



**THE IMPACT OF CORPORATE SOCIAL
RESPONSIBILITY ON THE SUSTAINABILITY
PERFORMANCE OF TRAVEL AND LEISURE
COMPANIES**

**2024
MASTER THESIS
FINANCE AND BANKING**

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THESIS APPROVAL PAGE

I certify that in my opinion the thesis submitted by Amira Mohamoud DAHIR titled “THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON THE SUSTAINABILITY PERFORMANCE OF TRAVEL AND LEISURE COMPANIES” is fully adequate in scope and in quality as a thesis for the degree of Master of Science.

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This thesis is accepted by the examining committee with a unanimous vote in the Department of Finance and Banking as a Master of Science thesis. November 21, 2024

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The degree of Master of Science by the thesis submitted is approved by the Administrative Board of the Institute of Graduate Programs, Karabuk University.

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DECLARATION

I hereby declare that this thesis is the result of my own work and all information included has been obtained and expounded in accordance with the academic rules and ethical policy specified by the institute. Besides, I declare that all the statements, results, materials, not original to this thesis have been cited and referenced literally.

Without being bound by a particular time, I accept all moral and legal consequences of any detection contrary to the aforementioned statement.

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Signature :

FOREWORD

Firstly, in the name of Allah, the most merciful and the most gracious. I thank Allah, the almighty, who gave me the ability to write this thesis. As embarking on this thesis journey is both challenging and rewarding. I deeply appreciate my thesis advisor, Assoc. Prof. Dr. Hasan Tekin for his advice and guidance through the thesis process; he was always there, and his office was open whenever I ran into a trouble spot or had a question about my research or writing. Also, I must express my very profound gratitude to my parents and siblings for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis, this accomplishment would not have been possible without them.

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ABSTRACT

This thesis examines the impact of corporate social responsibility (CSR) on the sustainability performance of travel and leisure companies, also the study examines how CSR initiatives impact the environmental, social, and governance (ESG) dimensions of sustainability within the sector, and assesses whether these efforts translate into tangible performance improvements. Using a panel dataset of 301 companies spanning 2002 to 2022, data were downloaded from the Thomson Reuters Worldscope and ESG databases. Analytical techniques, including fixed and random effects models, allowed for control of unobserved characteristics and produced robust estimates of the effects of CSR on sustainability outcomes. The results show that higher levels of CSR are positively associated with improved sustainability performance across all ESG dimensions, with the strongest effects observed in environmental performance. Time series analysis reveals that companies with high CSR engagement achieve consistent performance improvements, supporting the view of CSR as a long-term strategic investment. Furthermore, the study found that while economic downturns such as the global financial crisis and the COVID-19 pandemic partially undermine the effectiveness of CSR, companies with strong CSR commitments tend to demonstrate greater resilience. These findings highlight the practical value of CSR in promoting sustainable practices that meet stakeholder expectations and contribute to firm stability, even in volatile economic conditions. For travel and leisure companies, CSR provides a path to improved sustainability performance, stakeholder trust, and competitive advantage. This research provides valuable insights for managers, policymakers, and investors, suggesting that CSR is not just a tool for social responsibility but also a vital component of a sustainable and resilient business strategy in the travel and leisure sector.

Keywords: Corporate social responsibility; Performance; Sustainability; Tourism

ÖZ

Bu çalışma kurumsal sosyal sorumluluğun (KSS) seyahat ve eğlence şirketlerinin sürdürülebilirlik performansı üzerindeki etkisini incelemekte, ayrıca KSS girişimlerinin sektördeki sürdürülebilirliğin çevresel, sosyal ve yönetim (ESG) boyutlarını nasıl etkilediğini ve bu çabaların somut performans iyileştirmelerine dönüşüp dönüşmediğini değerlendirmektedir. 2002-2022 yılları arasında 301 şirketten oluşan bir panel veri seti kullanılarak, veriler Thomson Reuters Worldscope ve ESG veri tabanlarından indirilmiştir. Sabit ve rastgele etkiler modelleri de dahil olmak üzere analitik teknikler, gözlemlenemeyen özelliklerin kontrol edilmesine izin vermiş ve KSS'nin sürdürülebilirlik sonuçları üzerindeki etkilerine ilişkin sağlam tahminler üretmiştir. Sonuçlar, daha yüksek KSS seviyelerinin tüm ÇSY boyutlarında gelişmiş sürdürülebilirlik performansı ile pozitif ilişkili olduğunu ve en güçlü etkilerin çevresel performansta gözlemlendiğini göstermektedir. Zaman serisi analizi, yüksek KSS katılımına sahip şirketlerin, KSS'nin uzun vadeli stratejik bir yatırım olduğu görüşünü destekleyecek şekilde tutarlı performans iyileştirmeleri elde ettiğini ortaya koymaktadır. Çalışma ayrıca, küresel finansal kriz ve COVID-19 salgını gibi ekonomik gerilemeler KSS'nin etkinliğini kısmen zayıflatırken, güçlü KSS taahhütlerine sahip şirketlerin daha fazla dayanıklılık gösterme eğiliminde olduğunu ortaya koymuştur. Bu bulgular, KSS'nin paydaş beklentilerini karşılayan sürdürülebilir uygulamaları teşvik etmedeki pratik değerini vurgulamakta ve dalgalanmalarda bile firma istikrarına katkıda bulunmaktadır.

Anahtar Kelimeler : Kurumsal sosyal sorumluluk; Performans; Sürdürülebilirlik; Turizm

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ABBREVIATIONS

CSR	: Corporate Social Responsibility
ENVPER	: Environment Performance
ESG	: Environment, Social and Governance
FE	: Fixed effect
GDP	: Gross Domestic Product
GFC	: Global Financial Crisis
GOVPER	: Governance Performance
GRI	: Global Reporting Initiative
GROW	: Growth
LEV	: Leverage
POLS	: Pooled Ordinary Least Squares
RE	: Random Effect
ROE	: Return on Equity
SIZE	: Size of the firm
SOCPER	: Social Performance
SUSPER	: Sustainability Performance
T&L	: Travel & Leisure
UNWTO	: United Nations World Tourism Organization
VIF	: Variance Inflation Factors
WTTC	: World Travel & Tourism Council

SUBJECT OF THE RESEARCH

The subject of this research is to examine the impact of Corporate Social Responsibility (CSR) on the sustainability performance of companies in the travel and leisure sector. It investigates how CSR initiatives affect the environmental, social and economic aspects of sustainability in these companies and focuses on whether such practices lead to better financial performance, increased stakeholder engagement and improved reputation. The study aims to understand the importance of CSR in shaping sustainable business strategies in a sector characterized by a high environmental and social footprint.

PURPOSE AND IMPORTANCE OF THE RESEARCH

The aim of this research is to investigate the role of CSR in improving sustainability performance in the travel and leisure sector. As companies in this sector are increasingly scrutinized for their environmental and social impacts, understanding the effectiveness of CSR practices becomes critical. The research aims to provide insights into the benefits and challenges of CSR initiatives for managers, policy makers, and stakeholders. It will also contribute to the existing literature by providing empirical evidence on the link between CSR activities and sustainable development in the travel and leisure sector, thereby supporting companies to adopt sustainable business practices.

METHOD OF THE RESEARCH

This study uses a quantitative approach using panel data analysis to investigate the relationship between CSR and sustainability performance. Data are drawn from Thomson Reuters Worldscope and ESG databases covering 2,424 firm-year observations from 301 travel and leisure companies for the period 2002-2022. Panel data methods such as fixed effects and random effects models are used to account for unobservable characteristics that may affect the results. The analysis includes evaluating various financial and sustainability indicators to determine the impact of CSR initiatives on firms' performance over time.

RESEARCH PROBLEM / RESEARCH QUESTIONS

How does corporate social responsibility affect the sustainability performance of travel and leisure companies?

THE SAMPLE

The sample consists of 2,424 firm-year observations examining 301 sample firms from the travel and leisure (T&L) industry. The data downloaded from the Datastream and ESG database of Thomson Reuters Eikon covering the years 2002-2022.

SCOPE AND LIMITATIONS

The scope of this study is limited to publicly traded travel and leisure companies with consistent CSR data from 2002 to 2022 in the Thomson Reuters Worldscope and ESG databases. The analysis focuses on the impact of CSR initiatives on sustainability performance indicators such as environmental management, social responsibility, and governance practices. There are several limitations to this study. It focuses only on publicly traded travel and leisure companies and excludes specific firms that may have different CSR practices. Variability in CSR reporting across firms and years may introduce bias, and the findings may not be generalizable to other industries. Additionally, the changing nature of CSR practices over time and geographical differences across firms are not fully captured. The study is quantitative and lacks qualitative insights that could provide a deeper understanding of CSR practices.

1. CORPORATE SUSTAINABILITY

1.1. Sustainability

Cash Sustainability practices are being adopted globally and are now a fundamental aspect of the ongoing sustainability of businesses as businesses play a significant role in any societal change toward sustainability. The concept of sustainability practices was first defined by Brundtland (1987) and includes three main dimensions: environmental, economic, and social sustainability. These dimensions significantly impact firms and so are essential components of corporate strategy (Nagendrakumar et al., 2022). While the idea of sustainability has been explored in various fields, it shares a common goal: to use and protect both natural and man-made resources within an ethical framework (Tıraş, 2012). However, the lack of strategic direction in managing corporate sustainability is a major factor that hinders progress in this area (Baumgartner & Rauter, 2017). As organizations face increasing risks and uncertainties, sustainability has become a critical concern. Many countries are now focusing on sustainability practices to improve corporate performance. Additionally, some companies implement these practices as strategic efforts to improve their financial performance and strengthen their reputation.

Moreover, sustainability practices have become an important means of increasing corporate strength and ensuring long-term survival. By increasingly integrating sustainability into their operations, businesses are responding to external stakeholder pressure as well as reducing the risks associated with social unrest, environmental degradation, and economic instability (Bocken et al., 2014). According to Porter and Kramer (2011), integrating sustainability practices often results in innovations in goods, services, and processes that increase operational efficiency and provide businesses with a competitive advantage. Moreover, companies that implement comprehensive sustainability plans often witness improved relationships with stakeholders, which can result in increased employee engagement and customer loyalty (Grewatsch & Kleindienst, 2017). Additionally, businesses that integrate their corporate sustainability plans with international frameworks such as the United Nations Sustainable Development Goals (SDGs) demonstrate that they are committed to addressing more important societal issues. This alignment helps businesses gain credibility, enter new markets, and attract investors, as sustainable investors are more

concerned with environmental, social, and governance (ESG) issues (Bebbington and Unerman, 2018). Research shows that businesses with high ESG performance have lower cost of capital structures and are more likely to attract long-term investors (Friede et al., 2015).

However, there are obstacles to successfully implementing sustainability practices. According to Eccles and Serafeim (2015), a significant problem is the lack of defined measurement and reporting systems, which makes it difficult for stakeholders to assess the actual sustainability performance of businesses. Although frameworks such as the Sustainability Accounting Standards Board and the Global Reporting Initiative (GRI) have made progress in establishing guidelines for sustainability reporting, there is still much diversity in how companies disclose and evaluate their sustainability efforts (Cheng et al., 2014). Furthermore, some companies engage in “greenwashing,” the deceptive promotion of sustainability commitments to strengthen their brands (Delmas & Burbano, 2011).

Finally, to address these challenges, companies need to adopt a more comprehensive and integrated approach to sustainability, embedding it in their corporate culture and governance structures. This includes developing a long-term strategy for sustainability, investing in sustainable innovation, and continuously engaging with stakeholders to understand and address their issues (Galpin et al., 2015). Companies can make a meaningful contribution to sustainable development while also ensuring their own long-term success.

1.2. Corporate Sustainability

Addressing sustainability in business performance is classified as corporate sustainability (Steger et al., 2007). It was defined corporate sustainability as business strategies and activities that meet the needs of today's businesses and their stakeholders while sustaining, protecting, and developing natural resources for the needs of the next generation. Corporate social responsibility, in the most general terms, means that company managers act not only in the interests of shareholders or their own interests but also take into account the needs of society. Wilson (2003) defines corporate sustainability as "a new and developing corporate management paradigm" and states that sustainability practices are important for the growth and profitability of

companies. Since the publication of the Brundtland Report in 1987, sustainability has evolved into an organization's objective to balance social, economic, and environmental development. Since then, academics, public policymakers, decisionmakers, and those who provide strategic guidelines for public and private organizations have recognized it as an emerging issue (Higgins-Desbiolles et al., 2019).

Corporate sustainability is becoming increasingly important in business as companies become aware of the need to confront social and environmental issues. The underdeveloped state of the literature on sustainability for the tourism and hospitality industry was brought to light, despite the increasing interest of academics in sustainability research (Molina-Collado et al., 2022). Further research has also shown that academic research has few implications for the tourism and hospitality sector (Gossling & Higham, 2021). This recognition is especially true for travel and entertainment companies because their operations often significantly impact the environment and local communities.

Travel emissions and companies can improve their sustainability performance by implementing sustainable practices such as supporting local communities, reducing carbon emissions, and promoting biodiversity conservation. This not only helps preserve natural resources and ecosystems but also improves their reputation among socially and environmentally conscious consumers. By actively participating in corporate sustainability, travel, and entertainment companies can attract more customers who are ready to pay higher prices for products and services that reflect their values.

Corporate sustainability can also deliver cost savings through increased energy efficiency and waste reduction. Additionally, corporate sustainability initiatives can increase employee morale and engagement by aligning employee values with the company's mission. Overall, corporate sustainability has a significant impact on the sustainability performance of leisure and travel firms, benefiting not only the environment and local communities but also the company. Reputation, customer base, cost efficiency, and employee satisfaction.

There are studies in the literature supporting that companies with high corporate sustainability performance are less affected by crisis periods. (Zhou et al.,

2024) investigated the relationship between ESG performances and financial risk for the period 2005-2014 and demonstrated that engagement in ESG issues reduces the risk of potential losses, that is, loss of value. Some studies in the literature emphasize that companies that attach importance to sustainability activities, especially those that perform higher on social issues, are more flexible in times of crisis, and these features give companies the potential to reduce their risks (Albuquerque et al., 2019). Also, Lins et al. (2017) show that US companies with higher ESG scores had better financial performance than other companies during the 2008-2009 global financial crisis.

1.2.1. Environmental Sustainability

Environmental sustainability is a crucial component of corporate social responsibility (CSR) and refers to “managing and protecting resources to minimize environmental damage and preserve biodiversity and natural heritage” (Cozzio, 2019). This means Environmental sustainability involves avoiding business practices that harm human health and ecosystems during the production of goods and services. It encompasses key concerns such as preventing water, air, soil, and noise pollution, as well as addressing factors such as climate change, biodiversity, regenerative capacity, reuse, recycling, and carbon footprint (Searcy & Elkhawas, 2012). According to Svensson and Wagner (2015), “business sustainability” refers to an organization’s efforts to manage its own and its business network’s effects on the global ecosystems and life forms. Environmental sustainability practices can improve a hotel company’s corporate social responsibility strategy because hotels have a big environmental impact.

CSR is essential for businesses that want to address ESG issues and align with sustainable development goals. Because social and environmental issues are intertwined, comprehensive environmental sustainability requires strong ties between businesses, customers, rivals, and governments. Hotels can benefit strategically from the growing significance of green management as a response to growing environmental concerns (Kim et al., 2010). Since economic and environmental performance are vital, it is important to strike a balance between these two factors and encourage sustainable performance in companies to gain a competitive edge (ÚbedaGarcía et al., 2021).

The United Nations World Tourism Organization (UNWTO) defines sustainable tourism as "tourism that leads to the management of all resources to ensure that economic, social, and aesthetic needs are met while preserving the integrity of culture, basic ecosystems, biodiversity, and life support systems" (Nurjaya, 2023). In the 1980s, it became clear that major changes in the world's environment were occurring suddenly and quietly, and scientists had not predicted these changes. The world is also increasingly aware that there is an element of uncertainty and risk in the impact of various human activities on the global environment. To fix these problems, radical changes in our lifestyles are needed.

There are many reasons for this. Apart from transportation, sightseeing does not consume additional resources without parts. Local resources, culture, traditions, businesses, recreational facilities, etc. are the main resource base of tourism. The use of natural and cultural resources by tourists should be non-consumptive and renewable. Tourism is one of the few economic skills available in remote areas. Tourism provides a real opportunity to reduce poverty, create jobs for the poor, and stimulate regional development. Tourism has proven its ability to revive cultures and traditions: it can provide economic incentives to protect natural and cultural values. Tourism has been shown to enhance understanding between people and promote international awareness.

Sustainable tourism is actually a matter of how best to promote tourism growth while reducing costs (Higgins-Desbiolles, 2018). Sustainable tourism requires the appropriate use and management of resources to meet economic, social, and cultural needs while preserving the integrity of society and culture, ecological systems, and biodiversity for current and future generations. Therefore, modern tourism with its changes and characteristics cannot be developed without considering local management as an important part of the economic aspects of tourism.

The principles of sustainable tourism are many; one of these is environmental sustainability, which requires the implementation of appropriate developments to protect basic ecological systems, biodiversity, and resources. Due to the high dependence of tourism on the environment, the protection of tourist sites and their natural assets contributes to the growth of tourism and increases the popularity of the destination. Due to its ability to generate income, tourism can improve the environment, provide funding, and preserve the cultural heritage of the destination.

1.2.2. Social Sustainability

The term “social performance of sustainability” describes an organization’s actions that have a long-term impact on societal welfare (Elkington, 1994). MacKenzie (2006) defines social sustainability as a societal process that fosters favorable conditions. The author suggested that this process includes achieving indicators such as “equity in basic services, intergenerational equity, valuing diverse cultures, citizen political participation, a sense of social ownership and responsibility, and a framework for transmitting social sustainability awareness to future generations.” MacKenzie also emphasized the importance of mechanisms that enable a society to collectively identify its strengths and needs, this is vital for determining social sustainability.

In addition, Newman et al. (2016) asserted that social performance is the authentic manifestation of environmentally conscious practices concerning social dimensions, thereby enhancing the company's reputation among diverse stakeholders. Furthermore, Yusliza et al. (2019) suggested that businesses fulfill their environmental and financial objectives while also being socially conscious.

However, social indicators such as working conditions, welfare support for employees and their families, occupational health and safety, product responsibility, social commitment, consumer relationship management, and other employee benefits are used to evaluate an organization’s social performance (Yong et al., 2020). Similarly, Afum et al. (2020) contended that an organization’s ability to translate its social mission into reality is often aided by the social performance of the sustainability dimension.

Additionally, social performance aids organizations in gauging the community’s safety, health, and quality of life as well as that of their workforce. Wagner (2015) asserted that organizations’ investments in their social responsibilities are linked to tangible benefits, which in turn generate additional tangible benefits. The arguments conclude that social performance serves as the organization’s shield, assisting it in defending society’s social values and mitigating adverse effects through its operational activities.

There are different interpretations of social stability, according to Barbier (2016), social stability emphasizes the importance of maintaining social values such as equality, culture, and social justice, while Sachs (1999) emphasizes the importance of social stability for the maintenance of basic values. This is equality and democracy. Littig and Griesler (2005) emphasized the importance of 'work' and 'needs' in terms of social stability and emphasized the relationship between nature and society and stated the following: If work and social institutions are the same, they are closed, and social stability is achieved. This responds to a wide range of problems. "It is designed to meet human needs and protect nature and its reproductive capacity in the long term, to meet the common requirements of social justice, human dignity and participation."

The definition of International Labor Organization for social sustainability requires the promotion of human rights, equality of opportunities, equitable distribution of benefits, poverty reduction, recovery processes of local communities, and social security. To protect and strengthen the system, traditional culture and prevent exploitation. Harris (2007) mentions that it is a socially sustainable system; therefore, it welcomes the distribution and creation of social services, especially education, health, gender, political responsibility, and participation. It is argued that justice is done.

In addition, Dujon et al. (2013), using different working definitions from different scholars, summarize the concept of social sustainability as "the process of creating community health and well-being now and in the future" and "social institutions that contribute to the environment's current and future requirements." and economic sustainability". Another definition states that social sustainability is "a good condition of the lives of communities and the means to achieve this condition". And also, a process composed of several indicators: equality, diversity, system integration and structure, quality of life, democracy and government.

1.2.3. Governance Sustainability

The term Governance sustainability is one of the growing concerns for maintaining the sustainability of the tourism sector. By giving the organization a competitive edge, governance lessens unforeseen circumstances when allocating resources (Smith et al., 2005). According to Bartkowski et al. (2021), the principles of

efficacy, efficiency, and legitimacy form the foundation of the idea of sustainable governance. In light of this, it serves as a useful tactic for overcoming obstacles and enhancing performance

Furthermore, according to Tekin (2024a,b), governance is an implicit method of social coordination as opposed to managing society and governing, directing, and controlling it. For instance, governance mechanisms significantly enhance an organization's social performance and promote accountability for corporate social responsibility and organizational transparency (Khan et al., 2013).

According to Jones et al. (2016), corporate sustainability reporting improves an organization's comparability, credibility, and transparency. Moreover, governance mechanisms guarantee that stakeholders, both internal and external, receive more reliable sustainability information (Kılıç et al., 2021). In light of the tourism industry's growth, quickly evolving demands, and fierce competition, a sustainable governance structure is required.

Governance is a multifaceted phenomenon; this helps to explain the diverse nature of tourism, firstly the nature of migration policy and secondly the different methods used to understand how to manage migration. Governance is an administrative or work function that is not only available to formal government institutions such as federal and state governments, national tourism authorities, and tourism boards. Instead, it involves increasing cooperation between tourism, public, private, and third-party organizations, bringing together tourism-focused stakeholders, businesses, and cultural government organizations that invite stakeholders to the site to ensure sustainable tourism relationships within and between tourism stakeholders. With this in mind, we can examine many aspects of tourism in terms of tourism management, such as tourism policy, tourism, risk management, feasibility studies, service quality and tourism satisfaction, competition, environment, cybersecurity, and economics (Yeh & Trejos, 2015).

Finally, effective management is a prerequisite for the sustainable development of tourist destinations. Previous research on tourism management has highlighted the transformation of governance into tourism policy, the emergence of new modern forms of governance and networks affecting tourism, the changing role of destination management organizations, and the complex challenges of tourism management in a

globalized world. However, most of this research has been conducted in large, developed countries with international tourism industries. This special issue of the Journal of Sustainability brings together new research on the subject from different geographical, social and economic perspectives and reviews the field of tourism management in the light of various current crises affecting the sustainability of tourism destinations.

1.2.4. Sustainable Development Goals (SDGs)

In 1987 the concept of sustainable development was officially introduced in a United Nations report titled *Our Common Future*, also known as the Brundtland Report. This report defines sustainable development as "A transformation process in which resource use, investment strategies, technological progress, and institutional changes are aligned with both current and future needs" (World Commission on Environment and Development, 1987). According to Engin and Akgöz (2013), organizations generally pursue sustainable development for various reasons such as financial benefits or increasing their reputation. However, Omer (2008) emphasizes that sustainable development is increasingly recognized not only for its economic advantages but also for its significant potential impacts on society and the environment. Furthermore, Kuşat (2016) argues that the primary purpose of organizations is to make a profit and that it is natural for them to engage in responsible behaviors that are compatible with societal expectations and responsibilities. This harmony reflects the broader understanding that sustainable development integrates both economic and social considerations.

Sustainable development is closely linked to the idea of corporate sustainability (Engert & Baumgartner, 2016). Over the years, organizations have developed various corporate sustainability policies to minimize environmental pollution, improve relations with society, and promote positive interactions with stakeholders (Crane, 2000). As companies become more aware of their negative environmental and social impacts, the concept of corporate sustainability has become increasingly important (Starik & Marcus, 2000). When formulating a corporate sustainability strategy, it is crucial to evaluate both the benefits and potential harms of proposed actions (Baumgartner & Ebner, 2010). According to Kuşat (2016), the advantages of adopting

corporate sustainability include reduced production costs and financial relief, improved competitive advantage, increased natural productivity, more efficient use of resources, improved corporate reputation, and increased innovative activities.

Sustainable consumption is increasingly recognized as an integral part of achieving the Sustainable Development Goals, encouraging both businesses and academia to adopt more sustainable practices in line with these goals. CSR, particularly within the framework of SDG12 is recognized as a way to address environmental challenges and influence consumer behavior. Notable examples of such initiatives can be found at Scandic Hotels in Europe and Banyan Tree Resort in Southeast Asia. Scandic Hotels' comprehensive waste reduction and energy efficiency program has gained popularity among environmentally conscious guests, while Banyan Tree Resort's commitment to community engagement, environmental protection, and cultural preservation has spurred sustainable consumer advocacy (Stombelli, 2020).

Marriott International's 'Serve 360 initiative' is a prime example of a comprehensive approach to sustainability. It focuses on four key areas: minimizing environmental impacts, supporting responsible business practices, investing in employee development and training, and promoting human rights. The initiative is designed to align CSR efforts with sustainable consumer behavior and advocacy, meeting both industry targets and the broader Sustainable Development Goals. Stombelli (2020) highlights how this approach can be improved.

In addition to fostering economic growth, sustainable tourism can also improve people's quality of life, promote environmental protection and cultural diversity, and promote world peace. The tourism sector is specifically targeted in Sustainable Development Goals 8 (Efficient Work and Economic Growth), 12 (Responsible Production and Consumption) and 14 (Life Below the Water) (Spenceley & Rylance, 2019). However, sustainable tourism has the potential to contribute directly or indirectly to the achievement of the 17 goals of Sustainable Development in the economic, social, and environmental spheres.

Challenges to make tourism sustainable, such as unsustainable consumption and production, natural and cultural resources and waste management, can have a negative impact on the Sustainable Development Goals, especially Goal 11 (cities and

communities sustainable), Goal 12 (responsible consumption and production) and Target 14 (Life Under Water). Moreover, tourism's ability to support the Sustainable Development Goals is undermined by external threats such as global economic instability, natural disasters, climate change, biodiversity loss, and regional and international security. These threats are believed to have a significant impact on achieving Goal 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), Goal 13 (Climate Action), Goal 15 (Life on Earth) and Goal 16 (Peace) (Justice and Strong Institutions).

The 2017 International Year of Sustainable Tourism for Development aimed to enable countries to better focus on actions that safeguard tourism's contribution to sustainable development, while also contributing to the inclusion of tourism in the development of their political structures. Five key areas have been identified as fundamental for tourists who want to assess how tourism actions and initiatives can better contribute to sustainable development and CRO: (1) sustainable economic growth; (2) social inclusion, employment, and poverty reduction; (3) resource efficiency, environmental protection, and climate change; (4) cultural values, diversity and heritage; and (5) peace and security understanding.

1.3. Corporate Social Responsibility

The concept of corporate social responsibility has recently received much attention from business circles and academics; therefore, the term CSR is widely and vaguely used. There is no single, agreed-upon definition for this idea (Freeman & Hasnaoui, 2011). Carroll (1999) contends that it is a multifaceted concept that has changed in the last few years and the first proposed four dimensions of corporate social responsibility are ethical, economic, legal, and discretionary. In his subsequent work, he suggested replacing the last with a philanthropic dimension. Carroll (1979) suggests that these categories help us understand that motives or actions can be classified essentially into one of these four types and provide a fairly comprehensive overview of the scope of CSR.

Naturally, Carroll (1979) indicates that the legal and economic dimensions have historically taken center stage above the ethical and discretionary ones, assuming he believes there is a motivating component ingrained in these dimensions. In this

way, the definition of CSR as a concept alludes to what appears to be the core idea behind most of its definitions: the understanding that contrary to Friedman's (1970) maxim, businesses have obligations beyond the legal and financial. This further highlights a different way to define CSR that, by utilizing the triple bottom line concept, is more in line with the idea of sustainability. So, CSR has emerged as a top strategic goal for firms. The phrase CSR covers a wide range of activities, such as those that benefit the environment, uphold moral principles, assist employees, show consideration for the community surrounding a company's facilities, or even have an investor focus. It is necessary to recognize that businesses have a significant impact on employment and welfare growth in society (Sheth & Babiak, 2010).

Previous studies have summarized the benefits and impacts of CSR practices in the tourism sector (Kim et al., 2018). However, these studies have primarily focused on specific sectors within tourism. Most of the CSR research in tourism has focused on the hotel sector, neglecting other subsectors (Guix et al., 2018). Rhou and Singal (2020) highlight the need for research that expands the understanding of CSR in the hospitality sector by examining different subsectors. Similarly, Camilleri (2017) noted the lack of theoretical research on CSR and sustainability. CSR involves equitable resource allocation aligned with sustainability goals and increasingly draws from a broader range of academic disciplines (Albareda & Waddock, 2018).

To effectively explore CSR, it is important to consider factors such as employee well-being, corporate sustainability reporting, and social engagement (Amjad et al., 2021). Furthermore, previous studies suggest that CSR, sustainable governance, and sustainable performance are interconnected (Yeh & Guo, 2019). However, few theoretical studies have examined the linkages between these concepts, and none have specifically focused on their relationships within the tourism industry. Understanding how corporate sustainable governance affects sustainable performance is critical because governance plays an important role in shaping corporate behavior. This research aims to provide insights into the relationships between CSR, sustainability governance, and sustainable performance in the tourism industry.

1.3.1. CSR Reporting

Company Reporting is crucial for organizations to demonstrate their commitment to social and environmental responsibilities (Ioannou & Serafeim, 2017). Through corporate social and sustainability reporting, companies demonstrate their understanding of risks and outline the measures they will take to address known and unknown challenges (Borglund, 2012). Additionally, CSR reporting informs stakeholders about how a company cares about the society and environment in which it operates. It highlights the contributions the company makes to society through job creation, charitable donations, and various social campaigns. Furthermore, it provides details about environmental impacts such as carbon emissions and other ecological impacts. By reporting CSR, companies ensure that they are accountable for their activities and that their activities do not impose excessive costs on others.

CSR reporting has become an important tool for sharing information about corporate social responsibility. Unlike financial reports, CSR reports are multifaceted and provide a detailed overview of a company's strategy, social policies, and the results of CSR efforts to stakeholders. The information in CSR reports helps track progress toward achieving CSR goals and allows the company's reporting practices to be expanded as appropriate (White, 2009).

Corporate sustainability reporting provides details about a company's interactions with its environment (Hackston & Milne, 1996). According to the GRI Reporting Framework, sustainability reporting involves measuring and disclosing performance while being accountable to both internal and external stakeholders to support sustainable development (Safari & Areeb, 2020). These reports typically address ESG issues but often lack the comprehensive information needed for decision-making. As a result, sustainability reports have been criticized for not sufficiently supporting decision-makers (In, 2019).

CSR reporting is an effective way to promote transparency, as transparency is important for building trust and reducing the information gap between a company and its stakeholders (Koerber, 2009). To meet the growing demand for corporate transparency and accountability, companies today need to share information about their social and environmental practices to show how a company benefits society. The information that companies share about their CSR activities has received increased

attention in recent years, due to issues such as corporate scandals, financial crises, climate change, labor rights, product safety, and poverty alleviation. (Okumus et al. 2020).

Transparency in corporate sustainability reporting is encouraged by Bebbington et al. (2008) as a way to accomplish corporate accountability. However, given that some information may harm a company's reputation, this transparency is not always the same as complete disclosure (Kaptein, 2007). Companies are encouraged to report better performances than they actually have, according to Cho et al. (2013). The goal of institutional theory-based corporate sustainability reporting is to achieve long-term financial and non-financial performance for all shareholders while safeguarding the interests of all stakeholders. According to Mashayekhi et al. (2019), there is a growing trend of sustainability reporting in organizational practices and policymaking for sustainability in many countries.

Although many countries do not have laws requiring sustainability reporting, it is assumed that sustainability reporting is a voluntary practice, in contrast to the laws requiring organizations to disclose their financial information. Leading corporations typically participate actively in sustainable reporting as a result of increased social responsibility pressure. According to Koseoglu et al. (2021), there is a greater tendency for tourism sector organizations with higher CSR practices to publish sustainability reports. Furthermore, due to their shared emphasis on the environmental, social, and economic aspects of what is known as the "triple bottom line," corporate sustainability and corporate social responsibility are frequently used interchangeably (Montiel, 2008). The "triple bottom line" approach acknowledges that businesses should evaluate their sustainability goals with an eye toward profit, people, and the environment.

1.4. Travel and Leisure (T&L) Sector

The tourism industry is a major component of the global economy that includes industries such as hospitality, travel, and leisure. The travel and leisure (T&L) industry is diverse and inclusive, contributing significantly to economic growth and job creation worldwide. However, the rapid growth in this industry has raised concerns about environmental degradation, resource depletion and social impacts. Sustainable

practices and CSR initiatives are essential to ensure the longevity and health of the industry.

The tourism industry is considered a major driver of economic growth (Chen et al., 2011). In 2018, the tourism sector created 27.3 million jobs in Europe and contributed 10.3% to the gross domestic product (GDP) of the European Union (PeñaSánchez et al., 2020). Globally, the sector contributed US\$2 trillion to GDP in 2019, equivalent to 9.1% of the GDP of the European Union (World Travel & Tourism Council, WTTC, 2020). Additionally, the global travel and tourism industry created 330 million jobs and attracted US\$948 billion in capital investment (WTTC, 2020). However, the tourism industry is highly vulnerable to disruptions caused by wars, financial instability, pandemics, geopolitical crises, and terrorist attacks, all of which can result in lower returns for tourism-related stocks (Zopiatis et al., 2015). This study examines the impact of economic policy uncertainty, geopolitical risks, financial market instability, and crude oil prices on the travel and entertainment industry in Europe. It also investigates the importance of risk transfer resulting from these uncertainties to the European travel and entertainment industry.

The tourism industry is particularly sensitive to macroeconomic uncertainty and shocks, and these effects are reflected in the revenues of travel and leisure companies (Irani et al., 2022). Market instability also affects the behavior of asset prices (Avery & Zemsky, 1998). Long-term investors and portfolio managers evaluate the fair value of a stock using the discounted cash flow approach (Kaplan & Robak, 1995). During periods of high geopolitical uncertainty and economic policy instability, potential tourists may avoid international travel due to luxury and security concerns (Demir & Gozgor, 2018). This may lead to a decrease in demand for various tourism and travel activities, including the postponement or cancellation of holiday plans (Drakos & Kutan, 2003).

As tourism demand decreases and risk management costs increase, the profitability and cash flow of tourism and travel companies may suffer, potentially reducing dividend payments (Demiralay & Kilincarslan, 2019). Moreover, the increased uncertainty in financial markets, geopolitical landscape and economic policies increases systematic risk in the market (Lintner, 1965), increasing the cost of stocks and potentially reducing their fair value. This may lead investors and portfolio

managers to postpone investment decisions regarding including tourism and travel stocks in their portfolios.

1.4.1. Sustainability and T&L Sector

Sustainability in the T&L sector includes implementing practices that protect natural resources, preserve cultural heritage, and ensure economic sustainability for future generations. The leisure and Travel sector has a significant impact on the environment through carbon emissions, waste production, and resource consumption. Sustainable practices aim to reduce these impacts through energy-efficient operations, effective waste management, and environmental protection efforts.

In the T&L sector, sustainability has become a critical focus as companies recognize the environmental and social impacts of their operations. These companies contribute significantly to global carbon emissions, environmental degradation, and exploitation of natural resources, making sustainability practices necessary to reduce negative outcomes (Gössling & Peeters, 2015). By adopting sustainable strategies, travel and leisure companies can not only reduce their environmental footprint, but also enhance their corporate reputation, appeal to environmentally conscious consumers, and comply with increasing regulatory pressures related to sustainability (Bohdanowicz, 2006).

A key aspect of sustainability in the travel and leisure sector is ecotourism, which encourages responsible travel practices that protect the environment and respect local cultures. Ecotourism initiatives encourage companies to reduce waste, conserve water and energy, and protect biodiversity, while also supporting local communities and economies (Honey, 2008). Many companies are also investing in green infrastructure, such as energy-efficient buildings, renewable energy sources, and sustainable transportation options, to minimize carbon emissions and promote environmentally friendly tourism (Becken, 2013).

In addition, T&L companies are increasingly embracing the principles of the circular economy, which aims to minimize waste by reusing, recycling, and renewing resources. This approach helps companies reduce their reliance on limited natural resources and create more sustainable business models (Geng et al., 2019). For

example, some hotel chains have implemented programs that recycle water, reduce single-use plastics, and use renewable energy sources, while airlines are exploring the use of biofuels to reduce carbon emissions (Gössling et al., 2019).

Sustainability in the travel and leisure sector is also linked to social responsibility, as these companies play a vital role in supporting local economies and communities. Many companies prioritize fair labor practices, support local businesses, and ensure that tourism benefits are distributed equitably (Tyrrell & Johnston, 2012). By integrating sustainability into their core activities, travel and leisure companies can not only contribute to environmental protection but also promote positive social and economic development in the regions where they operate.

1.4.2. CSR and T&L sector

CSR has received significant attention in both business and academia in recent years. Once viewed solely as individual philanthropic acts or marketing tools, CSR has now become a central focus for many global businesses. Terms such as sustainability, corporate citizenship and stakeholder management are often used interchangeably with CSR, reflecting its broad scope (Carroll, 2015). CSR encompasses a variety of business areas, including economics, financial management, strategic management, marketing, organizational behavior, human resource management, accounting and supply chain management. Recent research has highlighted CSR's dual focus on addressing social problems and linking these practices to positive economic outcomes for companies (Chandler & Werther, 2014). This dual focus is aligned with the goals of the tourism economy.

Boronat-Navarro and Pérez-Aranda (2019) assess how consumers' evaluations of CSR practices affect their support for these practices and how their search for CSR information affects these evaluations, particularly in Spanish hotels. The study reveals that consumers distinguish between various CSR dimensions (environmental, economic, legal, ethical and philanthropic) and suggests that understanding consumers' perceptions of these dimensions can improve CSR practice. The findings highlight the importance of considering the economic dimension and how it affects corporate reputation among Spanish hotel consumers, particularly concerning CSR awareness and brand choice.

Lee et al. (2020) examine the impact of green awards and certifications on the Sri Lankan hotel industry. With many tourism companies aiming to “go green,” the study investigates how green certificates and awards affect consumer perceptions and behavior in Sri Lanka. Analysis of data from 250 hotel guests shows that green certificates positively affect perceived value, satisfaction, revisit intentions, and willingness to pay a premium. The findings highlight the role of green awards in improving consumer value and behavior, providing valuable insights for CSR practices in developing countries facing the challenges of balancing economic growth and environmental protection.

Finally, Nguyen et al. (2019) investigate how CSR affects the competitiveness of tourism businesses in Vietnam. Despite Vietnam’s rich tourist attractions and cultural heritage, rapid growth in the tourism sector has led to environmental pollution, cultural degradation, and a lack of resources for sustainable tourism. The study finds that many Vietnamese tourism companies have inadequate CSR policies and struggle to comply with regulations. The lack of effective CSR implementation and regulatory enforcement contributes to the challenges the tourism sector faces in maintaining environmental and cultural standards.

More recently, Polat and Tekin (2024) investigate how corporate social responsibility (CSR) strategies influence corporate cash policies in emerging markets. They find that T&L firms with lower CSR investment tend to hold more cash. T&L firms in emerging markets may use higher cash holdings as a buffer or substitute for the benefits associated with CSR investments, such as reputation enhancement or stakeholder trust. Lower CSR investment might signal limited engagement in stakeholder-oriented activities, leading firms to rely on cash reserves to manage uncertainties or meet stakeholder expectations.

2. CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE

2.1. Theoretical Background

The impact of corporate social responsibility on the sustainability performance of travel and leisure companies can be understood through various theoretical frameworks that include relevant concepts and theories. These frameworks provide a comprehensive understanding of the complex relationship between CSR initiatives and sustainability outcomes in the travel and leisure industry (Alshehhi et al., 2018). These include stakeholder theory, resource-based view, legitimacy theory, and the triple bottom line approach.

Stakeholder theory indicates that companies should consider the interests and needs of different stakeholders, such as customers, employees, communities and the environment, in order to achieve long-term sustainability. This perspective emphasizes the interdependence between companies and stakeholders and the need to integrate their interests into business practices (Gürlek and Tuna, 2019). In the context of travel and leisure companies, considering the perspectives of diverse stakeholders can influence the development and implementation of CSR initiatives, ultimately impacting the sustainability performance of the organization.

Legitimacy theory posits that organizations need to gain and maintain stakeholder approval and acceptance by adopting socially responsible practices, including those related to sustainability (Zenisek, 1979; Gray et al., 1988). In the context of travel and leisure companies, this theory emphasizes the importance of aligning CSR initiatives with the expectations of stakeholders, including customers, investors, and communities, to ensure the legitimacy and credibility of sustainability efforts.

The resource-based view emphasizes the importance of leveraging unique and valuable resources and capabilities to create a sustainable competitive advantage in an industry (Hodgson, 1998). When applied to CSR in the leisure and leisure sector, this theory highlights the importance of using a company's resources and capabilities to drive sustainable practices, innovate sustainable products and services, and enhance operational efficiency while contributing to overall sustainability performance.

The triple bottom line approach calls for companies to consider and balance their economic, environmental, and social performance in order to achieve sustainability. This approach recognizes that companies have a responsibility not only to generate profits but also to reduce their environmental impact and contribute to social well-being (Nguyen et al., 2019). For travel and leisure companies, adopting a triple-bottom-line approach means not only focusing on financial success but also prioritizing environmental conservation and social responsibility.

2.2. Empirical Evidence

There is a growing consensus that firms should act in a socially and environmentally responsible manner and maintain a balance between the interests of external and internal stakeholders while trying to achieve their economic and financial goals (Dahlsrud, 2008). CSR activities related to sustainability are broad and complex, and they cannot be viewed from a short-term perspective, as business sustainability is a key theme of the twenty-first century. Managers, shareholders, and investors are increasingly drawn to companies with higher sustainability scores and portfolios. While these companies typically outperform those with lower scores, the impact is not yet significant due to the relatively short evaluation period (Van de Velde et al., 2005).

The effect of CSR on firm performance is not straightforward, with previous research showing mixed results. In some studies, CSR has a positive and significant relationship with firm performance, while in others, the connection is minimal. Although CSR is significantly associated with factors like the age of the firm, there remains a relationship between CSR and firm performance (Cochran & Wood, 1984).

Many studies have explored the impact of sustainability practices on the longterm viability of tourism companies. For example, Abdi et al. (2020) investigate the influence of sustainability on the value and performance of 27 airlines worldwide from 2013 to 2019 using panel data analysis. Their results indicated a positive relationship between environmental and governance pillar scores—used as indicators of firm value and financial performance—and both the market-to-book value ratio and Tobin's Q. This suggests that improvements in these areas enhance the market value and financial efficiency of the airlines studied.

Similarly, Rodríguez-Fernández et al. (2019) analyze the effect of environmental, social, governance, and controversies-ESGC factors on the financial performance of publicly traded leisure and travel firms. They found a positive and direct correlation between sustainability practices and high financial performance in this sector.

In a recent study, panel data analysis was used to examine the financial performance of service sector companies listed on the Bombay Stock Exchange about their business sustainability performance. The study found a significant negative correlation between environmental ratings and firms' return on assets-ROA and return on capital employed-ROCE. Social ratings were the only factor that significantly negatively impacted return on equity-ROE.

Additionally, composite ratings for environmental, social, and economic governance were also negatively associated with return on assets-ROA and return on capital employed-ROCE. These findings have practical implications for academia, businesses, policymakers, regulators, and governments by providing insights into the relationship between sustainability and financial performance, potentially encouraging companies, especially in rapidly developing countries, to adopt sustainable practices to improve their efficiency.

Numerous studies have examined how sustainability practices influence financial performance in the tourism sector, using a variety of data analysis methods. Bodhanwala and Bodhanwala (2022) analyze three tourism-related sectors—transportation, hotels, and entertainment—using an empirical multivariate panel data model to assess the impact of sustainability (ESG) on firm profitability and market value. Their findings showed that the hotel sector had the highest ESG compliance, followed by the transportation sector. The study suggested that ESG practices positively impact financial and stock market performance, aligning with agency and stakeholder theory.

Additionally, Andriyas and Sirait (2021) studied the effects of sustainability practices at Cipaku Garden Hotel and found that management recognized the benefits of these practices. Using gap and SWOT analysis, the study revealed that sustainability practices could enhance a hotel's financial performance and positively contribute to its organizational environment. They also noted that while large companies are generally

better equipped to implement sustainability measures, small and medium-sized enterprises can also adopt these practices and benefit even with limited resources.

Overall, numerous studies have established a positive correlation between corporate social responsibility initiatives and sustainability performance in the travel and leisure industry (Mihalič, 2016). For example, Anggraeni and Djakman, (2017) highlight that companies with sustainability reports demonstrate their commitment to the sustainability of their business, encompassing aspects of the planet and people. This commitment to corporate social responsibility can lead to improved environmental management practices, reduced carbon emissions, and increased efficiency in resource utilization.

Moreover, Hjalager (1997) found that implementing corporate social responsibility practices in the tourism industry can enhance the reputation of travel and leisure companies, attract socially conscious customers, and lead to competitive advantages. Furthermore, Rochayatun and Kholifah (2021) emphasize that disclosing social responsibility initiatives can help travel companies gain legitimacy from the community where they operate, which can in turn enhance the company's image and value.

The ownership structure of travel and leisure companies can also influence their sustainability performance. For example, a study conducted by Tiwari and Khan (2020) found that travel and leisure companies with higher levels of institutional ownership tend to have better sustainability performance, suggesting that external stakeholders' expectations and pressure for sustainable practices play a significant role in shaping the sustainability outcomes of these companies.

Furthermore, empirical evidence from the study of Smith and Ong (2015) has shown that leisure and travel firms that actively engage in CSR activities experience improved employee morale, which in turn enhances operational efficiency and contributes to overall sustainability performance. This finding highlights the internal benefits of CSR initiatives in the travel and leisure sector and their impact on an organization's sustainable practices.

In addition to these findings, research by Martínez-Martínez et al. (2019) indicated that travel and leisure companies that integrate CSR into their business strategies have better long-term financial performance. This indicates that CSR not

only affects the environmental and social aspects of sustainability, but also has implications for the economic dimension. By considering these various empirical studies, it becomes clear that the positive impact of CSR on the sustainable performance of travel and leisure companies is supported by empirical evidence across different dimensions, including environmental management, reputation and competitiveness, community relations, ownership structure, and employee morale. And financial performance. Therefore, it can be concluded that the implementation of CSR initiatives in the travel and leisure industry has the potential to positively impact the sustainability performance of companies

Businesses with moderate CSR investments are said to exhibit a modest financial performance in the end because they do not differentiate themselves in the eyes of stakeholders or save money for alternative investments (Cho et al., 2019). Some other research examines the role that corporate social responsibility plays in generating long-term corporate value. It finds that companies with high research CSR scores outperform their competitors, while those with low scores run the risk of going bankrupt. The latter group of companies pays off their bank debt at a rate that is 7–18 points higher than that of companies with higher CSR scores (Goss & Roberts, 2011). Businesses that voluntarily disclose their CSR efforts can demonstrate a decrease in capital costs and grab the interest of analysts and institutional investors (Dhaliwal et al., 2013).

In summary, CSR plays a crucial role in influencing the sustainability performance of travel and leisure companies. Research has shown that CSR practices have a positive impact on organizational trust, economic and social sustainability, and corporate sustainability in the hospitality industry, ultimately improving competitive advantage and business effectiveness.

In addition, the relationship between CSR and financial performance, including after-tax profit and total assets, has been shown to be positively related, indicating that CSR initiatives contribute significantly to a company's financial success. Furthermore, CSR practices in the tourism sector have been linked to sustainable governance and sustainable performance, underscoring the importance of reducing environmental and social impacts resulting from tourism activities, thus highlighting the importance of CSR in enhancing the sustainable performance of travel and leisure companies.

Table 1 summarizes the above discussed empirical evidence as follows:

Table 1: The selected studies related to CSR

Author(s)	Year	Focus of Study	Methodology	Key Findings/Implications
Montiel	2008	Resource allocation and CSR in larger firms	Theoretical Analysis	Larger firms tend to allocate more resources to CSR initiatives due to better financial and organizational capacity.
Porter & Kramer	2011	Strategic value of CSR in creating competitive edge.	Theoretical Analysis	CSR leads to operational efficiencies and stakeholder trust, providing a competitive advantage.
Friede et al.	2015	Long-term impact of CSR on firm value	Meta-Analysis	Firms with sustained CSR engagement see long-term financial and reputational benefits.
Gössling & Peeters	2015	Environmental sustainability in the travel and leisure (T&L) sector	Case Study Analysis	Highlighted the potential of CSR to mitigate environmental impacts like carbon emissions in the T&L sector.
Jones et al.	2016	Role of governance in enhance sustainability and CSR	Empirical Study	Governance mechanisms CSR reporting credibility and stakeholder accountability.
Anggraeni & Djakman	2017	Social sustainability practices and stakeholder perceptions	Empirical Study	Socially responsible practices improve corporate reputation and stakeholder loyalty.
Albareda & Waddock	2018	Integration of sustainability goals with CSR in corporate strategies	Theoretical Discussion	Companies increasingly align CSR with broader sustainability goals for economic, social, and environmental benefits.
Albuquerque et al.	2019	Resilience of high-CSR firms during economic crises	Panel Data Analysis	High-CSR firms demonstrated flexibility and stability during the 2008 financial crisis.
RodríguezFernández et al.	2019	Impact of ESG factors on financial performance in the T&L sector	Quantitative Panel Data Analysis	Positive correlation between sustainability practices and financial performance.
Bodhanwala & Bodhanwala	2022	Effect of ESG compliance on profitability and market value in tourism-related sectors	Empirical Multivariate Analysis	ESG compliance positively affects financial performance, particularly in the hotel sector.

2.3. Research Question

How does corporate social responsibility impact the sustainability performance of travel and leisure companies?

3. EMPIRICAL STRATEGY AND RESULTS

3.1. Methodology

To answer the research question, this study used panel data methods to investigate the impact of corporate social responsibility on the sustainability performance of travel and leisure companies. The data are downloaded from Thomson Reuters Worldscope and ESG databases, obtaining 2,424 firm-year observations from 301 travel and leisure companies for the period 2002-2022. And the selected study period is notable for two main reasons. First, the 2007-2008 Global Financial Crisis (GFC) intensified corporate interest in corporate social governance practices, transparency, and auditing. Second, the GFC was followed by a number of corporate scandals, highlighting the need for companies to pursue environmental and social responsibility for a variety of stakeholder interests. As a result, there was a significant global focus on CSR engagement during the 2007-2021 time period.

3.1.1. Panel Data Methods

This study uses panel data methods to investigate the impact of CSR on the sustainability performance of travel and leisure companies. Panel data techniques are particularly useful for this study as they allow us to account for both cross-sectional and time-series variation, capturing unobservable firm-specific characteristics that may affect sustainability outcomes. This combination increases the degrees of freedom, reduces multicollinearity among independent variables, and increases the accuracy of the estimates (Hsiao, 2003). When cross-sectional data is used, the risk of heterogeneity, which may lead to distorted results, is not taken into account in the model. However, panel data allows controlling for heterogeneity among units such as individuals, firms or countries (Baltagi, 2005). While time series data may be inadequate in capturing the effects of microeconomic and socio-demographic factors, cross-sectional data include these effects but lack the ability to account for time dependent effects. While cross-sectional data emphasize the effect of changing characteristics among units, time series data reflect unit-specific characteristics. As a result, panel data captures both the effect of unit characteristics and the differences between units at the same time (Yerdelen, 2016).

Using panel data allows for more precise estimates by controlling individual heterogeneity and capturing changes over time. The most used models include Pooled OLS, Fixed Effects-FE, and Random Effects-RE. The Hausman test is used to determine whether a fixed-effect or random-effect model is more appropriate for the analysis. The basic hypothesis of the Hausman test is that there is no correlation between the independent variables and the unit or time effects. When this assumption is valid, both the fixed and random effects estimators are consistent and the difference between them is minimal. In such cases, the random effects estimator is preferred due to its higher efficiency. To verify the validity of the random effects estimator, the Hausman test uses a χ^2 distribution with k degrees of freedom. The test statistic is derived by comparing the variance-covariance matrices of the generalized least squares-GLS estimator and the within-group FE estimator. The test determines whether the difference between these matrices is statistically equal to zero.

The advantages of using panel data as highlighted in studies by Baltagi (2001) and Hsiao (1986). Key points include the increased number of observations in panel data, leading to lower standard errors and higher estimation efficiency compared to cross-sectional data. This results in a greater likelihood of statistically significant estimates. A fundamental benefit of panel data is its ability to analyze cause-and-effect relationships through before-and-after observations, which is challenging in cross sectional analysis due to the absence of a time dimension. Additionally, panel data allows for the exploration of dynamic variations in relationships between variables over time, unlike cross-sectional analysis, which is limited to a single time point.

The fixed effects model is commonly utilized to control unobserved heterogeneity, which involves omitted variables that remain constant over time but vary across units. This model assumes that unobserved factors (α_i) are correlated with explanatory variables (x_{itk}) while ensuring that the idiosyncratic error (u_{it}) is independent of these variables. By addressing unobserved effects, the model aims to reduce omitted variable bias and enhance the robustness of estimates. Three main methods for eliminating these unobserved effects in panel data analysis include the first-difference model, least squares dummy variables-LSDV model, and time demeaning model, collectively referred to as the fixed effects model.

In panel data analysis, the fixed effects model is used to remove unobserved heterogeneity (a_i) correlated with explanatory variables (x_{it}). However, if a_i is independent of these variables, using fixed effects leads to inefficient estimators. The random effects model treats a_i as random variables and is suitable when cross-sectional units are randomly selected from a large population. If the variance structure is known, the model is estimated using generalized least squares-GLS; if unknown, feasible generalized least squares-FGLS is used. The Breusch-Pagan Lagrange multiplier test checks for random effects, with the null hypothesis indicating zero variances among groups. If rejected, the random effects model is preferred over pooled regression.

3.1.2. The Model

As this study investigates the impact of CSR of sustainability performance, the empirical model as follows:

$$SUSPER_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 GROW_{it} + \alpha_i F_i + \alpha_t Y_t + \varepsilon_{it}$$

where, SUSPER: Sustainability performance can be defined as the company's performance in all aspects and all drivers of the company's sustainability (dependent variable), CSR: Corporate social responsibility involves organizations addressing their social and environmental impacts through ethical behavior, promoting sustainable development, and meeting stakeholder expectations, SIZE: Firm size (measured as the log of total assets), LEV: Leverage (calculated as total debt over total assets), ROE: Return on equity, GROW: Growth (measured as asset-based growth rate), $\alpha_i F_i$: Firm effect, $\alpha_t Y_t$: Time effect, and ε_{it} : Error term.

3.2. Data

The sample consists of 2,424 firm-year observations examining 301 sample firms from the travel and leisure-T&L industry. The data was downloaded from the Datastream and ESG database of Thomson Reuters Eikon covering the years 2002-2022.

3.2.1. Variables

Dependent Variables

Dependent variables are sustainability performance-SUSPER can be defined as the company's performance in all aspects and all drivers of the company's sustainability (Sebhatu, 2009; Tekin & Polat, 2024), environmental performance-ENVPER refers to how well a company manages its environmental impact, but it remains difficult to define and measure (Tekin & Güçlü, 2023), social performance-SOCPER is a complex corporate issue that deals with management and business policies that are consistent with society's goals and values (Battaglini, 2019), and governance performance-GOVPER is an implicit method of social coordination as opposed to managing society and governing, directing, and controlling it (Tekin & Burgazoglu, 2022).

Independent Variables

The main independent variable is corporate social responsibility-CSR, focusing on ethical behavior, sustainable development, stakeholder engagement, and compliance with laws and global standards. Control variables include firm size-SIZE (log of total assets), leverage-LEV (total debt to total assets ratio), return on equity-ROE (net income to total equity ratio), and growth-GROW (change in equity and market value relative to total assets). Table 2 presents the variable definitions as follows:

Table 2: Variable definitions

Variables	Definitions
SUSPER	Sustainability performance can be defined as the company's performance in all aspects and all drivers of the company's sustainability.
ENVPER	Environmental performance refers to how well a company manages its environmental impact, but it remains difficult to define and measure.
SOCPER	Social performance is a complex corporate issue that deals with management and business policies that are consistent with society's goals and values.
GOVPER	Governance performance is an implicit method of social coordination as opposed to managing society and governing, directing, and controlling it.
CSR	It involves organizations addressing their social and environmental impacts through ethical behavior, promoting sustainable development, and meeting stakeholder expectations, while also complying with laws and global standards.
SIZE	Firm size = The log of total assets
LEV	Leverage = Total debt/total assets
ROE	Return on equity = Net income before extraordinary items / Total equity
GROW	Growth = (Total assets – total equity + market value) / Total assets

3.2.2. Sample Composition

The sample includes 2,424 firm-year observations from 32 countries between 2002 and 2022 as shown in Table 3.

Table 3: Sample composition

<i>Country</i>	<i>Observations</i>	<i>Country</i>	<i>Observations</i>	<i>Country</i>	<i>Observations</i>
Australia	44	Italy	6	South Korea	30
Chile	14	Japan	152	Spain	40
China	89	Malaysia	64	Sweden	58
Denmark	2	Morocco	2	Switzerland	14
Finland	9	Netherlands	12	Taiwan	40
France	71	New Zealand	41	Thailand	24
Germany	56	Philippines	13	Turkiye	16
Greece	22	Russia	4	United Arab Emirates	9
Hong Kong	174	Saudi Arabia	3	United Kingdom	315
India	27	Singapore	44	United States	922
Ireland	41	South Africa	66		
<i>Year</i>	<i>Observations</i>	<i>Year</i>	<i>Observations</i>	<i>Year</i>	<i>Observations</i>
2002	17	2009	68	2016	154
2003	18	2010	85	2017	173
2004	34	2011	90	2018	196
2005	44	2012	96	2019	223
2006	45	2013	97	2020	259
2007	48	2014	102	2021	272
2008	57	2015	136	2022	210

Note. This table shows obs. numbers by country and year. *Source.* Thomson Reuters Eikon Datastream and ESG.

3.2.3. Summary Statistics

Table 4 presents summary statistics for the key variables in the study, providing insight into the key trends and differences between SUSPER, ENVPER, SOCPER, GOVPER, and CSR and the control variables (SIZE, LEV, ROE, and GROW).

Table 4: Summary statistics

	Mean	Median	SD	Minimum	Maximum	Skewness	Kurtosis
SUSPER	0.430	0.427	0.209	0.019	0.923	0.120	2.052
ENVPER	0.359	0.330	0.294	0.000	0.984	0.261	1.703
SOCPER	0.443	0.440	0.235	0.005	0.97	0.129	2.130
GOVPER	0.475	0.469	0.218	0.01	0.983	0.035	2.055
CSR	0.328	0.254	0.326	0.000	0.991	0.497	1.815
SIZE	15.927	15.718	2.342	7.666	25.054	0.581	3.805
LEV	0.372	0.358	0.239	0.000	1.000	0.493	2.902
ROE	0.064	0.087	0.365	-0.952	0.985	-0.456	5.110
GROW	2.187	1.500	1.946	1.013	17.311	3.818	23.050

Note. This table shows summary statistics. Variable definitions are given in Table 2. *Source.* Thomson Reuters Eikon Datastream and ESG.

3.2.4. Correlation Matrix

Table 5 provides the correlation matrix showing the relationships among the main variables in the study. Correlations are generally moderate and there are no significant multicollinearity issues as indicated by the variance inflation factors (VIF values are all below five).

Table 5: Correlation matrix

	SUSPER	CSR	SIZE	LEV	ROE	VIF
CSR	0.720					1.13
SIZE	0.233	0.327				1.20
LEV	0.099	0.077	0.059			1.04
ROE	-0.035	-0.032	0.017	-0.166		1.04
GROW	-0.098	-0.122	-0.270	0.031	0.083	1.09

Note. This table shows the correlation matrix. Variance inflation factors (VIF) show whether there is a multicollinearity problem across explanatory variables. As VIF values are smaller than five, there is no multicollinearity problem for the sample. Variable definitions are given in Table 2. *Source.* Thomson Reuters Eikon Datastream and ESG.

3.3. Results

This correlation analysis provides preliminary evidence supporting a positive link between CSR and sustainability performance. CSR and SUSPER show a strong positive correlation (0.720), this finding is in line with Gössling and Peeters (2015), who highlighted the environmental impact of the travel and leisure sector and the potential of CSR to reduce these impacts. Firms with high CSR scores showed significant improvements in energy efficiency, waste reduction and carbon emission management. supporting the hypothesis that higher CSR engagement is associated with improved sustainability outcomes.

Among the control variables, SIZE and LEV show slight positive correlations with SUSPER, suggesting that larger, more leveraged firms may tend to outperform on sustainability measures. ROE has an insignificant and weak negative correlation with SUSPER, indicating minimal impact, while GROW has a slight negative correlation, suggesting that growth-oriented firms may prioritize different performance measures over sustainability.

3.3.1. Univariate Analyses

Figure 1 and Table 6 illustrate time series trends across low and high levels of CSR and mean differences in sustainability performance-SUSPER, environmental performance-ENVPER, social performance-SOCPER, and governance performance-GOVPER.

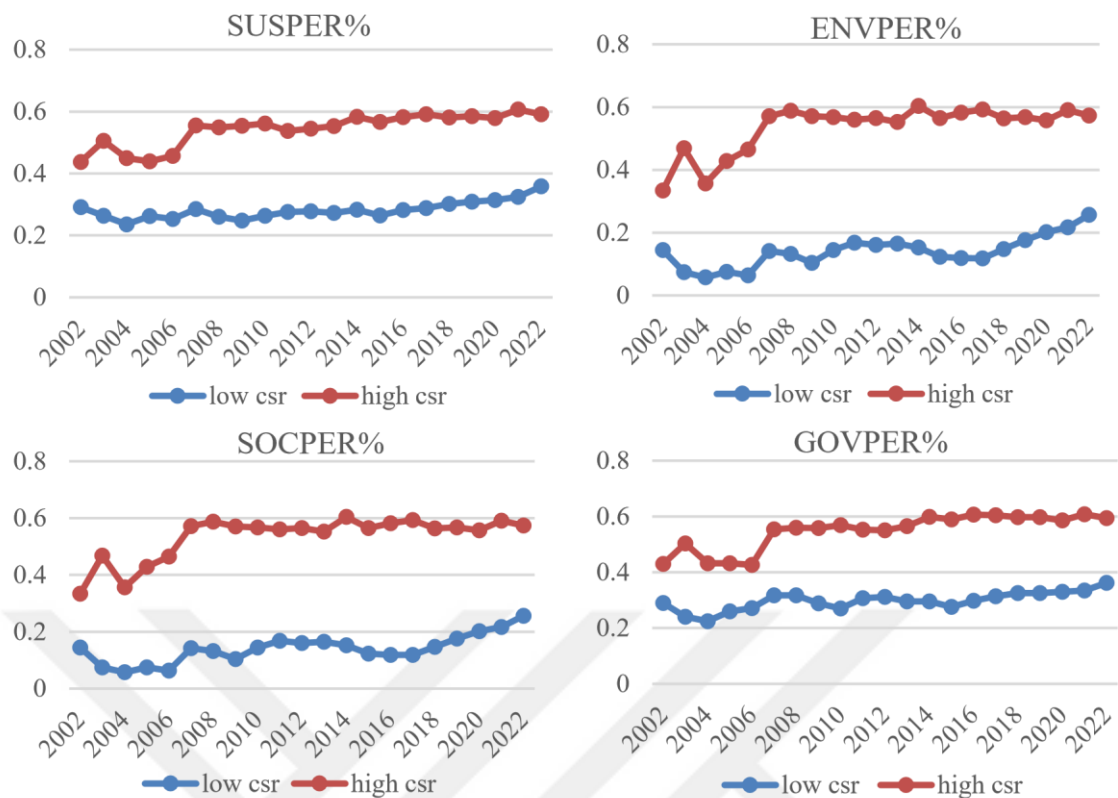


Figure 1: Time series of dependent variables across CSR level

Note. This table shows time series of dependent variables that are sustainability performance (SUSPER), environmental performance (ENVPER), social performance (SOCPER) and governance performance (GOVPER) across the corporate social responsibility (CSR) level, which is below (Low CSR) and above (High CSR) the median by the year. Variable definitions are given in Table 2. *Source.* Thomson Reuters Eikon Datastream and ESG.

Figure 1 shows a clear upward trend in sustainability performance for companies with high CSR, indicating that companies with greater CSR engagement show consistent improvements over time across all sustainability dimensions. Notably, during the 2007–2008 global financial crisis, firms with robust CSR strategies showed better performance stability, suggesting that CSR acts as a buffer against external shocks. This finding is consistent with Albuquerque et al. (2019) who observed that firms with high CSR exhibited greater flexibility and resilience during times of crisis.

Table 6 provides statistical confirmation of these trends. First, SUSPER: Firms with high CSR levels have an average sustainability performance of 0.571, compared to 0.296 for firms with low CSR, showing a statistically significant difference (at 1%). ENVPER: Firms with high CSR have an average environmental performance of 0.565, which is significantly higher than firms with low CSR (0.163). SOCPER and GOVPER: Similar patterns emerge, firms with high CSR performing better socially

(0.580 vs. 0.313) and in governance (0.565 vs. 0.390). This shows that companies with higher levels of CSR engagement consistently outperform competitors with lower engagement across all sustainability dimensions. This finding is consistent with the hypothesis that CSR initiatives promote more comprehensive sustainability practices.

Table 6: Time series of dependent variables across CSR level

Variables	Low CSR	High CSR	Differences
SUSPER	0.296	0.571	-0.275***
ENVPER	0.163	0.565	-0.402***
SOCPER	0.313	0.580	-0.267***
GOVPER	0.390	0.565	-0.175***

Note. This table compares means of dependent variables that are sustainability performance (SUSPER), environmental performance (ENVPER), social performance (SOCPER) and governance performance (GOVPER) across the corporate social responsibility (CSR) level, which is below (Low CSR) and above (High CSR) the median by the year. Variable definitions are given in Table 2. ***p<0.01.

3.3.2. Multivariate Analyses

Table 7 presents the comparison of three-panel data models: Pooled Ordinary Least Squares (POLS), Fixed Effects (FE) and Random Effects (RE) to assess the link between CSR and sustainability performance (SUSPER). The coefficient of CSR is positive and statistically significant in all models, indicating that higher levels of CSR are associated with improved sustainability performance. Specifically, the coefficient of CSR in the FE model is 0.344 (at 1%), indicating a strong and significant effect.

Table 8 shows the regression analysis results for CSR's impact on specific components of sustainability performance (environmental-ENVPER, social-SOCPER, and governance-GOVPER), by using the FE model. First, let's look at Environmental Performance-ENVPER: CSR shows the strongest positive relationship with environmental performance (coefficient = 0.483, at 1%), highlighting that CSR efforts greatly impact environmental initiatives such as resource conservation and emission reduction.

Table 7: Comparison of panel data models

	Dependent variable: SUSPER		
	(1) POLS	(2) FE	(3) RE
CSR	0.457*** (0.009)	0.344*** (0.010)	0.379*** (0.010)
SIZE	-0.001 (0.001)	0.069*** (0.004)	0.021*** (0.003)
LEV	0.039*** (0.012)	0.101*** (0.016)	0.113*** (0.015)
ROE	-0.002 (0.008)	-0.004 (0.006)	-0.009 (0.006)
GROW	-0.002 (0.002)	-0.003 (0.002)	-0.006*** (0.002)
Constant	0.283*** (0.023)	-0.813*** (0.078)	-0.075* (0.043)
R2	0.520	0.523	0.455
F-test	524.18***	465.29***	
Wald-test			2295.93***
<i>Model comparison tests</i>			
AIC	-2457.753	-5142.537	
BIC	-2422.994	-5107.778	
Hausman test		162.55***	
Number of observations	2424	2424	2424

Note. This table compares panel data models (pols; Pooled Ordinary Least Squares, FE; Fixed effect and RE; Random effect). Variable definitions are given in Table 2. The tests used to compare panel data models are as follows: AIC (Akaike information criterion), BIC (Bayesian information criterion), and Hausman. *p<0.10, **p<0.05, ***p<0.01

If we come to Social Performance SOCPER: CSR also positively impacts social performance (coefficient = 0.313, at 1%), suggesting that CSR efforts significantly contribute to social welfare activities such as community support and employee well-being and equitable work practices, which are critical in the T&L sector due to its labor-intensive nature. These results align with the findings of Anggraeni and Djakman (2017), who observed that socially responsible practices enhance corporate reputation and stakeholder loyalty, lastly, Governance Performance GOVPER: CSR has a positive but slightly lower impact on governance performance (coefficient = 0.261, at 1%), This suggests that CSR not only improves operational transparency but also strengthens internal controls and ethical practices. The findings confirm those of Jones et al. (2016) who highlighted the role of governance mechanisms in improving corporate sustainability reporting and decision making.

Table 8: The effect of CSR on sustainability performance and its pillars

Variables	<i>Pillars of SUSPER</i>			
	SUSPER (1)	ENVPER (2)	SOCPER (3)	GOVPER (4)
CSR	0.344*** (0.010)	0.483*** (0.015)	0.313*** (0.013)	0.261*** (0.016)
SIZE	0.069*** (0.004)	0.098*** (0.007)	0.077*** (0.006)	0.030*** (0.008)
LEV	0.101*** (0.016)	0.128*** (0.024)	0.125*** (0.021)	0.039 (0.025)
ROE	-0.004 (0.006)	-0.008 (0.009)	-0.007 (0.008)	0.004 (0.009)
GROW	-0.003 (0.002)	0.001 (0.003)	-0.005* (0.003)	-0.004 (0.003)
Constant	-0.813*** (0.078)	-1.402*** (0.114)	-0.919*** (0.100)	-0.102 (0.120)
R2	0.523	0.523	0.392	0.392
F-test	465.29***	427.71***	273.66***	88.16***
Number of observations	2424	2424	2424	2424

Note. This table presents the regression analyses that assess the effect of corporate social responsibility (CSR) on sustainability performance (SUSPER), environmental performance (ENVPER), social performance (SOCPER) and governance performance (GOVPER) using Fixed effect (FE). Variable definitions are given in Table 2. *p<0.10, **p<0.05, ***p<0.01.

3.3.3. Additional Analyses

Further Table 9 examines how economic recessions, particularly the Global Financial Crisis (GFC) and the COVID-19 pandemic, interact with CSR to affect sustainability performance and its components.

There are studies in the literature supporting that companies with high corporate sustainability performance are less affected by crisis periods. (Zhou et al., 2024). The interaction term GFC x CSR has a negative effect but is significant on social performance SOCPER (the coefficient of SOCPER is -0.078 at 1%), while it is insignificant for the other dimensions.

This suggests that the GFC negatively impacted the social outcomes of CSR due to the reduction in resources allocated to social initiatives during the crisis. The direct effect of the GFC on governance performance is negative and significant (the coefficient of GOVPER -0.062 at 1%), suggesting a decline in governance performance during the crisis due to cost cuts or governance changes in response to economic pressure.

Table 9: The effect of recessions and CSR on sustainability performance and its pillars

	<i>Pillars of SUSPER</i>			
	SUSPER (1)	ENVPER (2)	SOCPER (3)	GOVPER (4)
GFC x CSR	-0.031 (0.022)	-0.037 (0.032)	-0.078*** (0.028)	0.047 (0.034)
COV x CSR	-0.018 (0.015)	-0.073*** (0.023)	-0.032* (0.019)	0.052** (0.023)
CSR	0.341*** (0.011)	0.491*** (0.016)	0.318*** (0.014)	0.237*** (0.017)
GFC	-0.025** (0.010)	-0.021 (0.015)	-0.004 (0.013)	-0.062*** (0.016)
COV	0.040*** (0.008)	0.063*** (0.011)	-0.044*** (0.010)	0.013 (0.012)
SIZE	0.059*** (0.009)	0.087*** (0.007)	0.067*** (0.007)	0.020** (0.007)
LEV	0.083*** (0.016)	0.115*** (0.024)	0.107*** (0.021)	0.019 (0.026)
ROE	0.002 (0.006)	-0.003 (0.009)	-0.002 (0.008)	0.011 (0.009)
GROW	-0.005** (0.002)	-0.015 (0.003)	-0.007** (0.003)	-0.006* (0.003)
Constant	-0.640*** (0.080)	-1.225*** (0.117)	-0.758*** (0.103)	0.083 (0.124)
R ₂	0.307	0.388	0.180	0.152
F-test	273.88***	246.74***	159.60***	54.27***

Note. This table presents the regression analyses that assess the effect of recessions (Global Financial Crisis 20072009: GFC; COVID_19: COV) and corporate social responsibility (CSR) on sustainability performance (SUSPER), environmental performance (ENVPER), social performance (SOCPER) and governance performance (GOVPER) using Fixed effect (FE). Variable definitions are given in Table 2. *p<0.10, **p<0.05, ***p<0.01.

In addition, the interaction term COV x CSR is negative and significant for both ENVPER and SOCPER -0.073 at 1% and 0.032 at 10% respectively, suggesting that the positive impact of CSR on environmental and social outcomes diminished during the pandemic. This may reflect the difficulties of many firms in maintaining high CSR standards when resources are limited, as they focused on survival during COVID-19. Furthermore, the direct effect of COVID-19 on environmental performance ENVPER is positive and significant 0.063 at 1%, suggesting that some firms may have maintained or increased their environmental efforts during this period due to pandemic-related regulations or transitions to sustainable practices.

CONCLUSION

This study investigates the impact of corporate social responsibility-CSR on the sustainability performance of companies in the travel and leisure sector and examines how CSR engagement impacts environmental, social and governance outcomes. Through panel data analysis, the study provides clear evidence that higher levels of CSR are associated with stronger sustainability performance across these dimensions. The analysis reveals that firms committed to CSR demonstrate consistent improvements in sustainability over time, suggesting that CSR is a key driver of responsible business practices.

The results show that CSR has the most significant impact on environmental performance, suggesting that CSR initiatives are particularly effective in promoting sustainable resource management, reducing carbon footprints and encouraging conservation efforts. This finding highlights the travel and leisure sector's increasing sensitivity to environmental concerns, a vital response given the sector's significant ecological impact. In addition, the positive impacts of CSR on social and governance performance highlight its importance in promoting community engagement, employee well-being and strong governance structures. By committing to CSR, travel and leisure companies can address stakeholder expectations more holistically, increasing customer loyalty, employee satisfaction and overall brand value.

Time-series analysis also shows that firms with high CSR levels consistently outperform their low CSR counterparts across all dimensions of sustainability. This trend suggests that CSR adoption is not just a short-term trend, but also a sustainable, effective approach to business management. Such consistent performance improvements make a compelling case that CSR is a long-term strategic investment rather than a discretionary expense. The findings suggest that companies with strong CSR practices are likely to benefit from reputational and competitive advantages in a market where consumers increasingly prefer brands that align with their social and environmental values.

However, the study also finds that economic downturns, such as the Global Financial Crisis and the COVID-19 pandemic, can negatively impact the effectiveness of CSR, particularly in social and environmental areas. During these periods, companies may divert resources from CSR initiatives to core business operations,

reflecting the challenges of balancing profitability with sustainability under economic stress. However, firms that maintain CSR activities during crises tend to exhibit greater resilience, suggesting that CSR can serve as a balancing force that supports a company's recovery and sustainability in the face of market volatility. This resilience highlights the strategic importance of integrating CSR into the core business model and enables firms to better navigate uncertainties while maintaining their commitment to sustainability.

Overall, the study highlights several practical implications for managers, policymakers, and stakeholders. For travel and leisure companies, these findings suggest that sound CSR practices can improve sustainability performance, foster goodwill among stakeholders, and reduce some of the risks associated with economic downturns. Policymakers can also use these insights to encourage CSR adoption across industries, recognizing its potential to contribute to both corporate resilience and societal well-being. Finally, stakeholders, including investors and consumers, may view CSR as an indicator of a company's commitment to sustainable growth and provide a basis for making more informed decisions.

As a result, CSR has emerged as a powerful driver of sustainability performance in the travel and leisure sector. By investing in CSR, companies are not only improving their environmental, social and governance outcomes, but also strengthening their resilience and adaptability. The study supports the idea that sustainable business practices are integral to long-term success in today's socially conscious marketplace. For travel and leisure companies, prioritizing CSR can serve as both a means to achieve sustainability goals and a way to gain a lasting competitive advantage in an evolving global economy.

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