

## ANTECEDENTS AND CONSEQUENCES OF SUSTAINABILITY PERFORMANCE IN TOURISM INDUSTRY

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### ABSTRACT

**Purpose-** The idea of sustainability performance has grown significantly in importance for both practitioners and academicians as a result of the growing interest in environmental corporate operations in today's competitive climate. Companies in the travel and hospitality industries have also paid close attention to sustainability performance. To achieve sustainable performance, businesses in the tourism sector realize social, environmental, and economic components at the same time. This study aims to explore the antecedents and consequences of sustainable performance in tourism industry.

**Methodology-** The study employs a literature review on articles concerning sustainability performance of tourism firms. The present research endeavors to synthesize the stream of literature on sustainability performance in the field of tourism published between 2018 and 2022. The relevant studies were systematically analyzed on the basis of the data gathered from the Scopus database.

**Findings-** The findings of the study are presented along with the coding frame in three main sections: Research scope, research methodology, and empirical issues including antecedents and consequences of sustainability performance of tourism firms. The antecedents of environmental sustainability are categorized into four sub-categories namely ecology-related, resource-related, product-related, and management-related antecedents. The antecedents of economic sustainability is classified into four sub-categories namely consumer-related, marketing-related, financial and organizational antecedents. Social sustainability antecedents are summarized into four categories namely employee-related, community-related, stakeholder-related, and visitor-related antecedents. Further, sustainable performance is significantly related to high financial performance, market performance, perceived credibility and organizational culture.

**Conclusion-** Tourism firms and destinations should concentrate on ecology-related antecedents, financial and marketing-related antecedents, employee-related and community-related antecedents in order to achieve sustainable performance. Although there are many studies that focus on the causes of sustainable performance, few researchers look into the results of sustainable performance. The effects of sustainable performance should be studied in further research.

**Keywords:** Sustainability performance, environmental performance, tourism industry, antecedents, indicators

**JEL Codes:** L25, L83, Q01

### 1. BACKGROUND

Although the travel and tourist industry is frequently praised for its role in creating jobs, generating foreign currency, and contributing to the GDP of the economy, it is also harshly condemned for failing to adhere to the sustainable practices (Bodhanwala & Bodhanwala). Due to the significant economic contribution that the tourism industry makes, like the majority of other sectors today, it has incorporated environmental, social, and governance (ESG) principles as indicators of sustainability reporting into all aspects of operations and strategic management in order to increase revenue, which then contributes more to economic development (Buallay et al., 2022). As a result of the increasing interest in environmental corporate activities in today's competitive environment, sustainability performance concept has gained a great importance for both practitioners and academicians (Goyal et al., 2013). Sustainability performance has also received a great attention from tourism and hospitality companies. Businesses in tourism industry realise social, environmental, and economic dimensions simultaneously in order to achieve sustainable performance (Tsetse et al., 2022).

Sustainability initiatives are being adopted all over the world and are an important part of the corporate sector's going concern philosophy. Brundtland (1987) is credited with the first definition of the phrase "sustainable practices". Environmental sustainability, economic sustainability, and social sustainability methods are thus its major three elements. These factors have a significant impact on firms and must be considered in corporate strategy (Nagendrakumar et al., 2022). Past studies concentrated on identifying the sustainable ecotourism indicators for different contexts and ecosystems in tourism literature (Gan et al., 2017, Ocampo et al., 2018). Some studies investigated causal relationships between sustainability performance and diverse antecedents such as Green process innovation (Elzek et al., 2021) and

green organizational culture (Asadi et al., 2020). Although there is an abundant of research on environmental performance in hospitality and tourism firms in recent decades (Aragon-Correa et al., 2015), a systematic literature review is still pending. Therefore, the purpose of this study is to investigate the antecedents and consequences of sustainability performance in tourism industry.

## 2. DATA AND METHODOLOGY

The study employs a systematic literature review on articles concerning sustainability performance of tourism firms. An electronic search was conducted on the title, abstract and keyword fields of the articles with the keywords 'sustainability performance' or 'environmental performance' in combination with 'tourism' to view relevant articles published in the last five years. The search was conducted on Scopus database which uniquely provides a distinctive amalgamation of a meticulous compilation of abstracts and citations, coupled with enhanced data and interconnected scholarly literature, encompassing a diverse range of fields. (Elsevier, 2023). The search yielded 32 articles, however seven articles were eliminated due to being out of scope, a bibliometric study, or not directly related to the topic. Then, 25 articles were subjected to a content analysis. The data analysis procedure comprised three distinct stages. Initially, Microsoft Excel and SPSS software were utilized to systematize information pertaining to the journal it was published in, the countries and regions under study, the qualitative or quantitative nature of the study, the sample size, and the antecedent and consequences of sustainability performance sourced from all identified articles. Subsequently, the data underwent a process of categorization to facilitate the presentation of percentage frequencies for each dimension associated with the research scope and methodologies. Finally, key sentences that offered insights into the causal relationships between performance and its antecedents and consequences were subjected to content analysis. Table 1 demonstrates the information about the sampled articles in the study.

**Table 1: Information related to articles (N=25)**

Publication outlet	n	Publication year	n
Sustainability	3	2018	1
Current Issues in Tourism	2	2019	1
Ecological indicators	2	2020	4
Journal of Cleaner Production	2	2021	7
Other*	18	2022	12
Geographical focus		Methodology	
North America	1	Qualitative	5
Europe	9	Quantitative	18
Asia	7	Mixed-method	2
Africa	2		
Australia	0	Sample size	
Latin America	0	99 or less	14
Middle East	2	100 - 249	5
Multiple	4	250 - 499	3
		500 - 749	1
		750 - 999	0
		1000 or more	1
		Not available	1

\* Other refers to 18 journals that were evaluated and published only one article on the subject.

## 3. FINDINGS

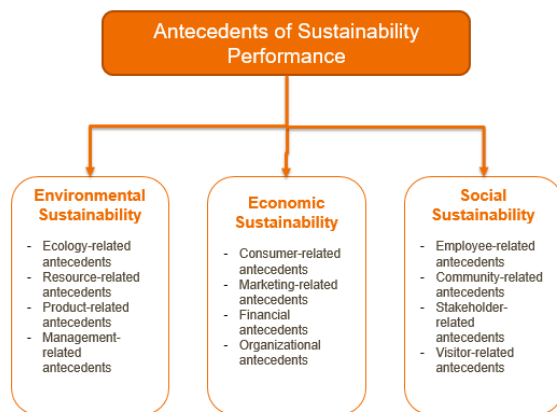
### 3.1. Antecedents of Sustainability Performance

The findings related to antecedents of sustainability performance have been summarized into three categories: environmental sustainability, economic sustainability, and social sustainability. Figure 1 shows the categories and sub-categories related to antecedents and indicators of sustainability performance in tourism industry.

The ecology-related antecedents covers maintenance and the integrity of the ecological system, environmental purity, waste management, Low-Emissions Economy which refers to decrease in greenhouse gas emissions, measuring, monitoring, minimizing, and publicly reporting, their greenhouse gas emission (Absalon et al., 2022; Buallay et al., 2022; Nagendrakumar et al., 2022). The firms might also adopt Low-impact transportation and involve in climate change mitigation schemes in order to achieve environmental sustainability (Bricker et al., 2022; Nagendrakumar et al., 2022). Related to resource-related antecedents, resource efficiency covering the topics such as use of natural resources and protecting quality of environmental resources is important for environmental efficiency (Absalon et al., 2022). Further, energy conservation referring to reducing energy consumption and management of energy flow and water management and security are other antecedents of environmental sustainability (Asadi et al., 2020; Bricker et al., 2022; Lee et al., 2021). The third category is product-related antecedents such as product responsibility that refers to offering environmental-friendly products to the market, opting for suppliers aware of their environmental responsibilities and working with environmental-friendly suppliers and adopting green process innovation are some of the most significant antecedents of environmental sustainability in the tourism industry (Asadi et al., 2020; Bodhanwala & Bodhanwala, 2022; Nagendrakumar et al., 2022). Finally, management-related antecedents of environmental sustainability covers ensuring industry-

academia cooperation, making responsible investments, having an integrated tourism and environment plan, having an inventory of tourism assets and attractions and building and infrastructure compliance with zoning requirements (Bricker et al., 2022; Lee et al., 2021; Ocampo et al., 2018; Vardari & Gashi, 2020) .

**Figure 1: Antecedents of sustainability performance in tourism industry based on review**



In relation to economic sustainability antecedents and indicators, the first category under this theme is consumer-related antecedents involving visitor consumption measured with average daily spending per tourist and average occupancy rate (Ocampo et al., 2018; Nagendrakumar et al., 2022). Further, tourist satisfaction with related activities influences economic sustainability of tourism industry (Bricker et al., 2022). In relation to marketing-related antecedents, tourism firms should also ensure quality in tourism production and services to reach economic sustainability (Lo & Alejandro, 2022; Ocampo et al., 2018). The firms having a continuous access to market, adopting sustainable promotion activities, analyzing market supply and demand and stakeholders market orientation are likely to ensure economic sustainability (Sharifi Orkomy & Sharbatdar, 2021; Tsetse et al., 2022). Further, sector's competitiveness affects economic sustainable performance of tourism firms (Eckardt et al., 2022). The third category is financial antecedents covering cost for maintaining tourism operation, firms profitability and productivity in operations, commercial availability and financial return and income (Glyptou et al., 2022; Nagendrakumar et al., 2022; Sharifi Orkomy & Sharbatdar, 2021) . Moreover, there are also additional organizational factors affecting sustainable performance. Firms should adopt participatory planning involving local tourism industries and residents in destination planning and ensure legal compliance (Bricker et al., 2022; Lee et al., 2021). Effective crisis and emergency management, ensuring information security and restatement of organizational values, mission and culture in order to have a green organization culture are other antecedents of economic sustainability (Asadi et al., 2020; Bricker et al., 2022; Sharifi Orkomy & Sharbatdar, 2021).

Regarding antecedents of social sustainability, the first sub-category is employee-related antecedents. First, the firms are advised to ensure training and development of tourism personnel and quality of tourism employment (Absalon et al., 2022; Bricker et al., 2022; Eckardt et al., 2022). Second, other employee rights and working conditions such as health and safety, preventing exploitation, employee wages, gender equality in HR activities such as percentage of women employed in the company, and human rights and workforce responsibility are crucial for ensuring social sustainability (Bodhanwala & Bodhanwala, 2022; Buallay et al., 2022; Glyptou et al., 2022; Lee et al., 2021). Further, empowerment of employees, employee satisfaction, and adopting a careful planning and staff selection processes are other antecedents of social sustainability (Eckardt et al., 2022; Lee et al., 2021). The second sub-category is community-related antecedents including training and development of local community in order to increase the ecological awareness of society and enhancement of social identification for locals (Bricker et al., 2022; Tsai et al., 2021). The firms should also ensure residents and community involvement and accessibility to recreational facilities, natural and cultural sites (Lo & Alejandro, 2022; Tsai et al., 2021; Tsetse et al., 2022). Further, the level of creating employment opportunities for locals, making donations and thus contribution to social welfare of community are determinants of social sustainability (Buallay et al., 2022; Lee et al., 2021; Lo & Alejandro, 2022). Moreover, building relationships with local government and protection of local culture and heritage sites are other antecedents of community-related social sustainability (Bricker et al., 2022; Lee et al., 2021; Sharifi Orkomy & Sharbatdar, 2021). In relation to stakeholder-related antecedents, ensuring broad participation and effective communication of stakeholders and business relationships concerning stakeholder participation in decision-making processes are significant for social sustainability (Bodhanwala & Bodhanwala, 2022; Buallay et al., 2022; Lo & Alejandro, 2022; Tsai et al., 2021). The firms are advised to encourage interaction between the local community and the guests, providing cultural awareness information sources for tourists at the destination and disclosing ethical, social and ecological information about their services to attain social sustainability (Lee et al., 2021; Lo & Alejandro, 2022; Ocampo et al., 2018).

### 3.2. Consequences of Sustainability Performance

When the firms ensure sustainable performance, they have high financial performance which is measure with diverse indicators such as Liquidity, Leverage, Productivity, Solvency, and Efficiency, and ROA (Bodhanwala & Bodhanwala, 2022; Buallay et al., 2022; Nagendrakumar et al., 2022). Further, sustainable performance affects firms' operational performance such as average room occupancy performance and gross profit per room (Buallay et al., 2022; Pereira-Moliner et al., 2021). In the pertinent literature, a significant relationship between

sustainable performance and market performance measure with better sales volume and market share (Buallay et al., 2022; Pereira-Moliner et al., 2021). Moreover, when the firms achieve sustainable performance, they would have higher perceived credibility and there occurs a positive effect on organizational culture involving their missions, visions and strategies (Vardari & Gashi, 2020; Vinzenz et al., 2019).

#### 4. CONCLUSION

This study aims to reveal antecedents and consequences of sustainability performance scrutinizing articles published in tourism and hospitality field. The antecedents of sustainability performance have been evaluated under three categories: namely, environmental sustainability, economic sustainability and social sustainability. Tourism firms and destinations should concentrate on ecology-related antecedents for environmental sustainability, financial and marketing-related antecedents for economic sustainability, employee-related and community related antecedents for social sustainability. The results show that activities to maintain sustainability performance have an influence on financial, operational and market performance. Although there are abundant studies concentrated on the antecedents of sustainable performance, limited number of scholars investigates the outcomes of sustainable performance. Future research should investigate the consequences of sustainable performance.

This study has some limitations. First, the present research sampled only research articles cited in SSCI. The relevant papers published in other sources such as books and proceedings were not included. The further research might cover a broader scale of sources to review other type of papers. Second, because the review was restricted to papers written in English, articles published in other languages were not included in the study. Third, literature on performance in the context of tourism is the focus of this study, which prevents generalizations about drivers in other contexts. Future scholars might conduct reviews on sustainability performance on other contexts. Fourth, the conclusions are limited by the coding framework that was utilized for the content analysis; other topic areas and sub-categories might have provided alternative viewpoints on the commercial performance of tourism enterprises.

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