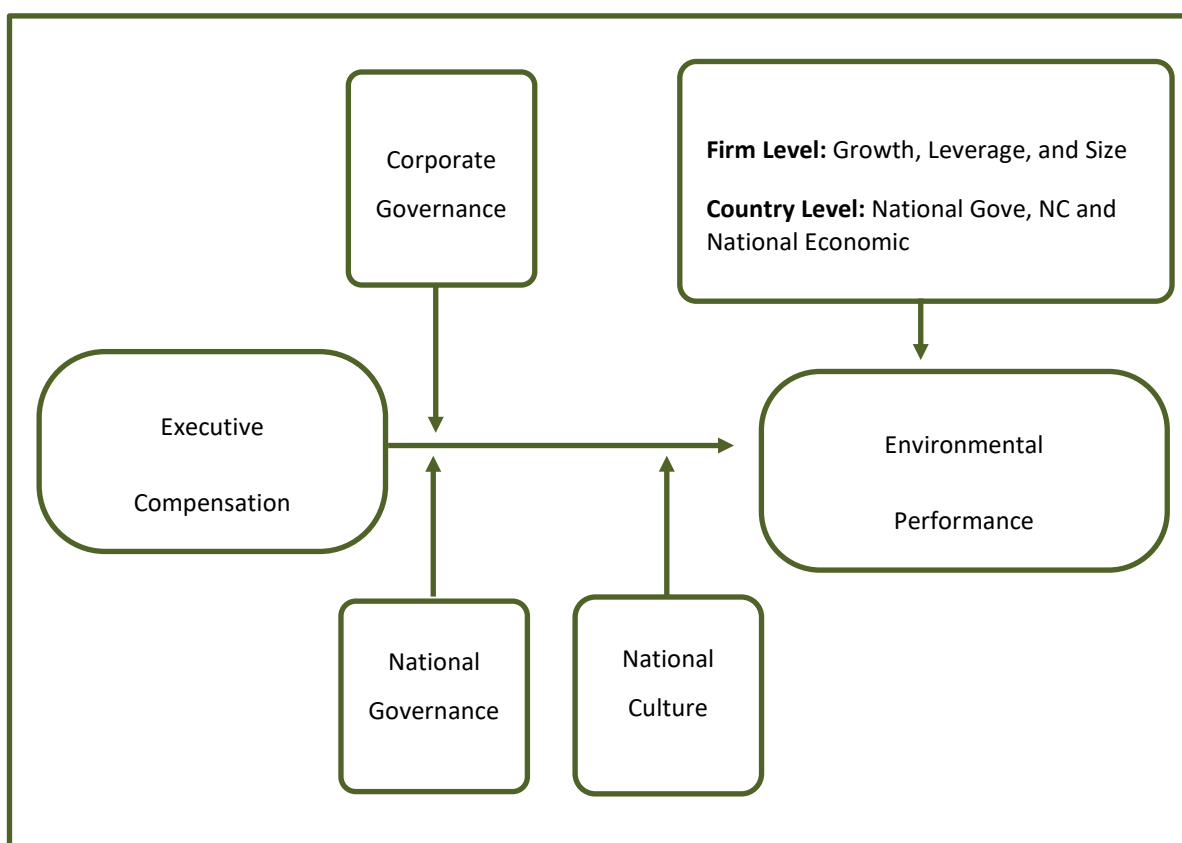
Table 21: Variables' structure and definition

Symbol	Variables and Definitions
EP	Dependent: (available in ASSET4) Environmental Performance: calculated through three categories; resource reduction (RR), emission reduction (ER) and product innovation (PI). <i>High (%) represent good performance</i>
1.EC 2.NEC 3.TC	Independent: (available in ASSET4) 1. Executive Compensation: Total compensation paid to senior executives. 2. Non-Executive Compensation: Total Compensation of Non-Executive Board Member. 3. Total compensation: EC+ NEC.
4. <u>CG</u> 5. <u>(NG)</u> : a) COC b) GE c) PS d) ROL e) RQ f) VA 6. <u>(NC)</u> : a) PD b) INDI c) MASC d) UA e) LTO f) INDU	Moderating: <u>4- Corporate Governance:</u> A company's capacity, through its use of best management practices, to direct and control its rights and responsibilities. <i>High (%) is favourable (ASSET4)</i> <u>5- National Governance:</u> Country-level governance factors (WGI) <i>High (%) is favourable.</i> a) Control of Corruption: Public power is exercised for private gain. b) Government Effectiveness: The quality of public and civil services and the degree of independence from political pressures. c) Political Stability: The absence of violence or terrorism. d) Rule of Law: The quality of contract enforcement, property rights, the police, and the courts. e) Regulatory Quality: The ability of governments to formulate and implement sound policies that promote private sector development. f) Voice and Accountability: The extent to which citizens can participate in selecting their government. <u>6- National Culture:</u> Country-level culture dimensions (Hofstede, 1984, 2001). a) Power Distance: Less powerful members of a society accept that power is distributed unequally. b) Individualism: Take care of only themselves and their immediate families. c) Masculinity: A preference for achievement, assertiveness, and material rewards for success. d) Uncertainty Avoidance: The members of a society tolerant with uncertainty and ambiguity. e) Long Term Orientation: Societies link with their past while dealing with the present/ future challenges. f) Indulgence: Societies allow relatively free gratification of basic and natural human drives related to enjoying life.
FLC: a) Growth b) Leverage c) Size d) SASC e) CSRGA CLC: a) Inflation b) ITR c) YL	Firm-Level Controls: available in DataStream. a) Growth: Change in Sales b) Leverage: Debt to Total Assets c) Size: Log (of Total Assets) d) Shareholders' approval on stock-based compensation: Does the company require that shareholder approval is obtained prior to the adoption of compensation plans? e) CSR Global Activity: Does the company's sustainability report consider the global activities of the company? Country-Level Controls: available in World Development Indicators. a) Inflation: The rate of price change in the economy as a whole. b) International Tourism Receipt: The expenditures by international inbound visitors, including payments to national carriers for international transport. c) Labour force participation for ages 15-24: The proportion of ages 15-24, economically active.

The primary dependent variable for this study is EP, which is a combination of three specific dimensions in ASSET4, namely: emission reduction (ER) resource reduction (RR) and production innovation (PI). The main independent variable comprises executive compensation (EC), which has been estimated as the total amount of executive compensation in ASSET4. The essential control and moderating role variables are categorised into: (1) firm-level such as CG, reveals a considerable percentage, reflects the extent of good management practices; shareholders' approval on stock compensation SASC; CSRGA global activity and firm-characteristics factors (size, leverage and growth). The information on the environment, social and governance that is connected to organisational sustainability practice is generally available in the databases of ASSET4, with its quality being controlled by competent analysts (Baboukardos, 2018). (2) country-level such as NG, NC and national economic variables have also been considered while controlling for external factors. The definition of these items and the other variables are included in Table 21.

4.5.3 Regression model to investigate the aims of this study

Figure 14: Graphical representation of the study model



The model used to investigate the direct effect of EC on EP in the tourism-related firms is clearly illustrated in Figure 14. This, used for the first time, concerning mitigating concerns related to the causality relationship between EC and EP. Hence, dependent variables EP are lagged by one year.

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The sample has, however, been reduced accordingly from 2005 until 2018. Environmental practices, which are possibly a consequence of executive compensation, take some time for realisation (Hang Song et al., 2017). This has been taken up and considered by the United Nations in their management of Sustainable Development Goals. A current year's (2005) EP has thus been correlated with the previous year's (2004) EC. This relationship has been controlled at the firm level and the country and has been moderated by CG, NG and NC.

4.5.3.1 Details of the primary models employed for investigation of relationships

Model 1: an exploration of the relations between EP and EC:

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2Controls \quad (1)$$

Model 2: an exploration of the determinants of EC, which are CG, NG and NC:

$$EC_{i,t-1} = B_0 + B_1CG_{i,t} + B_2Controls \quad (2.1)$$

$$EC_{i,t-1} = B_0 + B_1NG_{i,t} + B_2Controls \quad (2.2)$$

$$EC_{i,t-1} = B_0 + B_1NC_{i,t} + B_2Controls \quad (2.3)$$

Finally, the moderating roles of CG, NG, and NC are considered, respectively, as follows:

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2CG_{i,t} + B_3(EC * CG) + B_4Controls \quad (3.1)$$

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2NG_{i,t} + B_3(EC * NG) + B_4Controls \quad (3.2)$$

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2NC_{i,t} + B_3(EC * NC) + B_4Controls \quad (3.3)$$

Where: **EC** is Executive Compensation; **EP** is Environmental Performance; **CG** is Corporate Governance; **NG** is National Governance, and **NC** is National Culture.

4.5.3.2 Additional regression considering non-executive compensation (NEC) and EP

A further examination was carried out in order to explore the effect of Non-Executive Compensation (NEC) on Environmental Performance (EP). The impact of total compensation EC, which comprises EC + any C has also been examined.

$$EP_{i,t} = B_0 + B_1NEC_{i,t-1} + B_2Controls \dots \quad (4.1)$$

$$EP_{i,t} = B_0 + B_1TC_{i,t-1} + B_2Controls \dots \quad (4.2)$$

Different regression model, EP, and EC random effect

An alternative regression model has been used for examining robustness. The random effect model could be a prioritised model for this panel data. Therefore, this study has used it to support the main regression results.

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2Controls \dots, re \quad (5)$$

4.5.3.3 The different effect on the EC-EP nexus amongst developed/ing countries

$$EP_{i,t} = B_0 + B_1EC_{i,t-1} + B_2Controls \dots, \text{ data splet to P1 dev.ing \& P2 dev.ed} \quad (6)$$

4.6 Empirical results and discussion

Applying the above-developed model - the causality relationship between EC and EP, taking into account the firm and country-level features, the outcomes of this empirical study are reported in this section. This begins with the descriptive statistics of all applied variables to the created model, which will enhance the understanding of the statistical background of the used variables.

4.6.1 Descriptive statistics results

Table 22 shows the application of descriptive statistics on the dependent and independent variables. This includes EC, EP as well as CG, NG, NC and NE. With the aim of gaining an insight into the distribution and the background statistics of these study variables, the mean and standard deviations of the main variables EP, EC, CG, NG and NC were considered. It was observed that the mean EP was 0.54 for the tourism industry across countries. Also, the EP was 0.55 for 'developed countries' and 'developing countries. Although SD (0.19, 0.26) in developing and developed countries do differ slightly, nevertheless, the figures gained are broadly similar. Generally, developed countries slightly outperformed developing countries. A similar conclusion can be drawn based on EC. In developing countries, firms had a slightly lower mean of 15.37 when compared to 16.01 for their developed counterparts. Furthermore, developed nations had better governance. The means were slightly above the standard deviations, suggesting that these variables are consistently distributed to a great extent and, as such, meet the minimum requirements of the models.

Table 22: Descriptive results of tourism factors⁷ in developed/ing countries

	Developing economic				Developed economic				Global tourism firms			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Depe. Variable												
Env	0.55	0.19	0.13	0.89	0.55	0.26	0.13	0.96	0.54	0.24	0.13	0.95
Indep. Variables												
EC	15.37	1.41	10.20	18.51	16.01	0.95	13.47	18.00	15.87	1.07	11.75	18.15
NEC	12.72	1.05	6.29	15.34	13.76	0.91	10.83	15.47	13.58	0.98	10.46	15.42
TC	27.83	2.13	19.78	31.61	29.99	1.58	26.29	32.96	29.51	1.90	23.25	32.93
Firm-Characteristic Variables												
CG	0.36	0.23	0.03	0.92	0.58	0.29	0.03	0.96	0.53	0.29	0.03	0.96
SASC	0.40	0.49	0.00	1.00	0.40	0.49	0.00	1.00	0.40	0.49	0.00	1.00
CSRGA	0.91	0.29	0.00	1.00	0.78	0.42	0.00	1.00	0.81	0.39	0.00	1.00
Growth	0.14	0.27	-0.47	2.05	0.08	0.19	-0.44	1.12	0.10	0.21	-0.45	1.50
Leverage	0.22	0.17	0.00	0.61	0.26	0.19	0.00	0.99	0.24	0.18	0.00	0.87
Size	14.03	1.95	8.87	17.34	14.05	1.91	9.04	17.58	14.04	1.92	9.02	17.48
National-Culture Variables												
PD	0.71	0.15	0.13	1.00	0.45	0.12	0.22	0.73	0.53	0.18	0.13	1.00
INDI	0.29	0.11	0.17	0.65	0.73	0.20	0.30	0.91	0.59	0.27	0.17	0.91
MASC	0.52	0.10	0.28	0.69	0.65	0.19	0.08	0.95	0.61	0.18	0.08	0.95
UA	0.55	0.22	0.29	0.86	0.61	0.22	0.29	0.99	0.59	0.22	0.23	0.99
LTO	0.56	0.23	0.13	1.00	0.52	0.24	0.24	0.88	0.52	0.24	0.16	1.00
INDU	0.40	0.19	0.17	0.97	0.58	0.15	0.20	0.78	0.52	0.18	0.17	0.84
National-Economic Variables												
Inflation	0.04	0.03	-0.01	0.14	0.01	0.01	-0.01	0.03	0.02	0.02	-0.01	0.11
ITR	1.59	0.66	0.29	3.56	1.90	0.75	0.30	3.72	1.81	0.73	0.30	3.67
YL	0.43	0.10	0.19	0.63	0.50	0.10	0.26	0.71	0.48	0.10	0.25	0.71
National-Governance Variables												
COC	0.64	0.23	0.15	0.99	0.88	0.09	0.56	1.00	0.81	0.18	0.23	1.00
GE	0.72	0.19	0.22	1.00	0.90	0.07	0.63	0.99	0.85	0.14	0.40	1.00
PS	0.48	0.28	0.03	0.99	0.71	0.14	0.37	0.99	0.64	0.22	0.07	0.99
RQ	0.69	0.22	0.26	1.00	0.89	0.07	0.66	0.99	0.83	0.16	0.34	1.00
ROL	0.65	0.21	0.19	0.96	0.89	0.09	0.56	1.00	0.82	0.17	0.31	1.00
VA	0.46	0.22	0.04	0.83	0.86	0.08	0.62	1.00	0.75	0.22	0.06	1.00
Observations	1364											

⁷ ENV: Environmental Performance; EC/ NEC/TC: Executive/None Executive/Total Compensation; SASC: Shareholders' Approval on Sock-based Compensation; CSRGA: CSR Global Activity; INDI: Individualism; MASC: Masculinity; INDU: Indulgence; ITR: International Tourism Receipt; YL: Young Labour; COC: Control of Corruption.

4.6.2 Regression analysis

Table 23: Correlation matrix for the used variables⁸

	Env	EC	CGov	SASC	CSRGA	Growth	Leverage	Size	PD	INDIV	MASCU	UA	LTO	INDUL	Inflation	ITR	YL	CORRU	GE	PS	RQ	ROL	VA	
Env	1.00																							
EC	0.09**	1.00																						
CGov	0.09**	0.14***	1.00																					
SASC	-0.07**	0.31***	0.31***	1.00																				
CSRGA	0.32***	0.07*	0.15***	0.23***	1.00																			
Growth	-0.21***	0.03	-0.10***	-0.07*	-0.18***	1.00																		
Leverage	-0.03	0.05	0.02	-0.01	0.02	0.00	1.00																	
Size	0.54***	0.26***	-0.11***	-0.22***	0.16***	-0.05	0.07*	1.00																
PD	0.13***	-0.14***	-0.39***	-0.16***	0.21***	0.02	0.03	0.26***	1.00															
INDIV	-0.09**	0.16***	0.64***	0.20***	-0.13***	-0.05	0.01	-0.20***	-0.78***	1.00														
MASCU	-0.21***	0.00	0.07*	0.01	-0.14***	-0.05	-0.12***	-0.19***	-0.58***	0.40***	1.00													
UA	0.46***	-0.04	0.02	-0.09**	0.09**	-0.10***	0.02	0.35***	0.18***	0.01	-0.42***	1.00												
LTO	0.32***	-0.27***	-0.34***	-0.30***	0.06*	-0.11***	-0.20***	0.30***	0.29***	-0.39***	0.13***	0.21***	1.00											
INDUL	-0.21***	0.20***	0.51***	0.29***	-0.09**	0.00	0.13***	-0.32***	-0.65***	0.81***	0.16***	0.03	-0.66***	1.00										
Inflation	-0.24***	-0.05	-0.19***	-0.09**	-0.13***	0.20***	0.03	-0.17***	0.09**	-0.18***	0.03	-0.22***	-0.09**	-0.04	1.00									
ITR	-0.07*	0.03	0.35***	0.11***	0.09**	-0.03	0.15***	-0.22***	-0.06*	0.31***	-0.30***	-0.01	-0.65***	0.37***	-0.15***	1.00								
YL	-0.30***	0.13***	0.35***	0.05	-0.24***	0.04	-0.02	-0.26***	-0.71***	0.64***	0.43***	-0.33***	-0.41***	0.65***	0.02	0.11***	1.00							
CORRU	0.01	0.23***	0.15***	0.02	-0.11***	0.01	-0.17***	0.08**	-0.42***	0.38***	0.32***	-0.16***	0.07*	0.11***	-0.18***	-0.12***	0.36***	1.00						
GE	0.00	0.20***	0.08**	-0.04	-0.07*	0.02	-0.18***	0.12***	-0.28***	0.23***	0.30***	-0.28***	0.10**	-0.05	-0.26***	-0.03	0.27***	0.91***	1.00					
PS	-0.03	0.17***	-0.13***	-0.07**	-0.10***	0.07*	-0.18***	0.11***	-0.18***	-0.02	0.32***	-0.21***	0.07*	-0.22***	-0.04	-0.22***	0.20***	0.71***	0.71***	1.00				
RQ	-0.10***	0.22***	0.08**	0.00	-0.17***	0.06	-0.16***	-0.03	-0.41***	0.26***	0.32***	-0.40***	-0.02	0.03	-0.15***	-0.04	0.39***	0.91***	0.91***	0.72***	1.00			
ROL	0.00	0.26***	0.20***	0.02	-0.12***	0.00	-0.16***	0.08**	-0.45***	0.42***	0.29***	-0.17***	0.00	0.15***	-0.26***	-0.02	0.39***	0.97***	0.93***	0.68***	0.93***	1.00		
VA	0.06*	0.18***	0.41***	0.11***	-0.17***	-0.03	-0.11***	-0.05	-0.72***	0.78***	0.32***	0.18***	-0.11***	0.55***	-0.18***	0.02	0.48***	0.74***	0.52***	0.37***	0.58***	0.74***	1.00	

⁸ ENV: Environmental Performance; EC Executive Compensation; CGov: Corporate Governance; SASC: Shareholders' Approval on Sock-based Compensation; CSRGA: CSR Global Activity; PD: Power Distance; INDI: Individualism; MASCU: Masculinity; INDU: Indulgence; UA: Uncertainty Avoidance; LTO: Long-term Orientation; ITR: International Tourism Receipt; YL: Young Labour; CORRU: Control of Corruption; GE: Government Effectiveness; PS: Political Stability; RQ: Regulatory Quality; ROL: Role of Law; VA: Voice and Accountability. Finally, *p < 0.05, ** p < 0.01, *** p < 0.001.

Table 23 presents the 'correlation matrix' of the variables used to investigate the aim of this study. The magnitude and direction of EC and EP (0.09) exhibit a vital positive correlation. Coefficients among used variables in a regression model are lower in general, which indicates eliminating the possibility of major multicollinearity issues. Focusing again on the critical variables – CG, EC and EP – it can be observed that EC and EP are positively correlated, suggesting that EC potentially contributes favourably to EP. This means that high EC increases EP, and CG also displays a positive link implying a potentially positive contribution of CG to EC. Finally, CG and EP have a high positive association, implying a positive contribution of CG to EP

4.6.3 The main regression analysis

Focusing on the dimensions of EP, emission reduction (ER) seems to be influenced more by EC (see Table 24). A one-unit increase in EC leads to a 4% increase in ER. Product innovation (PI), also seems to be influenced by 2%. However, resource reduction (RR) does not have a statistically significant response. Generally, the causality relationship between EC and EP is statistically significant. Any unit increase in EC causes a 1% increase favourably in EP. Moreover, CG contributes materially and positively to EP (6%), and in particular, RR (11%). Thus, CG generally contributes favourably to EP for global tourism firms. Similarly, CSR global compact CSRGC has a significant and favourable impact on EP by 11% as well as the dimensions of ER, RR, PI (16%, 10%, 6%), respectively. In contrast, shareholders' approval on stock-based compensation (SASC) significantly affects EP in a negative manner.

Moving on, firms' characteristics such as size has a positive contribution of 7% to EP, while growth is at -11% (negative). Further results are in the country-level factors, indulgence and LTO as an example of national culture, figures are at 35%, 30%, respectively, in terms of their effect on EP. Moreover, inflation and ITR as economic factors are also at -80% and 7%, respectively. Young labour has a negative impact on EP standing at -41%. In contrast, political stability (PS) has a positive effect on EP (8%).

Table 24: The main regression of EC impact on EP dimensions (OLS)⁹

Tourism Industry	ER	RR	PI	Env
	<i>Model (1)</i>	<i>Model (2)</i>	<i>Model (3)</i>	<i>Model (4)</i>
Main independent:				
EC	0.035*** (5.01)	0.012 (1.87)	0.024** (3.26)	0.015** (2.95)
Firm-level controls:				
CG	-0.038 (-1.28)	0.114*** (4.16)	0.048 (1.54)	0.079*** (3.70)
SASC	-0.056*** (-3.77)	-0.009 (-0.68)	-0.050*** (-3.38)	-0.079*** (-7.23)
CSRGA	0.164*** (8.49)	0.101*** (5.99)	0.057** (3.03)	0.061*** (3.91)
Growth	-0.100** (-2.73)	-0.149*** (-4.62)	-0.083* (-2.28)	-0.125*** (-4.26)
Leverage	0.116 (1.91)	0.105* (2.49)	-0.117* (-2.46)	-0.053 (-1.62)
Size	0.074*** (8.73)	0.053*** (8.62)	0.072*** (10.34)	0.075*** (15.73)
Country-level controls:				
LTO	0.450*** (7.99)	0.436*** (7.74)	0.296*** (4.64)	0.338*** (7.69)
Indulgence	0.398*** (8.79)	0.193*** (4.30)	0.295*** (5.77)	0.277*** (7.89)
Inflation	0.164 (0.37)	-0.686 (-1.61)	-1.502** (-3.08)	-1.148** (-2.83)
ITR	0.132*** (7.72)	0.111*** (6.31)	0.044* (2.19)	0.066*** (4.85)
YL	-0.362*** (-4.36)	-0.459*** (-6.23)	-0.267** (-3.20)	-0.398*** (-7.03)
PS	0.297*** (9.02)	0.328*** (9.85)	-0.359*** (-9.44)	0.084** (3.21)
Constant	-1.810*** (-9.76)	-1.015*** (-6.85)	-1.080*** (-6.40)	-1.211*** (-10.06)
Fixed year	No	No	No	Yes
Observations	901	1340	1364	1362
R2	0.445	0.308	0.253	0.437
Adjusted R2	0.437	0.301	0.246	0.426
F	54.81	45.40	35.18	39.87

*t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001

⁹ENV: Environmental Performance; ER: Emission Reduction; RR: Resource Reduction; PI: Product Innovation; EC Executive Compensation; CG: Corporate Governance; SASC: Shareholders' Approval on Sock-based Compensation; CSRGA: CSR Global Activity; LTO: Long-term Orientation; ITR: International Tourism Receipt; YL: Young Labour; PS: Political Stability.

4.6.4 Determinants of EC regression analysis

Table 25 shows the estimated model for the variables that may determine EC in the context of global tourism. These reflect the H2a, H3a and H4a tests via models 2.1, 2.2 and 2.3. The purpose of conducting this regression model is to explore the value of including such factors as a moderating role to determine whether or not there is a relationship between EC and EP. Looking at the coefficient of Corporate Gov, National Gov and National Culture, it is noted that all of these factors with the exception of masculinity have a significant association with EC. Therefore, one can conclude that the influence of CG, NG and culture dimensions may play a role in moderating the relationship between EC and EP (as was expected). Further discussion of this data and the results will be addressed in the upcoming regression analysis section.

Table 25: Determinants variables of EC in tourism firms¹⁰

Dep.		Executive Compensation (determined by Firm.Gov, National Governance and National Culture)											
Ind.	C.GOV	National Governance						National Culture					
Var	CG	PS	ROL	VA	RQ	GE	COC	PD	INDI	MASC	UA	LTO	INDU
Coef.	0.97*** (11.83)	0.50*** (4.10)	2.37*** (14.8)	0.86*** (7.4)	2.21*** (12.9)	2.34*** (10.1)	1.89*** (12.05)	-1.29*** (-10.2)	1.21*** (15.4)	0.12 (0.5)	0.35** (2.7)	-2.01*** (-20.1)	1.44*** (12.7)
Con.	15.29*** (288.2)	15.5*** (182.4)	13.8*** (96.0)	15.2*** (155.2)	13.9*** (88.8)	13.8*** (66.0)	14.2*** (101.8)	16.5*** (261.9)	15.0*** (256.5)	15.8*** (111.6)	15.7*** (241.7)	16.8*** (339.7)	15.1*** (220.6)
Obs.	2466	2480	2492	2442	2492	2492	2492	2488	2487	2384	2433	2487	2488
R²	0.05	0.01	0.08	0.02	0.06	0.04	0.06	0.04	0.09	0.00	0.00	0.14	0.06
A. R²	0.05	0.01	0.08	0.02	0.06	0.04	0.06	0.04	0.09	-0.00	0.00	0.14	0.06
F	139.8	16.8	217.9	55.4	166.2	102.4	145.3	104.0	237.2	0.3	7.2	402.4	161.2

*t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001

¹⁰ EC Executive Compensation; CGov & CG: Corporate Governance; PD: Power Distance; INDI: Individualism; MASC: Masculinity; INDU: Indulgence; UA: Uncertainty Avoidance; LTO: Long-term Orientation; COC: Control of Corruption; GE: Government Effectiveness; PS: Political Stability; RQ: Regulatory Quality; ROL: Role of Law; VA: Voice and Accountability.

4.6.5 Moderating roles regression analysis

CG, NG and NC considerably moderate the association between EC and EP in tourism firms (see Table 26). An examination of the interaction reveals the level of effectiveness of these variables on the relationship, which reflects the H2b, H3b and H4b tests. This illustrates how much of an effect EC has on EP as the moderators (CG, NG, and NC) change one unit. The interaction term EC*CG, for example, contributes positively to EP by 0.06. This means a unit change in CG affects the relationship by 6%. In other words, as a result of an increase in CG, the favourable relationship between EC and EP becomes much more pronounced. However, in the absence of EC, an increase solely in CG has been observed to contribute unfavourably to EP. The CG factor is loading -0.88 linking to EP when EC is low or zero. Moreover, EP relies significantly on CG considered through all stages of the analysis. This implies that a good or favourable level of CG gives rise to better EP, and CG has an impact (i.e. a moderating role) on the relationship between EC and EP.

In addition, this relationship between EC and EP is moderated by country-level factors, such as NG and NC. This was surmised in H3b, in that national governance factors might moderate the EC-EP nexus. However, only voice and accountability (VA) were observed to moderate EC to any significant level (0.12). Interestingly, a change in one unit of VA increases the impact of EC associated with EP by 12%. The rest of the NG dimensions do not seem to have a significant moderating role on this nexus. Finally, as suggested by H4b, NC moderates the link between EC-EP and the association is significantly influenced, generally speaking. This can be observed from the factor loading of 10% and 12% for indulgence and LTO dimensions, respectively. A change in the impact of EC will be strengthened by 12% for every one unit change in the LTO dimension. However, this change contrasts with the figures for indulgence. The interaction between EC and indulgence would weaken the impact of EC. This is a similar trend with both UA and masculinity. The dimension of UA and PD strengthen the nexus by 6%, whereas masculinity weakens it by 6%. The research proposes that people with a feminine identity consider society to a greater extent, focusing more on the inclusion of environmental issues (Nunkoo & Gursoy, 2012). Likewise, the individualism dimension seems to weaken the effectiveness of EC on EP by 4% for every unit increase in this dimension. The validity of the used model can be observed through the Adjusted R^2 (40%) as well as observations and (F) 1362, 66.71, respectively.

Chapter 4

Table 26: Moderating roles of governance (CG & NG) and culture on the EC-EP nexus

Tourism. I	Dependent variable: Environmental Performance (compensation of three dimensions: ER, RR and PI)												
	Firm Gov	National Governance (NG)						National Culture (NC)					
#Var	CG	PS	ROL	VA	RQ	GE	CORR	PD	INDI	MASC	UA	LTO	INDU
Main independent:	-0.024*	0.012	0.008	-0.095***	0.013	0.043	-0.036	-0.030*	0.030**	0.046	-0.024	-0.044***	0.059***
EC	(-2.10)	(0.75)	(0.31)	(-5.18)	(0.49)	(1.17)	(-1.33)	(-2.04)	(2.83)	(1.95)	(-1.84)	(-3.35)	(4.03)
Firm-level controls:	-0.878***	0.062**	0.062**	0.047*	0.067**	0.062**	0.060**	0.069**	0.033	0.108***	0.070**	0.095***	0.082***
CG	(-3.37)	(2.90)	(3.01)	(2.22)	(3.22)	(2.99)	(2.91)	(3.24)	(1.41)	(4.83)	(3.22)	(4.46)	(3.82)
SASC	-0.052***	-0.052***	-0.052***	-0.030**	-0.053***	-0.055***	-0.055***	-0.054***	-0.059***	-0.057***	-0.055***	-0.046***	-0.063***
	(-5.10)	(-5.13)	(-5.07)	(-2.91)	(-5.22)	(-5.44)	(-5.42)	(-5.47)	(-5.81)	(-5.34)	(-5.19)	(-4.31)	(-6.08)
CSRGA	0.105***	0.107***	0.109***	0.118***	0.110***	0.107***	0.108***	0.123***	0.127***	0.099***	0.131***	0.116***	0.112***
	(8.16)	(8.16)	(8.44)	(9.31)	(8.47)	(8.24)	(8.34)	(9.62)	(9.60)	(7.31)	(9.86)	(8.80)	(8.50)
Growth	-0.112***	-0.113***	-0.113***	-0.106***	-0.114***	-0.111***	-0.115***	-0.127***	-0.137***	-0.136***	-0.138***	-0.131***	-0.140***
	(-4.38)	(-4.43)	(-4.43)	(-4.24)	(-4.45)	(-4.32)	(-4.50)	(-5.05)	(-5.31)	(-5.12)	(-5.42)	(-5.04)	(-5.44)
Leverage	-0.035	-0.044	-0.045	-0.033	-0.046	-0.064	-0.053	-0.095**	-0.087**	-0.102**	-0.107**	-0.044	-0.087**
	(-1.07)	(-1.33)	(-1.38)	(-1.06)	(-1.40)	(-1.94)	(-1.62)	(-2.98)	(-2.68)	(-3.05)	(-3.22)	(-1.31)	(-2.64)
Size	0.073***	0.074***	0.073***	0.073***	0.075***	0.073***	0.072***	0.085***	0.075***	0.075***	0.056***	0.072***	0.080***
	(15.41)	(15.39)	(15.26)	(15.39)	(15.51)	(15.26)	(15.04)	(16.96)	(15.40)	(14.97)	(11.51)	(14.51)	(15.86)
Country-level controls:	0.359***	0.354***	0.311***	0.217***	0.324***	0.324***	0.311***					-1.662***	
LTO	(8.18)	(7.97)	(7.14)	(4.88)	(7.48)	(7.43)	(7.12)					(-4.50)	
INDU	0.317***	0.303***	0.269***	0.100**	0.289***	0.278***	0.282***						1.729***
	(9.00)	(8.14)	(7.56)	(2.59)	(8.05)	(7.71)	(7.92)						(4.26)
Inflation	-0.844*	-0.797*	-0.731*	-0.811*	-0.764*	-0.949**	-0.763*	-1.303***	-1.506***	-1.418***	-1.450***	-1.483***	-1.464***
	(-2.53)	(-2.37)	(-2.16)	(-2.53)	(-2.28)	(-2.77)	(-2.29)	(-4.04)	(-4.57)	(-4.11)	(-4.28)	(-4.45)	(-4.44)
ITR	0.071***	0.074***	0.058***	0.033*	0.059***	0.062***	0.062***	0.007	-0.007	0.020	0.002	0.041**	-0.002
	(5.22)	(5.38)	(4.33)	(2.50)	(4.45)	(4.62)	(4.65)	(0.71)	(-0.69)	(1.72)	(0.14)	(2.94)	(-0.23)
YL	-0.454***	-0.415***	-0.430***	-0.480***	-0.438***	-0.396***	-0.458***	-0.644***	-0.472***	-0.310***	-0.227***	-0.198***	-0.445***
	(-7.79)	(-7.02)	(-7.26)	(-8.10)	(-7.30)	(-6.69)	(-7.73)	(-10.97)	(-7.97)	(-5.62)	(-4.30)	(-3.68)	(-7.60)
PS	0.077**	0.044						-0.036	0.016	0.004	0.111***	0.021	0.009
	(2.96)	(0.12)						(-1.36)	(0.58)	(0.14)	(4.02)	(0.78)	(0.34)
Moderating effects:													
Moderating Var..s	CG	PS	ROL	VA	RQ	GE	CORR	PD	INDI	MASC	UA	LTO	INDU
Effect when EC=0	-0.878***	0.044	0.075	-1.549***	0.155	0.527	-0.723	-1.285**	0.856***	0.841	-0.696	-1.662***	1.729***
	(-3.37)	(0.12)	(0.17)	(-4.63)	(0.35)	(0.82)	(-1.56)	(-3.22)	(3.46)	(1.31)	(-1.84)	(-4.50)	(4.26)
Interacted with EC	0.060***	0.002	0.003	0.118***	-0.002	-0.033	0.056	0.058*	-0.044**	-0.058	0.061*	0.115***	-0.100***
	(3.62)	(0.08)	(0.10)	(5.31)	(-0.08)	(-0.77)	(1.79)	(2.27)	(-2.74)	(-1.42)	(2.54)	(5.02)	(-3.84)
Constant	-0.565**	-1.155***	-1.066**	0.611*	-1.181**	-1.548**	-0.386	0.183	-0.969***	-1.230**	-0.059	0.004	-1.516***
	(-2.77)	(-4.46)	(-2.67)	(1.99)	(-2.91)	(-2.67)	(-0.93)	(0.86)	(-4.94)	(-3.12)	(-0.29)	(0.02)	(-5.98)

Note: t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001; Adjusted R² (40%); observations 1362 and (F) 66.71

4.6.6 Developed and developing nations OLS regression analysis

Table 27: Differences in the EC and EP nexus considering developed/ing countries (OLS)

Tourism Industry	Environmental Performance		
	Developing Economy	Developed Economy	Global Tourism
Main independent:			
EC	-0.009 (-1.78)	0.027*** (3.85)	0.015** (2.95)
Firm-level controls:			
CG	0.059 (1.77)	0.189*** (6.60)	0.079*** (3.70)
SASC	-0.073*** (-4.23)	-0.022 (-1.57)	-0.079*** (-7.23)
CSRGA	0.067* (2.54)	-0.008 (-0.39)	0.061*** (3.91)
Growth	-0.052 (-1.57)	-0.161*** (-4.26)	-0.125*** (-4.26)
Leverage	0.180*** (3.50)	-0.181*** (-5.08)	-0.053 (-1.62)
Size	0.106*** (16.08)	-0.181*** (-5.08)	0.075*** (15.73)
Country-level controls:			
LTO	-0.342*** (-3.88)	0.787*** (12.20)	0.338*** (7.69)
INDU	0.041 (0.67)	0.460*** (4.94)	0.277*** (7.89)
Inflation	-0.514 (-1.15)	0.605 (0.68)	-1.148** (-2.83)
ITR	-0.051* (-2.14)	0.097*** (5.14)	0.066*** (4.85)
YL	-0.964*** (-7.62)	-0.756*** (-6.61)	-0.398*** (-7.03)
PS	0.025 (0.72)	0.274*** (5.35)	0.084** (3.21)
Constant	-0.359 (-1.86)	-1.591*** (-8.86)	-1.211*** (-10.06)
Fixed year	Yes	Yes	Yes
Observations	416	810	1362
R2	0.635	0.600	0.437
Adjusted R2	0.611	0.586	0.426
F	26.08	45.09	39.87

*t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 27 displays the statistical results for the tourism industry in both developed and developing countries. Employing OLS regression to test H5 considering the drivers of EP, it is observed that CG (19%) contributes favourably and significantly in developed nations when compared to emerging economic firms, where it seems to be insignificant. Thus, CG in developed markets, as well as in the global tourism industry, results in better EP. Considering the main issue, EC leads to good EP by an increase of 3%. However, this trend is only observed in developed countries' firms. The other variables, such as leverage and size, seem to have the opposite impact at 18% and 11%, respectively. These two variables are significantly and positively linked to EP when applied to developing countries, and vice versa. Similarly, national factors (e.g. LTO and ITR) positively impact EP by 79% and 10% respectively for developed nations. Developing economy firms have a negative impact on EP by LTO (34%) and ITR (5%), respectively.

4.6.7 Additional analysis

Table 28: The effect of compensation dimensions on EP

Tourism Industry	Environmental Performance		
	(1) *NEC	(2) *EC	(3) *TC 1+2
Main independent:			
Compensation Dimensions*	0.003 (0.30)	0.015** (2.95)	0.016*** (3.60)
Firm-level controls:			
CG	0.105*** (3.73)	0.079*** (3.70)	0.090** (3.15)
SASC	-0.082*** (-5.40)	-0.079*** (-7.23)	-0.091*** (-5.83)
CSRGA	0.065** (2.65)	0.061*** (3.91)	0.101*** (3.83)
Growth	-0.135*** (-3.41)	-0.125*** (-4.26)	-0.152*** (-3.77)
Leverage	0.004 (0.10)	-0.053 (-1.62)	-0.060 (-1.46)
Size	0.083*** (12.90)	0.075*** (15.73)	0.076*** (11.63)
Country-level controls:			
LTO	0.558*** (9.42)	0.338*** (7.69)	0.551*** (9.16)
INDU	0.403*** (7.81)	0.277*** (7.89)	0.343*** (6.53)
Inflation	-0.442 (-0.84)	-1.148** (-2.83)	0.182 (0.33)
ITR	0.120*** (6.29)	0.066*** (4.85)	0.117*** (5.93)
YL	-0.482*** (-5.86)	-0.398*** (-7.03)	-0.403*** (-4.93)
PS	0.111** (3.12)	0.084** (3.21)	0.034 (0.91)
Fixed year	Yes	yes	yes
Constant	-1.451*** (-9.89)	-1.211*** (-10.06)	-1.698*** (-10.98)
Observations	756	1362	691
R2	0.472	0.437	0.490
Adjusted R2	0.453	0.426	0.471
F	25.07	39.87	24.58

*t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 28 illustrates the EC dimensions, namely non-executive compensation (NEC), executive compensation (EC) and total compensation (TC) and considers their link to EP. Based on the data, it seems that only EC (model 2) and TC (model 3) have a statistically significant influence on EP (by 2%). NEC (model 1) does not affect the dependent EP. It can be observed that the connection between EC and EP differs based on the type of executive being considered. However, CG seems to act instead of EC as its statistical and economic load is significant at 11% when NEC is considered. Furthermore, CG has a favourable impact of 8% on EP when EC is measured. National factors such as LTO, indulgence, ITR and YL act significantly toward EP. LTO and Indulgence contribute positively and materially by about 50 and 34%, respectively among all executive compensations' dimensions. ITR provides a figure of 10% with YL contributing negatively toward EP (approximately 40%). Finally,

focussing on the EC and NEC model, it is noted that in general terms, they seem to have a similar effect. Firm-level controls act similarly at a significant level except for leverage.

4.6.8 Robustness analysis

Table 29: Random effect regression analysis of the EC and EP nexus

Tourism Industry	(1) ER	(2) RR	(3) PI	(4) EP
Main independent:				
EC	0.010 (1.33)	-0.011 (-1.67)	0.019* (2.49)	0.003 (0.64)
Firm-level controls:				
CG	0.002 (0.06)	0.117*** (3.59)	0.062 (1.72)	0.079** (3.24)
SASC	-0.006 (-0.35)	0.032* (2.20)	-0.008 (-0.47)	0.004 (0.35)
CSRGA	0.159*** (8.43)	0.080*** (4.88)	0.062*** (3.39)	0.084*** (6.91)
Growth	-0.048 (-1.44)	-0.071** (-2.59)	-0.091** (-2.87)	-0.074*** (-3.50)
Leverage	0.012 (0.16)	0.116* (2.18)	-0.027 (-0.44)	0.021 (0.52)
Size	0.094*** (7.17)	0.057*** (5.65)	0.061*** (5.58)	0.072*** (8.99)
Country-level controls:				
LTO	0.383*** (4.52)	0.476*** (5.11)	0.199* (2.00)	0.356*** (4.81)
INDU	0.290*** (3.38)	0.118 (1.30)	0.257** (2.71)	0.230** (3.18)
Inflation	0.135 (0.33)	-0.783* (-2.06)	-1.004* (-2.27)	-0.557 (-1.92)
ITR	0.148*** (6.68)	0.137*** (5.84)	-0.009 (-0.35)	0.076*** (4.14)
YL	-0.158 (-1.23)	-0.193 (-1.61)	-0.289* (-2.23)	-0.233* (-2.47)
PS	0.254*** (5.55)	0.301*** (6.17)	-0.324*** (-6.07)	0.044 (1.15)
Constant	-1.796*** (-6.71)	-0.892*** (-4.09)	-0.761** (-3.20)	-1.079*** (-6.31)
Observations	901	1340	1364	1362
R2 (overall)	0.408	0.284	0.236	0.383
R2 (between)	0.548	0.375	0.251	0.467
Chi2	335.13	291.50	193.48	381.10

*t statistics in parentheses, * p < 0.05, ** p < 0.01, *** p < 0.001

Considering specification tests e.g., Hausman test, table 29 shows the results of the 'Random Effects (RE) model', which is conducted to ascertain robustness. Although the significance of the effectiveness of the main variable turned to low, these results, in general, provide a similar picture. However, resource reduction (RR) seems to have a negative impact, while the only environmental dimension which is materially influenced by EC is product innovation (PI) and this responds favourably to the independent EC at 2%. The remaining firm and country-level control variables contribute to EP in a similar way. These variables (e.g. CG, CSRGA, Growth, Size, LTO, Indulgence, ITR and YL) contribute favourably and materially in global tourism firms.

Finally, the Variance Inflation Factor (VIF) (see Table 30) test has been conducted, with none of the variables showing a VIF greater than 10. The outcomes indicate that collinearity among used variables is low so as not to affect the regression analysis' stability (Myers, 1990). Thus, the used model does not suffer from multicollinearity issues.

Table 30: Variance Inflation Factor (VIF) (for the primary regression).

Variable	VIF	1/VIF
LTO	4.43	0.23
ITR	3.05	0.33
Indulgence	2.84	0.35
YL	2.31	0.43
CG	1.89	0.53
Size	1.85	0.54
SASC	1.58	0.63
PS	1.58	0.63
Leverage	1.51	0.66
EC	1.45	0.69
Inflation	1.39	0.72
CSRGA	1.32	0.73
Growth	1.26	0.80
Mean VIF	2.04	

In conclusion, the robustness analyses above present the main results that were delivered after applying a variety of regression models, including OLS and RE. Also, different ECs, as well as various economic conditions, were tested to support the strength of the study outcomes. These conclusions are followed by a discussion of these findings, which considers the multiple theories applied and the veracity of these results in supporting the said theories. In addition, the next section will consider linking those results to both prior studies and the developed hypothesis as well as the implications arising from the results.

4.7 Discussion

This study, the third of this thesis, has engaged in the examination and analysis of the causality relationship between EC and EP in a specific sample of global tourism-related firms. This is after providing due consideration to the moderating role of CG, NG and NC. Initially, it is widely agreed that modern organisations have definite obligations to society, as underlined by the importance and acceptance of CSR and the stakeholder demands (Yu et al., 2017). Modern organisations thus tend to pay considerable attention to the measurement, assessment and importance of EP as part of their essential obligations. There is also considerable agreement on the fact that organisational executives play an important role in the formulation and implementation of various organisational strategies and are furthermore responsible for organisational performance. It can thus be surmised that enhancement in EC can result in suitable improvement in EP. This relationship between EC and EP might be influenced and moderated by three specific factors, namely CG, NG and NC, as articulated and theorised by experts such as Hofstede.

The hypotheses of this study have been developed with the help of an extensive literature review and the adoption of quantitative and empirical research approaches. Whilst conducting the review, it was observed that modern organisations are increasingly focusing on the enhancement of EP in response to their obligations towards society, the environment and multiple stakeholders. Chief executives are also expected to prioritise and pay attention to the improvement of EP. The review also highlighted that EP appeared to be, by and large, positively correlated to EC in various business sectors. Sustainability issues were becoming increasingly relevant in the board room, which in turn was leading to the linking of EP with EC. Companies are furthermore developing sustainability metrics in order to join EC with EP. The first hypothesis assumes that there is a significant relationship between EC and EP in the tourism context.

Accordingly, the empirical results of this study confirmed H1 to be true and reflect a significant causality relationship between EC and EP in the tourism-related firms. One unit increase in executives' compensation leads to a 1% increase in EP. In considering the dimensions of EP, resource reduction (RR) appears to be the driver, followed by product innovation (PI). Interestingly, as shareholders' power increases over EC, particularly stock-based compensation, EP responds negatively. In contrast, the firm's sustainability/CSR report considers that global activities seem to positively affect EP, which could be due to a feeling of participating in the global goal (e.g. SDG). This study controlled for firms' characteristics (e.g. size leverage and growth) as well as national-level factors (inflation, international tourism receipt and labour ages) related, as in the literature, to the dependent variable. Larger firms consider desirable contributions to the environment, which can be part of their sustainable strategies, to develop or increase their position/performance. However, as is noticed in the literature, growth in the tourism business involves the use and expenditure of natural resources, which can lead to undesired outcomes/consequences such as pumping sewage into the oceans or affecting GHG emission levels through the use of transport (Hall, 2019; UNWTO, 2019b). Thus, this growth adversely impacts EP. Although the relationship is not economically material, it is statistically significant. Therefore, the trends and outcomes highlighted in this study can be broadly generalised to tourism firms all over the world.

As this study controlled for potential firm characteristics in addition to considerable country-level factors, it is clear that further discussion will be needed to support the ultimate results. In order to increase the accuracy of the outcomes of the global relationship between EC and EP in the tourism industry in terms of potential governance, economic and cultural values have been examined. Firm-level governance was found to positively control EP by 8% however, not EP, which was negatively correlated with CG. The agency conflict might explain this relationship, where managers are seen as having self-interest. Alternatively, as stewardship theory believes, top managers act in favour of firms, which supported by the discovered positive figure. The power of shareholders on executives'

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compensation, particularly stocks, seemed to adversely impact the mission of the environment. The shareholder agreement on compensation, known as Say on Pay (Ferri & Gox, 2018) might have been reflected on EP (by 8%); however, it is worth remembering that involvement in CSR global activities has the opposite outcome, significantly and positively impacting EP by 6%. Firm characteristics such as size and growth except for leverage also significantly control the dependent EP.

Although size positively influences EP by 8%, the growth has an adverse impact on effectiveness by 13%. Addressing country-level aspects, as this study globally examined tourism firms and culture values (e.g. LTO and indulgence dimension), it was observed that these elements positively controlled EP by approximately 3%. Therefore, a society that allows free gratification and restraint stands of needs and regulates their enjoyment by means of norms appear to have a high interest in contributing to the environment. Also, societies that consider past and current circumstances to shape the performance of the future, which has been suggested by LTO (Hofstede, 2011), take into account the EP. In addition to culture, national economic aspects such as tourism receipts and inflation shape the outcome of EP. Not only these factors, but others such as national governance (e.g. age of labour and PS) also impact the condition of EP. On one of these points, young employees are less interested in enhancing the EP and that by about 4%, and vice versa is correct. Finally, the stability of political factors supports the idea of participating in EP by 8%. These control variable outcomes are as were expected and broadly analogous with that of previous studies (e.g., Baraibar-Diez et al., 2019; Francoeur et al., 2017; Ji et al., 2019; Li et al., 2016; Mahoney and Thorn, 2006; Park et al., 2019;).

Non-executive compensation (NEC) has been, also, tested in addition to the link between the EC-EP nexus. While the impact of NEC is positive, the figure is neither statistically nor economically noteworthy. Thus, a notable relationship between EC and EP is heavily considered in this study; particularly when additional appropriate analysis has been carried out for robustness. The outcomes of this research mirror to an extent those revealed through prior studies (Baraibar-Diez et al., 2019; Cho & Shen, 2007; Hong et al., 2016; Mahoney & Thorn, 2006). Furthermore, the outcomes of this study concur with the view of stewardship and optimal contracting theories, which generally reflect the intention of managers to support and achieve firms' goals. This view, moreover, fulfils the notion of institutional theory. Consequently, the hypothesis that EC favourably causes an increase in EP has been proven to be correct. Accordingly, as tourism firms have positive impacts on economic growth (Paramati et al., 2017), while also using considerable natural resources, EC represents one element which can be used in the agenda to enhance the implementation of EP. This consideration might result in improving tourism firms' environmental activities so as to meet their entire goal. In addition to the slight economic implication, this discussion has a noteworthy theoretical, policy and methodological implications.

Hypothesis two was also confirmed to be statistically true and significant. The examination of the determinants and moderating roles of the EC-EP nexus reveals the importance of governance and culture, and the role they play in terms of impacting the level of that relationship. The relationship linked to environmental practices is regarded as being quite complex (Coghlan, 2015; Holden, 2009; Horváthová, 2010; Qi et al., 2014). Consequently, governance, as well as cultural factors, might play vital roles in determining the association. Overall, the interaction of EC and CG enhances and strengthens the primary causality relationship between EC and EP. A one unit increase in CG significantly impacts the positive causal connection by 6%. This could explain the level of impact that CG plays, which users should consider while acting regarding EC and EP in tourism firms. Moreover, in the absence or weakness of one of the interacting variables, the other reacts adversely to the EP. A possible explanation for this is that both policies and welfare strategies are needed (in equal measure) in order to achieve a sustainability goal such as EP. These outcomes should have fair economic implication as well as a remarkable theoretical, policy and methodological implications.

Like CG, H3 was seen to be accepted. Voice and Accountability (a country-level NG) has desirable positive effectiveness on EP (increased by 12%). However, in the absence or weakness of one of these factors, the remaining one does not contribute significantly to EP. This reflects how firm and national-level factors can be complementary variables. Although other dimensions of NG did not show a significant impact on the relationship between EC and EP, the firm and national-level governance complete with each other to shape the ultimate performance of the environment in the tourism industry. Prior research (Arnold & de Lange, 2004; Carberry & Zajac, 2017; Fabrizi, 2018; Jiang et al., 2018) has to an extent reflected similar outcomes, where the governance of EC acts as a way to limit potential risks and contribute positively. This combination can be said to be broadly analogous with institution and stewardship theories. This should have a broader implication on economic matters, policymakers, and finally the academia/ methodological one.

Through H4, this research has also examined the link between EC and NC as a moderator of the relationship between the EC-EP nexus and found it to be true. National culture dimensions explain individuals' attitude/behaviour towards the EC-EP association. In general, dimensions such as indulgence, individualism, PD, UA, and LTO fundamentally moderate the EC-EP nexus. The indulgence factor weakens the causality association of EC on the EP by 10%. This means a society that allows free gratification and restraint stands of needs and regulates their enjoyment by means of norms appear to have less interest in compensation in order to contribute to the environment. However, in the absence of remuneration, tourism firms' managers, complying with the social norms, are desirably involved in environmental activities. Likewise, a rise of individualism seems to

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reduce the influence of EC on EP by 4%. Nevertheless, a high level of individualism creates a healthy EP, which can act quite independently.

In contrast, the unequal power distributed among those in power and their subordinates could contribute favourably to EP by 6%. However, neither EC nor PD contributes positively to EP in the absence of the other; rather, the contribution is more of an adverse one. Therefore, in such a society, top managers would consider the power of the stakeholders so that they are not seen to be only acting or encouraged by exact payments. When managers are isolated from stakeholders, their participation in environmental practices is difficult or can even become impossible. This can be seen via the negative results of both PD and EC when they are tested separately. Finally, both UA and LTO have a noticeable impact on EP by 6% and 12%, respectively. A high society's acceptance for ambiguity (UA), leads to a positive reaction on EC, which in turn impacts the environment.

Uncertainty avoidance seeks to minimise such situations via regulations as a belief in one truth (Hofstede, 2011). Another way in which past and current circumstances shape the performance and determine success based upon conducted efforts can be linked to what has been suggested by LTO (Hofstede, 2011). Like PD, when the interaction is isolated, and each dimension is separately tested, the end result can be an adverse impact. Furthermore, masculinity does not have a notable existence; not on its own or in conjunction with EC. In practical terms, this means that whether a society is regarded as being feminine or masculine, there will not be any major difference in ultimate achievement. Finally, this study is consistent with prior studies (Bova & Vance, 2019; Greckhamer, 2016; Tosi & Greckhamer, 2004), where NC dimensions mostly affect EC, which in turn influences EP. Based on the above discussion, the economic implication, in addition to theoretical, policy and methodological implications are notably seen.

The nexus between EC and EP differs, considering the context of developing and developed countries. Hypothesis 5 (the EC and EP nexus is different in developed/ing nations) is also confirmed to be accepted, especially as it relates to the impact of CG and EC on EP. Corporate governance's contribution to EP is statistically and economically relevant for developed countries and irrelevant for developing countries. In both nations, the contribution of CG is positive; however, it is noted that it is quite weak in developing nations. A desirable positive association between EC and EP seems to be easily recognised in developed countries, yet is again quite weak (negative) within developing nations. The explanation for this is that the effectiveness of EC is conditioned by active CG, which seems to be weak in emerging economy tourism firms. The tourism business is often seen as the first resource for most developing nations; thus, the practice of sustainability is essential (Bojanic, 2011). Governments in these countries could be involved in tourism-related strategies,

including environmental practices and encouragement policies such as EC. Previous studies (Azmat & Samaratunge, 2009; Jamaliah & Powell, 2018; McLachlan & Binns, 2014; Melissen et al., 2018) have reflected the differences between developed/developing nations. This, and the examination of all other hypotheses' outcomes have wider economic, regulatory and methodological implementations to tourism and possibly all service industry, which will be listed in the next chapter (see 5.3).

4.8 Summary and conclusion

This piece of research has involved the analysis of the relationship between EC and EP using tourism-related firms across countries, with due consideration given to the moderating factors of CG, NG and NC and their influence on the EC-EP nexus (See Table 31). Prior research has suggested a positive relationship between EC and EP, but such studies have not taken these moderating factors into account when targeting tourism firms. In this sense, perhaps, this research is unique as it provides new insights into the relationship between EC and EP. The research for this study involved the conducting of a detailed literature review, the formulation of relevant hypotheses and the use of descriptive and inferential statistics for examining this relationship. This comprised looking at 1108 firms in 60 countries spread over developing and developed countries.

The review of the literature indicated that EC influenced EP to some extent. It was also observed that elements of CG, NG and NC also influenced EC but their moderating impact on the relationship between EC and EP was not clear. Through the statistical analysis for this study, the existence of a reasonably strong positive correlation between EC and EP was highlighted. This relationship was also noted as being moderated by NC represented through Hofstede's cultural dimensions. The influence of the two other moderating factors, namely CG and NG on the relationship between EC and EP was noticed, also. Therefore, it can be concluded that this research has led to the generation of new insights on the relationship between EC and EP. Suitable tests have also been carried out to assess the robustness of the results.

Based on the conclusions above, tourism firms can leverage the benefits derived from EP by adequately planning their environmental management EM strategies. These strategies should be developed in such a way as to ensure that the costs do not outweigh the benefits. Firms should then form valuable links with shareholders in order to understand their specific needs as far as EP is concerned. Finally, tourism firms in developing countries should take valuable steps to enhance their CG approaches so as to ensure that CG is promoting the influence of EC towards better EP, all of which is contributing favourably toward firm performance.

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This study has, therefore, successfully managed to bring forward a new contribution to the existing body of literature, particularly as it relates to the tourism industry and EC–EP literature. This echoes the work of the meta-analysis by Gao et al. (2016), where the authors suggested that academics involved in tourism, particularly in the area of environment, should either look for new frameworks or meaningfully improve the existing models in order to theoretically contribute. The newly developed model from this study will help users gain an extensive understanding of remuneration and environmental issues and help them to formulate a suitable management strategy to be involved in such practices. Where organisations are able to precisely incorporate the viewpoints of all stakeholders for planning and understanding the implementation of EC strategies, this would have the effect of truly reflect the goals of EP. Lastly, although the model outlined in this study has been exemplified with the tourism industry, it could arguably have a general application to other service sectors which are also need to manage EC and environmental strategies.

Table 31: A summary of study three

Hypothesis	Test outcomes
Executive compensation positively impacts EP	Significantly positive
EC-EP nexus is moderated by corporate governance	Positive and significant
EC-EP nexus EP is moderated by national governance	Only VAA is positively significant. The others are insignificant.
EC-EP nexus EP is moderated by national culture	Hofstede's dimensions significantly impact except masculinity
EC-EP nexus differs among developing and developed countries	EC-EP nexus is more pronounced in developed nations, and CG is sufficiently noticed in developed countries

Chapter 5 Conclusion

5.1 Introduction

In response to the growing international tendency toward environmental and social responsibility, businesses have been quick to embrace this challenge by rapidly implementing initiatives focused toward these areas. These actions are commonly known as CSR, which is widely considered as being a key component of corporate performance. As discussed in this thesis, stakeholders play a critical role in the survival of corporations, which relies on an extent to them achieving their satisfaction. This growing stakeholder pressure with regard to meeting social and environmental responsibilities has become important to decision-makers (Leonidou et al., 2013). Although the growth of CSR practices can be seen as greenwashing, CSR became standard practice; thus, stakeholders expect more engagement in such activities (de Jong et al., 2020). Consequently, based on prior studies, firm performance is still relatively unclear, particularly that of tourism firms as it relates to their financial and non-financial outcomes which are associated with such social and environmental practices.

Over the past few decades, an element of anxiety has grown around the sustainability of tourism businesses (Ghaderi et al., 2019; Ouyang et al., 2019; Vejzagić et al., 2018). This angst has led to greater recognition of social/environmental responsibilities and the onus on firms to adopt them (Fatma et al., 2016; Ghaderi et al., 2019; Ouyang et al., 2019). This has possibly had an influence on firm performance (Ghaderi et al., 2019). Corporate social and environmental responsibility in businesses linked to tourism had started to take precedence, principally when organisations realised that resources which attract tourists must be managed for the long-term (Dodds & Kuehnel, 2010; Su et al., 2020).

The characteristics of tourism-related firms, e.g. complexity, confronted the tourism products and services, are viewed as a proper context for carrying out studies (Fong et al., 2018). For instance, the relationship between social and environmental performance and firm performance. Moreover, this industry, which is one of the fastest-growing businesses globally, has a wide impact on a whole host of other industries. It is also true to say that the tourism industry is unlike any other and therefore quite unique, characterised as it is by high risk and high returns, as well as its sensitivity to national factors such as governance, culture and economic (Fong et al., 2018). These types of pressures may increase the concerns of stakeholders/shareholders and make them more vocal where the executive's decision might be affected mainly those linked to social and green practices. Looking at the empirical base, it is clear that there is a lack of literature devoted specifically to

examining these potential firm and country-level factors. Most existing research has either examined the direct relationship, ignoring the moderating roles of governance and cultural factors or has instead focused on studying a single country. As previously discussed in the study, these factors do undoubtedly play a significant role in shaping the relationship between both EP and FP and EC and EP. It is clear, therefore that there is still considerable scope and demand for examining these key issues from a global perspective within the sector.

In order to try and shed some light on these key issues, this thesis has endeavoured to highlight social and environmental issues primarily in the last two decades, as well as considering the EP nexus with both corporate performance and governance as it relates to global tourism firms. Yet many of these issues are not well examined, particularly, considering the returned-on business either cost or benefit of social and environmental practices. This research, therefore, initially attempted to systematically review and discover CSR practices in the tourism industry, followed by an investigation of the link between environmental practices and firm FP. Part of this examination also involved analysing the possible internal encouragement of EC on well-performing environmental practices. Based on hypotheses tested, this thesis has concluded that while there is a significant relationship between EP and a firm's financial outcome, there is also an internal encouragement toward enhancing EP. This encouragement comes in the shape of EC, an element which statistically speaking appears to positively affect levels of EP. It has also been observed that these relationships are moderated by CG, NG and NC. This demonstrates, in conclusion, that firm performance can be affected by a myriad of factors which are multi-layered in their impact, stemming from a firm, national and global triggers.

5.2 Thesis summary

5.2.1 Summary of study one

In response to both the fast-growing awareness of CSR and the lack of existing systematic literature reviews (SLR) in the sector being discussed, this study has sought to conduct a wide-ranging review of past tourism CSR research. By doing so, this research contributes to the existing gap in knowledge, as it has increased the understanding of the current themes and CSR research trends regarding corporate financial and non-financial outcomes in the tourism sector by addressing the following specific questions: (1) What do we already know about CSR in the tourism industry and what is yet to be discovered?; (2) What are the key patterns and themes in tourism management research?; and (3) What are the gaps and limitations that can be identified for future research in tourism? It is hoped, thus, that the findings to these questions will not only be relevant to

environmentalists, government tourism departments/policy-makers, regulators and practitioners, but also to academics, researchers and doctoral/PhD students worldwide.

The SLR discussion has highlighted the existing themes by displaying the trends and the position of CSR in the context of global tourism. Some conclusions have been drawn and articulated regarding prior studies that integrated CSR in tourism firms. These weaknesses have been classified into three dimensions, namely theoretical limitations, methodological limitations and sample limitations. For example, around 62% of the reviewed studies rarely applied theories while discussing issues. These studies are questioned as they might not have attempted to improve upon the previous knowledge, which raises questions regarding their real value and contribution to the research field. Furthermore, the recognised lack of discussion for global tourism in areas such as CSR, CG and firm's performance has been highlighted. Similarly, the distinctiveness of CSR and associated management practices within a cultural context has been clearly omitted by the extant literature (Moon & Shen, 2010). Existing work in this area was also unable to provide clarification on many critical issues, such as considering CSR itself to play a moderating role as a key factor (Theodoulidis et al., 2017). This means it can be an antecedent for positive firm performance when CSR interacts with additional variables. The multi-faceted, multi-varied complex nature of the tourism industry (Fong et al., 2018) may perhaps offer a crucial reason for these divergences. Therefore, further moderating roles such as CG, NG, NE and NC might help to explain some of the issues regarding CSR and firm performance with greater clarity.

The evident methodological and sample limitations in the extant literature have also been shown to be problematic, particularly in the context of trying to infer or conclude observations based on inappropriate or inaccurate data, as this shortcoming has also made it difficult to form any meaningful generalisation based on results. For instance, Bagur-Femenías et al. (2015), drew a conclusion about corporate performance based on subjective answers instead of examining objective financial results. Some of the studies did not extend their scope to include highly relevant questions; for example, Coles et al. (2014) did not evaluate the commitment to CSR. Moreover, most of the existing research addressed specific countries, geographic locations, or particular sectors of the tourism industry, which limited the application of their findings across the entire industry. For instance, the studies of Alvarado-Herrera et al. (2017), Annie et al. (2019) and Fatma et al. (2016) attempted to develop scales to measure consumer perceptions but restricted their research by only surveying consumers in a single country. Other studies, such as that of Ham and Han (2013), tried to measure customer loyalty to hotels by surveying people in airports, whereas Huber and Hirsch (2017) sought to measure the effect of sustainability-based incentive systems on employees by only surveying university students, and therefore possibly provided an erroneous

sample. Likewise, Kim and Youn (2017) built their argument on students' opinions instead of actual tourists.

Based on some of the clear limitations of the existing body of research and the whole discussion in this area, this SLR has generated potential pathways for future exploration regarding CSR practices in the tourism industry. For instance, future research might focus on the theoretical overlap between additional disciplines of management, the tourism industry and CSR, with marketing, strategic management and HRM as particular fields of interest. Also, developing a greater understanding of the various subsectors of the tourism industry and their relationship with social and environmental responsibilities considering the specific characteristics of these subsectors might lead to a particular configuration of these responsibilities. These sectors can and should be studied from a global perspective to make findings credible and generalisable, with the inclusion of diverse regions, regulations and cultures. Furthermore, it would be prudent to address some of the theoretical debates, including an evaluation of the stakeholder/shareholder argument within the tourism industry, using case studies and other objective methods. This avenue should be explored, possibly in the light of the imposition of taxation systems by countries, including the possibility of tax avoidance. The government of the Balearic Islands in 2002, for example, demanded an extra tax in order to fund environmental improvements that were later rescinded due to its negative effect on tourism to the islands (Holden, 2009).

Thus, this area represents a further avenue which can be explored, as it pertains to examining corporate performance and CSR in tourism firms, which considers different nations and economic conditions. As to date, there is a lack of research within the emerging nation context, an oversight which has also been recognised by Nyahunzvi (2013). An examination in this area may consider the impacts of CG and national effectiveness (e.g. NG and NC). Additionally, although some studies have attempted to propose a measurement for social and environmental activities, these attempts seem to have fallen short. Therefore, research with a comprehensive measurement model represents a fruitful avenue for future research, especially considering that previous attempts have been flawed (Becken & Patterson, 2006; Horng et al., 2018; Tsai et al., 2010; Whitfield et al., 2014). Research in this area would provide room to build upon previous work and create a more objective form of measurement, with the potential for a broader application which would enhance validity and credibility. Finally, this research provides a suggestion relating to issues around CG, most noticeably in executive pay and CSR practices as they relate to EP. This is an area that needs to be urgently addressed. To this end, the work of Theodoulidis et al. (2017) highlighted how CSR practices are an extension of CG policies and that top managers' actions, mostly regulated via CG policies, can affect CSR performance (Lee et al., 2017; Paek et al., 2013). The notion that some policies may cause shareholder anger (e.g., executive pay-outs) also warrants additional research. Other potential

topics for future research should be considered, such as the relationship between CSR and reporting quality, an area which can impact stakeholder satisfaction, as was noted by (Francis et al., 2008).

5.2.2 Summary of study two

Considering the discussion of the SLR and its suggestions, the second study in this thesis explored the contribution of EP to FP by taking into account the impact of CG, NG and NC in the context of tourism globally. Based on the analysis of five hypotheses, it can be concluded that CG, NG and NC do have a determination on EP in tourism firms. Furthermore, the association between EP, the lower is favourable, and FP is significant. Environmental degradation also leads to poor FP; in other words, neglecting environmental practices could be costly, probably more than the cost of practising. This relationship, however, is moderated by both firm-level factors such as CG and noticeably moderated and controlled by country-level features such as NG, NC and NE. Economic conditions have also been shown to have a definite effect on the relationship between EP and FP. Consequently, when the sample is divided into developed and developing nations, the contribution of CG to EP is more relevant within the former group. This is probably due to better CG structures and enforcement procedures that firms in developed countries have when compared to their counterparts in the developing nations. The manifestation of this sees tourism firms in developed countries mostly operating in line with the rules prescribed by environmental laws.

During further analysis, which considered moderating roles, this study first determined that CG, NG and NC have (to a degree) a substantial impact upon the relationship between EP and FP in global tourism firms. Firstly, the interaction between CG and EP seems to strengthen the impact on FP; however, this is not statistically significant. Secondly, like CG, voice, accountability and control of corruption significantly moderate the relationship. Thirdly, culture was also found to contribute materially to the EP–FP nexus among tourism firms. Individualism, masculinity and uncertainty avoidance reinforce this relationship, whereas power distance weakens it. This is probably because of the power that most governments have along with their norms and lifestyles, which could implicitly have an influence on stakeholders' actions. Lastly, both firm-level and country-level control factors such as size, growth, leverage, voice and accountability, indulgence, UA, RQ and GDP have also been found to contribute to FP. GDP, for example, contributes favourably throughout the applied model.

Although the applied moderating roles have not been discussed in the literature as they relate to EP and FP in the tourism industry in line with previous theoretical and empirical studies (Azmat & Samaratunge, 2009; Dinica, 2017; Liang & Renneboog, 2017; Mitchell et al., 2013; Stanford & Guiver, 2016; Tan et al., 2017), EP does contribute favourably to FP. The results are consistent with

the work of Tan et al. (2017), one of the few studies that considered the entire tourism industry. Therefore, tourism-related firms can leverage the benefits of EP by adequately planning their environmental management (EM) strategies, which should be developed in a way whereby the costs do not outweigh the benefits. This can be achieved through understanding the exact concern of stakeholders while being cognizant of the valuable links with shareholders. CG should be enhanced particularly in developing nations to ensure that it is promoting EM practices and that those practices are contributing favourably to FP. Considering the discussion and ultimate outcomes, this study has managed to bring some value to the existing literature around EP and FP by employing a far wider and extensive approach in the areas it has tried to investigate, through its methodology and sampling. By combining the viewpoints of all stakeholders for planning and understanding the implementation of environmental strategies, this study seeks to achieve a more accurate reflection of how FP should be measured/considered. Additionally, the conclusions of this newly developed model should help users gain a wider understanding of EP and to create a management strategy for engaging in better practices. Although the model is exemplified with the tourism-related firms, it has general application to the entire service industry.

5.2.3 Summary of study three

Working on a similar basis to the second study, the last study of this thesis considers the ultimate outcomes of the conducted SLR by investigating the relationship between EC and EP. The model that has been applied has taken into account the possible influence of CG, NG and NC in global tourism firms. Based on the tests of the five hypotheses, the study highlighted some original results linked to the main regression analysis of EC and EP, as well as the moderating roles of CG, NG and NC in the tourism industry. Statistical analysis revealed the existence of a strong statistical correlation (positive and favourable) between EC and EP. This means that executive remuneration can play a positive role in encouraging top managers to become more involved in environmental practices, which reflects in better FP; a point highlighted in Study Two. The association between EC and EP seems to be moderated by essential factors such as CG as well as external features of NG and Hofstede's NC dimensions.

The positive link between EC and EP among worldwide tourism firms is significantly moderated by related factors such as CG, NG and cultural features. CG has positive and statistical material power to influence the link with EC. Similar explanations can also be applied to national features, in particular voice and accountability, power distance, uncertainty avoidance and long-term orientation. Indulgence and individualism, however, seem to have an adverse impact on this relationship. Suitable tests have also been carried out to control for the potential firms' characteristics as well as for country-level governance, culture and economic factors. An

assessment of the robustness of the results was also considered. These results were found to be generally consistent with those of previous studies (e.g. Baraibar-Diez et al., 2019; Hong et al., 2016; Mahoney & Thorn, 2006), which suggests a positive relationship between EC and EP. However, it should be noted that the moderating roles which can play a key role in tourism firms were neglected. Based on relevant hypotheses and the use of 1108 firms in 60 countries taken from around the world, it can be said that in this sense at least, the efforts of this study are unique as they provide new insights into the relationship between EC and EP.

This approach is in line with stewardship theory and institutional theory, which suggests that senior managers act in favour of their organisations, considering factors such as norms, regulations and social beliefs, all of which could play a crucial role in firm corporate social and environmental strategy (DiMaggio & Powell, 1983). Also, an optimal contract where directors act to minimise costs and maximise firm value (Hölmstrom, 1979) is consistent with the positive outcomes between EC and EP. In this study, due to the sample being split between developed and developing countries, differing results were achieved and recognised. CG, as in Study Two, was found to contribute favourably and substantially to EP within developed nations when compared to the developing context, which was observed as insignificant. Accordingly, firm CG in developed markets results in better EP. Considering the main model, EP is positively influenced by EC, but only in firms within developed countries. Firms' characteristics, namely, leverage and size, seem to have opposing impacts within these two distinct sample groups. They were found to be significantly positive within the context of developing countries, and vice versa for the other group. Likewise, in terms of national factors (LTO and ITR), these elements positively affected EP in developed nations, with a negative impact for the latter.

Based on the above conclusion, tourism-related firms can leverage the benefits that can be derived from EP by adequately planning their environmental management EM strategies, which might be developed in such a way as to ensure that costs do not exceed benefits. Tourism-related firms must then form valuable links with shareholders to better understand their specific desires as far as EP is concerned. Furthermore, the tourism industry in developing countries should take valuable steps to enhance its CG approaches. This will ensure that CG is promoting the influence of EC towards better EP, which can potentially contribute positively and favourably to firm performance, particularly FP. In this regard, this research brings a new contribution to the prevailing EC-EP literature and the industry as a whole. This, however, is in the light of a meta-analysis by Gao et al. (2016), which suggested new frameworks or a meaningful improvement on existing models in order to theoretically contribute. This study, based on a newly developed model, helps users gain an extensive understanding of the link between remuneration and EP, drawing/providing a management strategy for better practices. Though the model is exemplified with the tourism

industry, the outcomes of this study could equally have a wider application to other service sectors, particularly those that need to understand and manage the link between EC and environmental strategy.

Table 32: The summary of the thesis findings

Questions/ Hypotheses	Results/Findings
Study One:	
What do we know about CSR in the tourism industry and what is yet to be discovered?	<ol style="list-style-type: none"> 1. Mostly descriptive and/or draw on single rather than multi-theoretical perspectives. 2. Focused on how CSR is related to financial performance 3. Neglect of other factors, (e.g. executive compensation, environmental performance, governance and tax)
What are the key patterns and themes?	<ol style="list-style-type: none"> 1. Financial performance 2. Financial reporting quality 3. Environmental and social performance/disclosure 4. Corporate governance 5. CSR practices and control
What are the gaps and limitations in the context?	<ol style="list-style-type: none"> 1. Main limitations were the dearth of qualitative, mixed-methods and cross-cultural/country studies. 2. Opportunities for future CSR in tourism research were outlined
Study Two:	
Environmental performance (degradation) negatively impacts financial performance	Significantly negative
The link between EP and FP is moderated by corporate governance	Positive but not significant
The link between EP and FP is moderated by national governance	Only VAA and COC are positively significant. Others are insignificant
The link between EP and FP is moderated by national culture	Hofstede's dimensions are significantly impacted it, except LTO and indulgence
The link between EP and FP differs among developed/developing countries	Interestingly, the environmental degradation was more pronounced in developing countries; and CG is insufficient in developed countries
Study Three:	
EC positively impacts EP	Significantly positive
The link between EC and EP is moderated by corporate governance	Positive and significant
The link between EC and EP is moderated by national governance	Only VAA is positively significant. Others are insignificant
The link between EC and EP is moderated by national culture	Hofstede's dimensions significantly impact these factors, except for masculinity
The link between EC and EP differs between developed and developing countries	It was more pronounced in developed countries, and CG is sufficiently in this nation

5.3 Thesis implications

Overall, this thesis delivers a comprehensive view of corporate social and environmental responsibilities (commonly known as CSR), and its possible link and therefore, relevance to tourism-related firms. These responsibilities can either exert their own influence or be influenced by internal

factors such as CG or external features such as NG and NC. Applying a new model considering the potential moderating roles of governance, at both firm and country-level, along with Hofstede's cultural dimensions, has unique and important implications. For example, the SLR conducted in this thesis of CSR in tourism provides a broad overview into understanding some of the foundational aspects of CSR as well as highlighting what is yet to be understood. This initiative may allow users to determine a more precise and useful starting point for further academic examination than the bulk of the extant literature. By doing so, it is hoped that these further efforts will add more valuable, much-needed knowledge to academic endeavours in this arena. Managers may, also, use or evaluate the measurement scales that have been presented to assess the impact of CSR activities on consumer perceptions and/or to measure the costs of their environmental/social impact. Furthermore, they should be able to examine the reporting practices that have been discussed in this study and use this as a guide when choosing to prepare their own reports. The discussion of CSR and organisational performance could additionally assist in identifying the critical intermediary variables that apply to different situations.

Also, given the empirical evidence of the favourable outcome of EP on tourism-related firms' FP around the world employing national features, gives a clear vision for internal users such as top managers and owners to make effective decisions. The research conclusion should strongly encourage firms in the tourism industry to support and enhance the strategy of environmental practices. The negative association between degradation of the environment and financial outcomes can assist those companies engaged in such practices who may have been unaware of them, or where to learn about them and provide practical steps in how to avoid this undesirable outcome. In addition, evidence of the positive association between CG and FP motivates tourism firms to consider corporate policies and firm-level governance as part of their entire corporate strategy. Moreover, providing a wider perspective to include NG and culture into the applied model supports the accuracy of planning efficient environmental activities. For example, based on a context where citizens participate in choosing their government considering the EP is indeed necessary in order to avoid an aggressive reaction that might have potential cost implications for tourism firms. Not only NG but also NC features should be considered during the decision making process. Masculinity, individualism and societies with high levels of UA are more likely to perceive EP compared to those who are not in such environments. This can serve as a catalyst for firms in the tourism industry to reflect on cultural values, particularly those that are linked to the boards of directors and those involved in making key decisions.

Therefore, based on the benefit of practising environmental-related activities by avoiding the potential cost of environmental degradation, tourism firms must ensure that they have and retain directors who place the interests of their companies ahead of their own. This is one of the principal

implications to have been extrapolated from the third study in this thesis. The positive outcomes between EC and EP in Study Three can assist companies to take more of a regard for the interests of all stakeholders, which in turn helps to safeguard the environment. Therefore, encouraging decision-makers to use this knowledge to act positively in this regard by considering the most appropriate activities is of clear benefit to both shareholders and stakeholders alike. Furthermore, this study provides a glimpse into the three dimensions of EP, which helps firms to differentiate between them while formulating strategies on development. For instance, considering EC, emission reduction and product innovation practices are more beneficial than a focus on resource reduction.

As in the second study, CG should be prioritised, where the encouragement of executives takes place. Shareholders would act adversely as one of the variables reflect this. Thus firms must soften this action possibly via positive disclosure. Also, given the moderating roles of both governance and cultural dimensions on the EC-EP nexus, tourism-related firms should also be aware of national factors such as the possible participation of individuals in society choosing their own government. Such a possibility could ultimately play a significant role in performance. Furthermore, cultural values should be considered in the same vein. For example, societies characterised by individualism have an adverse moderating effect on the link between EC and EP. Therefore, those national factors could be considered when top managers design their compensation packages.

Accordingly, this thesis and the empirical studies, in particular, have vital implications for governments in that their economies depend heavily on the tourism business. These countries should be motivated to control and moderate the main markets whilst being mindful of cultural values. In developing countries, for example, firms seem to suffer from either unqualified CG or from not being able to monitor the application of existing policies. However, as NG, in line with local culture has an effect on firm performance, government authorities should deal with firms using rules and regulations at the national level. This is so that targets for sustainability can be achieved. Based on the outcomes of this research, regulators and national decision-makers should be encouraged to focus on less social and environmental responsibilities and weakly-governed tourism firms. One such method could be to create a way for individuals to participate in evaluating a firm's environmental practices, which could serve as a means of ultimately warning or reprimanding those companies from exercising practices which may perpetuate environmental neglect. To sum up, businesses in the tourism sector would greatly benefit from perceiving the importance of environmental practices as a tool for shaping FP. Based on the evidence presented in this thesis, firms must be encouraged to use all potential ideas to motivate directors to engage in environmental responsibility, as this will ultimately support a firm's FP in the long run.

5.4 Thesis contributions

Since this thesis has presented a new, structured approach for a systematic review and original empirical studies, new contributions to the tourism industry and corporate social and environmental research have become clearer. The comprehensive SLR in this thesis, which analysed and synthesised CSR and tourism-related firms' outcomes provides several contributions. According to the methodology used, this study is the first of its type to review CSR in tourism; it contributes to understanding how CSR is viewed in the tourism literature and what still needs to be understood in this vast, complex area. This has highlighted to users one of the core components in the strategy of modern tourism businesses, suggesting that firms are currently adopting CSR practices, albeit to varying degrees and that CSR is being practised across diverse geographical regions. Three key themes and critical gaps have been identified from the SLR, namely the lack of discussion on the central debates, e.g. the conflict between shareholders and stakeholders and the neglecting of governance and cultural values. Moreover, the limitations linked to the methodologies of prior research has largely prevented research from being applied to a broader population.

Therefore, this review of CSR in tourism could be a starting point for future academic research, using the additional knowledge which has been added to this field. Based on the outcomes of this study discussion, top managers can use the measurement scales discussed to assess the impact of CSR practices on stakeholders' perceptions. They can also measure the costs and benefits of everyday social and environmental activities. Furthermore, management may consider CSR reporting as has been discussed, choosing more appropriate and suitable methods for preparing their own reports. Also, this thesis's discussion of the association between CSR and firms' performance may assist the identification of critical intermediary variables that apply to different situations. Although the literature indicates a link between participation in CSR activities and organisational performance, this is potentially mediated by other factors, for example, firm characteristics, customer loyalty or customer awareness. However, little consensus on this subject now is recognised, particularly as a result of the absence of a narrative linked to the developing nation context.

One of the primary contributions of this thesis is its effort to build a regression model design in order to investigate issues associated with EP in the global tourism context. Given that the primary goal is to create useful original models, this contains the following: the contribution of EP on tourism firms' FP and whether EC is seen as a tool to encourage better EP. The investigation in this research took into the accounting firm and national-level features, mainly focusing on governance and culture, and considering the potential differences among the developing/developed nations context. By doing so, this thesis has made some progress in highlighting some of the issue

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surrounding EP, the cost/ benefit of degradation of the environment and the possible encouragement of performing well through EC. In examining environmental responsibility at the firm and country-level, this thesis contributes to the prevailing tourism literature in several ways and introduces a newly designed model of EP associated with FP and EC associated with EP.

The studies in this thesis attempt to explain the influence of environmental practices, outlining what drives or influences these practices. This research also contributes in its development of moderating roles to precisely measure their links to the EC-EP nexus in order to facilitate future studies on further social/environmental responsibilities. This thesis reports the role that governance (at a corporate or national level) has on firms' environmental strategies. Similarly, the significant insights provided in this research on the role played by cultural features and how they contribute to the development and progress of the tourism industry, particularly with regards to environmental initiatives. The link between EC and EP is heavily influenced by the interplay between these key governance and cultural dimensions. Additionally, this thesis provides a valuable contribution to those engaged in the study of different behaviours among countries, especially developed and developing nations. One such observation highlights the disparity between developing and developed nations as it relates to environmental degradation, with the effects of this being more pronounced on the former. However, the impact of CG appears to be more pronounced within developed countries.

Furthermore, this thesis contributes to the existing body of research through its investigation of the specific influence of environmental/social responsibility on firms' outcomes and the distinct moderating roles underlying these relationships. It has revealed that environmental practices in particular influence firms' outcomes through the support of EC, and these are moderated by governance and culture, which is being increasingly explored as being a social building block (Alon & Hageman, 2017). Thus, this research adds to this area in its consideration of NG and cultural elements, which, when carried out by managers could have a broader benefit in dealing with EP and its link with firm strategy. This could assist firms' executives and regulators as well as standard-setters in enhancing the improvement of FP and EP through the issuance of governance, policies and practising guidelines. Lastly, although the model has been illustrated within the tourism context, it could arguably have more of a general application to other industry sectors, particularly those that are concerned with managing environmental strategies. In the final section below, the limitations of this thesis and future research directions will be outlined.

5.5 Limitations and future research

Despite the contributions and outcomes presented by this thesis, which are robust and significant, in terms of providing an overview of social and environmental responsibilities associated with firms' performance and strategies in the tourism context, it is acknowledged that this research does have certain limitations. First, the SLR which was conducted was limited to articles published within the ABS, the results of which possibly did not represent the whole body of available CSR knowledge in the tourism literature. Future research may, therefore, benefit from conducting a structured assessment of the quality of existing literature rather than proxy it via journals lists such as ABS or ABDC. The focus of the first study is on CSR and its link with firms' financial and non-financial outcomes, mostly from an accounting point of view; hence, other disciplines may replicate this method considering their sights. It is generally known and accepted that an SLR should be done by a group of three, and may take a year or so to be completed, and so in this regard, this study was unable to rigidly follow this approach. This was due to the expedited timescales involved in PhD research, which is normally conducted by a sole individual and not a group. The rationale behind having a small group involved in this type of study (i.e. three) is to eliminate or minimise bias, with one of the group making a final decision on areas where a difference of opinion may occur.

Due to the limitation of environmental and governance data, the number of tourism firms included in the final study sample is relatively small compared to the number of tourism businesses in operation, globally. The environmental social governance (ESG) data has been available in Assets4 since 2002; however, this dataset suffers from missing data, especially in the early years. Consequently, the final total for the number of companies was adjusted while the model was being run. This could have (to an extent) affected the accuracy of the final results. The second study of this thesis investigated the relationship between EP and FP, considering the impact of country-level governance and cultures as suggested by the work of El Ghouli et al. (2017), regardless of specific national economic features. This similarly applied to the third study, which examined the impact of EC and EP. Thus, a combination of economic factors, such as inefficient resources, inflation and stability, provide a useful sight of measuring the impact of social and environmental performance. Potential governance, culture and economy should, also, be selected from the accounting literature on social and environmental performance in the tourism industry context. Furthermore, there may be other firm-level factors that are entirely associated with CSR and its contextual characteristics that might be an avenue for future research. However, the two empirical studies adopted a cross-sectional design in an attempt to establish a definitive answer on causation, and the second one limited to total environmental degradation which meant that three dimensions were ignored, namely emission reduction, resource reduction and product innovation.

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Based on the interpretation of the findings in this thesis, in the light of the abovementioned limitations, it is suggested that these limitations could be addressed in future research. Addressing them may add to current knowledge or at the least, enhance the robustness of existing evidence. For example, future studies could replicate the applied protocol and methods suggested considering other features such as using ABDC as a proxy for assessing the quality of existing literature or even using both ABS and ABDC. This would enable those engaged in research to cover a wider range in their research goals and save time in their efforts. Furthermore, including the causality of each of the dimensions of the environment with regards to FP, and analysing the different impact of these dimensions would add to the richness in understanding the interplay between EP and FP. Similarly, the different influences exercised by specific sets of stakeholders with regards to social and environmental practices, considering firm financial and non-financial performance, could also fill an existing gap in this context. Thus, it could be valuable to examine the link between the implementation of specific practices and the reaction exerted by particular groups of stakeholders.

Furthermore, focusing on better understanding the various functions, e.g. board structure, board function, the board size, shareholder rights and vision and strategy of CG and including them separately should provide further insight into the contemporary state of this arena. Board meetings, for example, have a positive impact on CSR reports, but board size does not seem to have the same effect (Alshbili et al., 2019). Age, educational level and gender of directors could also impact corporate environmental performance including strategies, implementation and disclosure (Elmagrhi et al., 2018). These are areas that can be considered in future research linked to CSR in the tourism context. In addition, it would be worthwhile to examine whether these features have an influence on corporate social and environmental responsibility and whether societies trust these functions, or they play their role through national policies. Also, the impact of stakeholders' requirements on these responsibilities and the evaluation of their benefits, costs and the impacts on firm performance, considering the lack of commitment to social and environmental performance among employees could be another area to explore.

Although this study has employed national factors as moderators, the direct relationship between factors such as corruption, regulatory quality, voice and accountability, masculinity, indulgence, power distance and long-term orientation and CG, could be, further, examined. Also, researchers could compare the outcomes of these three studies to other industry outcomes to identify and further establish generalisability within the field of CSR and firm performance. Considering multiple sources of data or employed information would be valuable for enhancing the accuracy of outcomes. Finally, comparing the outcomes could determine the differences among industries regarding the correlations between CSR and business outcomes.

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