

# Service Quality Improvement Driven by ESG Practices: An Exploration of Sustainable Operation Models in Taiwan's Hotel and Inn Industry

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**Abstract:** This study examines the impact of environmental, social, and governance (ESG) practices on service quality in Taiwan's hotel and lodging industry. With growing global attention to sustainable development, consumers and investors are increasingly prioritizing companies' ESG performance. This study employed semi-structured interviews with industry experts to understand how ESG factors influence service quality, customer satisfaction, and brand loyalty in Taiwan's hotel and lodging industry. The results show that proactive ESG practices not only enhance hotels' market competitiveness but also improve customer experience and employee satisfaction. In particular, efforts in energy conservation and carbon reduction, waste management, social responsibility, and corporate governance contribute to the hotel and lodging industry's sustainable development goals. Based on these interview findings, the study offers several recommendations, including how to effectively integrate ESG strategies to enhance service quality and calls for greater ESG support from policymakers. This study provides practical insights for Taiwanese hotel and lodging industry players and policymakers, fostering the industry's long-term development amidst global ESG trends.

**Keywords:** ESG, service quality improvement, sustainable development, Taiwan hotel industry.

**JEL classification:** L83; M14; Q56.

## 1. INTRODUCTION

Tourism has long been considered one of the mainstays of Taiwan's economy. The hotel industry is a core component of the tourism industry, providing accommodation services to domestic and international tourists. This not only generates tourist revenue but also drives the development of related industries such as catering, transportation, and retail (Bae, 2022). The hotel industry encompasses a wide variety of positions, including front desk reception, housekeeping, food and beverage service, maintenance and cleaning, marketing, finance, and management. This means that people with diverse skills and expertise can find employment in this industry providing a diverse range of job opportunities (Kim, Park, Kim, and Lee, 2024). Hotels are typically large institutions with a large number of guest rooms and customers. To meet customer demand, they need to employ a large number of employees, including front-line staff and logistics support personnel (Sembajwe, Spaeth, and Dropkin, 2020).

Due to the impact of the COVID-19 pandemic, Taiwan's tourism and hotel industry saw significant declines of 32.4% and 16.4% in 2020 and 2021 respectively, with total operating revenue falling to US\$1.13 billion, a nearly 21-year low.

However, in 2022, thanks to the easing of pandemic control measures and a surge in domestic tourism, the market gradually recovered. The overall tourism hotel industry saw a 35.0% year-over-year increase to US\$1.524 billion, with accommodation revenue increasing by 51.1% to NT\$657 million and food and beverage revenue increasing by 23.5% to NT\$693 million. The total number of tourists served climbed to 9.38 million. Although these figures remain over 20% lower than pre-pandemic levels in 2019, many major hotel groups have actively initiated investment and recruitment efforts in anticipation of a market recovery. Hotel and lodging companies often offer training and advancement opportunities to enhance employee skills and career development. Employees starting in entry-level positions have the opportunity to advance to management positions and build careers across the industry (Kim, Park, Kim, and Lee, 2024). In addition to employees working directly in hotels and restaurants, the industry also supports related industries such as food and beverage suppliers, cleaning and maintenance service providers, tour guides, and transportation. These suppliers and service providers also benefit from the demand from hotels and lodging industry, creating more employment opportunities (Sembajwe, Spaeth, and Dropkin, 2020).

Hotels are widespread, not only in urban centers but also in remote areas. They contribute to regional development, attracting tourists to less-visited areas and boosting local economic vitality (Rubio-Mozos, García-Muiña, and Fuentes-Moraleda, 2020). Hotels in various countries attract

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numerous international tourists, generating foreign exchange earnings and international recognition for their countries (Lin, Zhang, Luo, and Li, 2024). The hotel industry not only provides accommodation for tourists but also supports the conference and exhibition industry. Cities, as destinations for international conferences and exhibitions, attract participants from around the world, generating economic benefits for the country (Ahmed et al., 2021).

Hotels and lodging industry in Taiwan often incorporates elements of local culture into their design and services. This includes artwork, traditional architecture, local crafts, music, and cuisine. This helps visitors better understand and experience local culture. Taiwan's hotel industry features many themed and distinctive hotels, such as cultural and creative hotels, hot spring hotels, and hotels converted from historical buildings. These hotels offer unique accommodation experiences, allowing visitors to delve into diverse themes and cultural elements. Some hotels also host cultural events and festivals, providing visitors with opportunities to engage with local culture and enjoy a richer travel experience. Many hotels offer guided tours and tours to help visitors explore local attractions and cultural sites. This helps visitors better understand Taiwan's history, culture, and natural landscape. Hotel restaurants often offer local and authentic cuisine, allowing visitors to savor local specialties. Hotel operators generally respect and protect local culture and the environment. They comply with local regulations and adopt sustainable environmental practices to ensure the preservation of local culture and natural resources.

ESG (Environmental, Social, and Governance) is a set of key sustainability factors that have recently become important indicators for assessing a company's long-term value and sustainable development potential in corporate management and strategy formulation. According to research by Rabbani et al. (2025), companies with high ESG performance tend to demonstrate greater resilience and trust, which not only enhances their reputation but also helps them maintain stable capital attraction and customer loyalty amid market volatility and policy pressures. Such companies are more likely to be viewed as responsible and forward-looking operators, thereby enhancing trust and cooperation with stakeholders. ESG issues have a profound impact on a company's brand image and investment appeal. Emmanuel (2025) notes that investors have gradually incorporated ESG factors into risk assessment models and investment decision-making processes, believing that good ESG performance can indicate a company's long-term operational stability and risk management capabilities. Especially in the context of increasing global capital market demands for transparency in sustainability disclosures, the verifiability and reliability of ESG information have become crucial for a company's ability to attract sustainable investment capital (Abbas, 2025). In addition, Chan (2025) emphasized in his research that consumers increasingly value a company's performance in social responsibility and environmental protection when making purchasing decisions, and regard it as an external representation of corporate values and ethics, which has the effect of strengthening brand identification and emotional connection.

The hotel and lodging industry is highly competitive. Providing high-quality service can be a competitive advantage for a business. High-quality service attracts more customers, improves customer retention, and helps businesses stand out in the market. Customer satisfaction is a key success factor in the hotel and lodging industry. Only by providing high-quality service can customers be satisfied and become loyal. Loyal customers not only return frequently but are also likely to recommend the hotel to others, helping to expand the customer base. In the internet age, customers can easily share their experiences and leave reviews on social media and review sites. High-quality service is crucial to maintaining positive word-of-mouth. Poor service can lead to negative reviews and damage a brand's reputation. A hotel's brand value and recognition are influenced by the quality of its service. High-quality service is often associated with higher prices, which means better economic returns for the hotel. Customers are generally willing to pay more for a high-quality experience, which helps increase revenue and profitability.

Modern travelers are increasingly prioritizing sustainable and responsible travel choices, expecting accommodations to offer high-quality services such as cleanliness, environmental friendliness, safety, and social engagement. According to research by Boley and Uysal (2013), when hotels demonstrate a sense of responsibility for the environment and the community through sustainable tourism practices, travelers experience greater psychological satisfaction and loyalty intentions, demonstrating a positive correlation between ESG concepts and customer behavior. Active ESG practices not only enhance brand value but also help strengthen customer loyalty and attract new customers. Font, Elgammal, and Lamond (2017) note that sustainability certification significantly enhances a hotel's market image, strengthening customer perceptions of corporate social responsibility and, in turn, increasing brand trust and market competitiveness. Hoteliers can control operating costs and improve profitability while maintaining high service quality by improving resource efficiency and reducing waste, such as conserving energy and water. In their research on the Hong Kong hotel industry, Chan (2008) finds that implementing an environmental management system (EMS) not only effectively conserves resources but also improves customers' overall evaluation of hotel quality. At the same time, focusing on employee working conditions and compensation can improve their satisfaction and loyalty, which directly impacts service quality and customer experience. Kim et al. (2017) emphasize that job satisfaction of hotel employees is significantly positively correlated with service performance. In particular, after the introduction of internal policies related to CSR and ESG, employees develop a stronger sense of identification with the company, which in turn improves customer satisfaction.

Compliance with environmental regulations and social responsibility standards helps reduce legal and reputational risks. Ignoring ESG issues can lead to financial losses and legal risks. Lee and Park (2009) point out that, with increasingly stringent ESG regulatory requirements globally, if the hotel industry fails to proactively respond to regulations and

social expectations, it could easily damage its brand image and increase external scrutiny. In the highly competitive hotel market, good ESG performance can become a differentiating advantage, attracting more sustainability-conscious customers. Therefore, hoteliers should fulfill their social responsibilities, actively participate in community development through environmental and social practices, and contribute to sustainable development. Stabler and Good all (1997) also point out that tourism service providers' involvement with the local community can strengthen community identity and the foundation for long-term cooperation, making sustainable development an integral part of brand value rather than just a marketing strategy.

The primary objective of this study is to assess the impact of ESG practices on service quality in Taiwan's hotel and lodging industry. The study will explore how various ESG factors directly and indirectly influence hotel service quality. The study will further analyze the impact of ESG on customer satisfaction and brand loyalty. The study will assess whether customers perceive ESG practices as having an impact on their stay and their attitudes toward the hotel brand, and identify correlations between these factors. The study will also provide recommendations to hotel and lodging operators on how to best integrate ESG principles to enhance service quality. This may include improving best practices in environmental sustainability practices, increasing social engagement, and strengthening governance structures. Another objective of the study is to analyze the current level of ESG practices among Taiwan's hotel and lodging industry. This will help determine the current status of various ESG aspects and areas that require further improvement. Finally, one of the objectives of the paper is to provide policymakers and managers with recommendations on how to promote the application of ESG in the hotel and lodging industry. This may include the development of relevant regulations and policies to support sustainable practices.

## 2. LITERATURE REVIEW

This chapter reviews and analyzes research on Environmental, Social, and Governance (ESG) in the hotel industry. In recent years, ESG has become a core driver of sustainable development in the hotel industry. Particularly in the face of global challenges such as the COVID-19 pandemic, ESG practices are viewed as crucial for enhancing corporate resilience and promoting sustainable development. This chapter synthesizes existing literature, covering ESG assessment and practice, the impact of ESG on financial and operational performance, and the impact of ESG on brand image and social responsibility. By comparing and synthesizing these studies, we uncover commonalities and differences and explore potential directions for future research.

### 2.1. ESG Assessment and Practice

This section explores the development and application of ESG assessments and practices in the hotel industry, emphasizing the interrelationships and overall impact of these studies. Numerous studies agree that establishing ESG assessment standards applicable to the hotel industry is an important foundation for promoting sustainable development in the sector. Bae (2022) develops an ESG assessment frame-

work covering three areas, 20 indicators, and over 40 items to help standardize hotel sustainability efforts. Simultaneously, Lau, Tang, and Chan (2021) explore how to use benchmarking to monitor hotel energy use. This practice provides a concrete application scenario for ESG assessments in the hotel industry and demonstrates the complementary nature of different assessment tools.

Regarding public health improvement, Sembajwe, Spaeth, and Dropkin (2020) emphasize that daily cleaning of hotel rooms not only complies with greening initiatives and public health requirements but also highlights the concrete value of ESG in practical operations. This demonstrates that ESG is not limited to environmental aspects but also plays an important role in social dimensions. Legendre, Ding, and Back (2024) note that the resource-intensive nature of the hotel industry requires greater efforts in environmental and social responsibility, and that comprehensive ESG assessment standards can better reflect the effectiveness of these efforts and provide companies with a competitive advantage in the global market. Furthermore, Franzoni and Avellino (2019) highlight the communication quality and improvement potential of international hotel chains in their sustainability reporting, while Rubio-Mozos, García-Muiña, and Fuentes-Moraleda (2020) notes that the tourism industry contributes significantly to global GDP, necessitating sustainable management standards to support the Sustainable Development Goals (SDGs). Together, these studies demonstrate that ESG assessment criteria are not only an important tool for measuring sustainability but also key for the hotel industry to remain competitive in the global market.

Based on the above literature, ESG assessment and practice not only involve environmental management, but also cover multiple dimensions such as energy use, public health, and communication quality. These factors complement each other and jointly promote the sustainable development of the hotel industry.

### 2.2. Impact of ESG on Financial and Operational Performance

ESG has a significant positive impact on the financial and operational performance of the hotel industry. This section synthesizes the results of multiple studies to demonstrate how ESG strategies can play a role in financial performance and operational efficiency, and improve corporate resilience under different circumstances. Ding and Tseng (2023) point out that the complementary role of ESG in the environmental, social, and governance dimensions can significantly improve the financial performance of hotels, while the research of Chen, Su, and Chen (2022) further validate the function of ESG as a risk-averse tool, especially demonstrating its effectiveness during the COVID-19 pandemic.

Lin *et al.* (2024) emphasize that ESG mitigated market risks in the hotel industry during the pandemic and helped businesses create more opportunities during the recovery period, demonstrating that ESG is effective not only in stable economic environments but also in times of crisis. Chung, Nguyen, and Nguyen (2023) confirm through Data Envelopment Analysis (DEA) that the adoption of ESG standards significantly improves hotel operational efficiency, thereby promoting internal benefits. These findings demonstrate the

impact of ESG on the hotel industry at different levels. Bodhanwala and Bodhanwala (2022) point out that the hotel industry performs best in ESG compliance among the travel and tourism industries, and that different ESG components have varying degrees of impact on financial and market performance. This aligns with the conclusions of Le grand and Matthew-Bolofinde (2022), which suggested that the hotel industry should strive to achieve decarbonization targets by 2050 and incorporate this goal into improving financial performance. In addition, Da Hyun *et al.* (2024) propose that the higher the level of economic development, the greater the potential for hotel companies to improve performance through ESG practices, which suggests that the effectiveness of ESG may vary from place to place.

In summary, these studies demonstrate that ESG practices can improve the financial and operational performance of the hotel industry in multiple ways, especially in the face of market volatility and uncertainty, where ESG becomes an important means of enhancing corporate resilience and competitiveness. A comparison of different literature shows that the financial and operational impacts of ESG on the hotel industry are complementary and indispensable across environmental, social, and governance dimensions.

### **2.3. The Impact of ESG on Brand Image and Social Responsibility**

ESG plays a crucial role in enhancing a hotel's brand image and social responsibility. This section synthesizes different aspects of the impact of ESG on brand image and social responsibility from multiple studies. The research of Kim, Park, Kim, and Lee (2024) show that ESG practices help improve employee self-esteem and commitment, thereby increasing retention rates. This not only enhances internal corporate culture but also strengthens brand image and employee satisfaction. These results indicate a close link between ESG at the internal management level and external brand value.

Park and Shin (2024) further point out that customers' awareness of ESG directly affects their purchasing intentions, indicating that hotel companies should actively transmit ESG-related information to customers to enhance brand recognition. However, Aksoy *et al.* (2022) point out that the service industry faces challenges in communicating ESG efforts because consumers often perceive service products as lacking social innovation. Therefore, hotel companies need to strengthen communication with consumers and demonstrate their efforts in social responsibility and sustainability to enhance brand loyalty. The research of Koh, Burnasheva, and Suh (2022) shows that the social and governance dimensions of ESG have a significant impact on brand reputation and image, while the environmental dimension has a relatively smaller impact. This suggests that hotel companies should focus on improving social and governance practices to enhance brand value. Meanwhile, Kuzey, Uyar, Nizaeva, and Karaman (2021) believe that establishing a Corporate Social Responsibility (CSR) committee helps maximize the effectiveness of ESG, and hotel companies should establish dedicated CSR committees to improve their social responsibility performance.

Furthermore, van Riel *et al.* (2021) emphasizes that service innovation is crucial for achieving sustainable development goals, and that hotel companies should strengthen collaboration with stakeholders to achieve comprehensive environmental, social, and economic development. These studies demonstrate that ESG not only positively impacts employees and customers' satisfaction but also enhances brand image and social responsibility, thereby strengthening the hotel industry's competitiveness in the market.

### **2.4. Challenges and Future Development Directions of ESG Practice**

Although the importance of ESG in the hotel industry is increasingly recognized, its practice still faces many challenges. Singal (2014) points out that while sustainability measures are encouraged by customers, investors, and governments, their economic viability remains questionable, and hotel companies need to strike a balance between sustainability and financial benefits. Furthermore, Lin *et al.* (2024) emphasize that, particularly in developing countries, ESG measurement and implementation are still in their infancy, and companies lack internal resources and external support to effectively promote ESG.

Ahmed *et al.* (2021) emphasizes that hotel leaders play a crucial role in promoting ESG practices and should develop specific Key Performance Indicators (KPIs) and incentivize employee participation in ESG. Franco *et al.* (2020) point out that investing in ESG and corporate social responsibility (CSR) helps companies build closer relationships with stakeholders; however, these measures may also incur costs, and companies need to assess their long-term benefits. Koseoglu *et al.* (2021) find that hotel companies with higher CSR performance are more likely to publish CSR reports, which helps enhance corporate reputation and brand value. Aksoy, Alkire, Choi, Kim, and Zhang (2019) mention that promoting Social Innovation Services (SIS) in the hotel and tourism industry can create novel and sustainable market service products, thereby enhancing brand trust and attracting talented people.

### **2.5. Summary**

Based on the literature review above, ESG applications in the hotel industry are broad, encompassing assessment and practice, impacts on financial and operational efficiency, and the promotion of brand image and social responsibility. Research shows that ESG implementation has a positive impact on hotel financial performance, employee behavior, customer perception, and brand image. However, in practice, companies still face challenges such as balancing costs and benefits, ensuring resource allocation, and enhancing customer and employee awareness. Future research should explore in greater depth how to overcome these challenges and provide hotel companies with an actionable practical framework to promote the comprehensive implementation of ESG globally. ESG is not only a corporate responsibility but also a new source of competitiveness. With the increasing global demand for sustainable development, the hotel industry should take proactive steps to integrate ESG into its core strategies to achieve long-term sustainable development and benefit stakeholders.

### 3. SEMI-STRUCTURAL EXPERT INTERVIEW RESEARCH METHOD

#### 3.1. Characteristics and Implementation of the Semi-Structured Expert Interview Method

Semi-structured expert interviews are a widely used qualitative research method, particularly suitable for exploring complex topics or unfamiliar areas (Bryman, 2016). This method involves interviewing subject matter experts, typically individuals with expertise and experience in a specific field who can provide profound insights (Patton, 2014). Unlike fully structured interviews, semi-structured interviews are flexible and not based on a fixed questionnaire. The researcher provides an initial guide to questions but allows the expert to freely express their views and further explore the specific topic (Creswell & Poth, 2018). This method aims to delve into a specific topic to understand the expert's insights and perspectives, helping to reveal implicit information and complex connections (Braun & Clarke, 2006).

Semi-structured expert interviews typically involve multiple experts from diverse backgrounds, professional fields, or organizations to gain diverse perspectives and build a comprehensive understanding (Flick, 2018). The resulting qualitative data, such as transcripts or audio interviews, usually requires qualitative analysis to extract valuable information. Thematic approaches to qualitative analysis, such as topic analysis, have proven highly effective in this type of research (Braun & Clarke, 2006). Researchers can also ask experts questions during the interview and receive feedback from their responses, which helps to explore the topic in greater depth (Patton, 2014).

In this study, researchers selected a group of industry experts with extensive knowledge and experience in Taiwan's hotel and inn industry and ESG practices. These experts include hotel operators, environmental experts, industry association representatives, and academics. Selecting diverse interviewees helped to obtain different perspectives and enhance the breadth of the research (Flick, 2018). The researchers designed a semi-structured interview guide containing a series of open-ended questions to allow experts to freely share their views and experiences. These questions covered topics such as ESG practices, service quality, customer satisfaction, and industry trends.

Interviews are conducted face-to-face, by telephone, or via video conference to ensure participant engagement and high interactivity (Patton, 2014). The collected interview data are processed using qualitative analysis, which includes coding and organizing the themes and patterns of the interview content to uncover important insights and trends (Braun & Clarke, 2006). For example, the study uses thematic analysis to summarize experts' views on the challenges and opportunities in ESG practices, providing substantial data support for the research. The findings present expert perspectives and insights, and how these perspectives influence ESG practices and service quality, comparing them with findings in relevant literature. These insights not only provide important references for improving ESG practices in Taiwan's hotel and inn industry but also offer suggestions for future research.

#### 3.2. Advantages of the Semi-Structured Expert Interview Method

Semi-structured expert interviews offer multiple advantages in academic research, particularly when exploring specialized qualitative research topics, due to their flexibility and ability to provide deep insights (Bryman, 2016). Semi-structured expert interviews can provide profound insights and professional perspectives because experts typically possess extensive knowledge and experience within their field. They can offer valuable insights based on the researcher's questions, drawing on their practical experience, thereby promoting an understanding of complex issues (Patton, 2014). Unlike structured interviews, semi-structured interviews are highly flexible, allowing interviewees to freely express their views and opinions without being restricted by fixed questionnaires (Creswell & Poth, 2018). This flexibility fosters in-depth discussion and reflection, and allows researchers to dynamically adjust questions based on expert responses to explore specific topics more precisely (Flick, 2018). This characteristic makes semi-structured interviews particularly effective when exploring complex phenomena or interdisciplinary issues (Braun & Clarke, 2006).

Through semi-structured interviews, researchers can access experts from diverse backgrounds and professional fields, gaining a variety of perspectives and insights. This diversity contributes to a more comprehensive understanding, especially when integrating multiple viewpoints (Patton, 2014). During the interviews, researchers can also receive immediate feedback from experts and ask further questions or seek clarification on any doubts, ensuring accurate and complete data collection (Bryman, 2016). The qualitative data generated by semi-structured interviews can provide in-depth understanding and can be used for case studies, citations, and further exploration of research questions (Creswell & Poth, 2018). Through thematic analysis, this data can be systematically processed to extract core insights relevant to the research (Braun & Clarke, 2006). Furthermore, these interview results often bridge the gap between academia and practice, facilitating researchers to propose practical policy recommendations or provide practice-oriented solutions (Flick, 2018).

#### 3.3. Interview Questions and Summary of Expert Responses

Based on the research topic and objectives, this study designed 10 questions for the interviewed experts using a semi-structured expert interview method. The types and content of these questions are shown in Table 1. Table 2 displays the personal information of the nine interviewed industry experts.

The results of semi-structured expert interviews typically require systematic compilation to ensure the reliability and comprehensibility of the research. First, this study compiled all interview notes, including audio recordings and written transcripts, ensuring a clear record of each interview's material. By reviewing the notes, main themes and sub-themes were identified. The interview data was coded to identify portions relevant to the themes and sub-themes. This could

**Table 1. Questions raised during the interview with semi-structural experts.**

No.	Question
1	How well does Taiwan's hotel and inn industry perform in ESG practices? In what areas have they succeeded, and in what areas do they need to improve?
2	How have ESG practices affected the service quality of Taiwan's hotel and inn industry? Please explain in details.
3	Do customers consider a hotel's ESG performance when choosing accommodation? Does this affect customer satisfaction and loyalty?
4	Does your organization have experience in developing and implementing ESG policies and measures? How have these measures affected your business operations and service quality?
5	How Taiwanese hotels and inns have improved their service quality and gained a competitive edge in the market through ESG practices.
6	When implementing ESG practices, what do you think as the main challenges faced by hotel operators? How do these challenges affect their business operations?
7	In which ESG aspects can Taiwanese hotel and inn operators potentially improve to further enhance service quality?
8	How can we assess the ESG practices of hotel and inn operators in Taiwan to ensure they meet best practices and standards?
9	Can the Taiwanese government or industry associations provide support or guidance on ESG? If so, what specific measures can be taken?
10	Based on your experience and expertise, what specific advice would you offer to hotel and inn operators in Taiwan to better integrate ESG principles, improve service quality, and meet customer expectations?

**Table 2. Interview Data with Semi-Structure Expert.**

Number	Expert Code	Position	Years of Service	Education	Experience and Expertise
No	Expert ID	Position	Years of Experience	Education	Expertise
1	CEO-1	General Manager	20	Bachelor	Hotel operations, customer service, team leadership
2	CEO-2	General Manager	18	Master	Hotel operations management, financial control, and marketing.
3	MM-1	Marketing Manager	12	Master	Marketing strategy, online promotion, brand management
4	MM-2	Marketing Manager	10	Bachelor	Data analytics, online advertising, social media marketing
5	MM-3	Marketing Manager	13	Master	Market positioning, promotional activities, customer relationship management
6	HM-1	Housekeeping manager.	14	Master	Room operations, cleaning standards, inventory management
7	HM-2	Housekeeping manager.	12	Bachelor	Guest room maintenance, facilities management, customer satisfaction
8	RD-1	Director of Food and Beverage Dept.	16	Master	Restaurant operations, menu design, ingredient procurement
9	RD-2	Director of Food and Beverage Dept.	13	Bachelor	Food service, kitchen operations, food safety management

be specific statements, opinions, or observations. The coded data was analyzed to determine the relative importance, frequency, and relevance of the themes. Based on the analysis, the perspectives of different experts were integrated. This summary should clearly articulate the themes and sub-themes and provide background information on the experts' opinions. The perspectives of different experts were com-

pared and contrasted to identify commonalities and differences. This helped to determine consistency and diversity. Specific expert opinions and statements were cited in the report to support the research conclusions and discussion. This may require further explanation and elaboration to ensure the depth and significance of the results. Finally, the results were reviewed to ensure that the conclusions aligned

with the research objectives and reflected the experts' perspectives.

## 4. RESEARCH RESULTS

### 4.1. Summary of Expert Interviews

This section summarizes the responses of nine experts to the interview questions, expressing their views on ESG practices and service quality improvement. Their core opinions are outlined below, item by item.

#### Interview Question 1:

The performance of Taiwan's hotel and inn industry in ESG practices.

In what areas have they achieved success, and what areas need improvement?

Many Taiwanese hotel and inn operators actively participate in environmental protection and sustainability practices. They adopt energy-saving equipment, reduce single-use plastics, and recycle waste to minimize their environmental impact. Some hotels also incorporate green building and green certifications into their design and operations. (CEO-1, MM-1, MM-2, HM-2).

Although some hotels have implemented energy-saving measures, many can still further reduce their carbon footprint. More hotels can invest in renewable energy, energy-efficient equipment, and more effective waste management to reduce energy consumption and waste generation. (CEO-2, MM-3, HM-1, RD-2).

Some hotel and inn operators actively participate in community affairs, including social responsibility projects, public service activities, and charitable donations. They provide employment opportunities, respect labor rights, and promote diversity and equality. (CEO-1, MM-2, HM-2).

Some hotels have room for improvement in employee training and benefits to ensure their working conditions and professional development. Better training and benefits measures could help improve service quality and employee loyalty. (CEO-1, MM-1, RD-1, RD-2).

Some hotel and hospitality operators can more proactively manage their supply chains, ensuring that suppliers and partners also adhere to ESG principles. This helps to expand ESG impact and reduce potential risks. (CEO-2, MM-1, MM-3).

Taiwan's hotel and inn industry is regulated by law and generally adheres to strict governance standards. These include financial transparency, corporate governance, and risk management. Some large hotel groups have implemented dedicated governance structures and policies. More hotels can further enhance the transparency of their reporting to demonstrate their ESG practices and performance. Transparency helps build trust and attract ESG-oriented investors and clients. (CEO-2, HM-1, RD-1).

#### Interview Question 2:

How have ESG practices affected the service quality of Taiwan's hotel and inn industry?

Please explain in detail.

The hotel employs energy-efficient facilities and sustainable operating practices, such as LED lighting, solar power generation, and energy efficiency improvements, which help reduce energy costs while minimizing its environmental impact. This not only lowers operating costs but also contributes to providing an environmentally friendly accommodation experience. (CEO-1, MM-1, HM-2, RD-1).

The hotel implements a waste reduction and recycling program to reduce waste generation and increase resource reuse rates. It maintains a clean environment and improves the tidiness of public areas. (CEO-1, CEO-2, HM-1).

Hotel operators are investing more resources in staff training to improve their professional skills and service attitude. This leads to higher service quality and a better customer experience. (CEO-2, MM-3, HM-1, RD-1, RD-2).

The hotel's involvement in community engagement and charitable activities gives back to the local community while enhancing its brand reputation. This cultivates a positive social image and attracts more customers. (CEO-2, MM-1, MM-2).

Hotel operators practice good corporate governance to ensure financial transparency, reduce the risk of fraud, and maintain shareholder trust. Hotels implement effective risk management to address various risks, including natural disasters and health crises. This helps ensure customer safety and guarantees the continued operation of the business. (CEO-1, CEO-2, MM-2).

#### Interview Question 3:

Customers incorporate hotel and inn ESG performance into their accommodation choices. ESG affects customer satisfaction and loyalty.

ESG performance has become a crucial factor for customers when choosing accommodations. Customers are increasingly aware that their spending decisions can impact the environment, society, and governance (ESG), and therefore tend to choose hotels with excellent ESG performance. (CEO-1, CEO-2, MM-2).

Many customers are now concerned about hotels' environmental practices, including energy-saving facilities, water resource management, waste reduction, and environmental certification. They tend to choose environmentally friendly hotels to reduce their own carbon footprint during travel. (CEO-1, CEO-2, MM-3, HM-1, RD-1, RD-2).

Customers also care about the hotel's social contributions, including involvement in community affairs, support for the local community, providing good employee benefits, and participation in charitable activities. These factors can influence customers' impressions of the hotel. (MM-1, MM-2).

Customers may focus on a hotel's corporate governance standards, including financial transparency, risk management, and compliance. A well-regulated hotel may be more attractive because customers are more likely to trust its operations. (CEO-2).

Hotels that demonstrate high levels of ESG performance typically experience increased customer satisfaction. Customers are more satisfied because they perceive their accommodation choice as responsible and contributing to society and the environment. (CEO-1, MM-1, HM-1, HM-2, RD-1)

Customers are more likely to return to hotels that demonstrate high ESG performance. They perceive these hotels as trustworthy and more likely to become long-term loyal customers. (MM-1, MM-2, MM-3, RD-2)

Restaurants with high ESG performance typically attract more positive word-of-mouth and reviews. This helps attract more customers because the opinions and reviews of others influence their choices. (CEO-2, MM-1, MM-3, HM-1)

#### **Interview Question 4**

The interviewee's organization's experience in developing and implementing ESG policies and measures. How these measures affect business operations and service quality.

Hotels typically develop environmental policies, including energy conservation and waste reduction targets, and take measures such as installing energy-efficient lighting, strengthening water resource management, and reducing plastic use. This requires capital investment but can reduce energy and resource costs while lowering the carbon footprint. (CEO-1, CEO-2, MM-2, MM-3, HM-1, RD-1).

The hotel integrates social responsibility into its operations, participating in community activities, supporting local communities, and providing excellent employee benefits and training programs. This helps build a positive social reputation and increases community and employee loyalty to the hotel. (MM-1, MM-2, MM-3).

The hotel practices sound corporate governance, ensuring transparency and compliance, and has established an effective risk management mechanism. This helps attract investors, reduce risk, and maintain the sound operation of the business. (CEO-1).

Effective ESG practices can typically reduce energy, water, and waste management costs. This saves money and helps restaurants offer more competitive prices and improve service quality. (CEO-1, CEO-2, HM-1, HM-2, RD-2).

Customers are increasingly concerned about sustainability and social responsibility. They are more likely to stay and feel satisfied when they see hotels actively participating in ESG practices. This is crucial for improving customer satisfaction. (CEO-2)

Hotels with high ESG performance typically attract more loyal customers. These customers are more likely to return and share their positive experiences, enhancing the hotel's reputation. (CEO-1, MM-1, MM-2, MM-3).

Providing employee benefits and training programs helps improve employee satisfaction and loyalty. Satisfied employees typically provide a higher level of service, impacting service quality. (CEO-2, MM-2).

Restaurants with sound governance standards are more likely to attract investors, which helps them raise capital for expansion and improvement. (CEO-1, CEO-2)

#### **Interview Question 5:**

How have hotels and inns in Taiwan improved their service quality and gained a competitive edge in the market through ESG practices?

Many hotels in Taiwan invest in energy-saving technologies and waste reduction measures, such as smart energy management systems, LED lighting, solar power generation, and waste sorting. This reduces energy and resource costs while minimizing environmental impact, giving them a competitive edge in the market. (CEO-1, CEO-2, MM-3, HM-1)

Some hotels have obtained environmental and sustainability certifications, such as LEED (Leadership in Energy and Environmental Design) or the Green Tourism Label. These certifications attract environmentally conscious customers and increase market share. (MM-1, MM-2, MM-3, RD-1).

Many hotels participate in local community and cultural activities, supporting local community development. Such participation helps cultivate a positive social reputation and enhances market competitiveness. (MM-1, MM-2).

Providing employees with good training and benefits helps improve service quality, loyalty, and satisfaction. Satisfied employees typically provide a higher level of service, making the restaurant more competitive in the market. (MM-2, RD-1, RD-2).

The hotel practices sound corporate governance, ensuring financial transparency and risk management. This helps attract investors, provide capital support, and gain an operational advantage in the market. (CEO-1).

Developing crisis management and sustainability strategies helps hotels respond to unforeseen events and improves business resilience and robustness. (CEO-1, MM-3, HM-1).

Restaurants with high ESG performance typically enjoy better brand reputation. Customers are more likely to become loyal customers and share positive experiences on social media and review sites. This helps attract more customers and increase market share. (CEO-2, MM-1, MM-3, HM-2).

#### **Interview Question 6:**

What are the main challenges faced by hotel operators when implementing ESG practices? How do these challenges affect their business operations?

Implementing ESG measures typically requires capital investment, such as improving energy efficiency, green building, and water resource management. This can put pressure on the finances of hotel operators, especially small and medium-sized ones. (CEO-1, CEO-2, MM-1, MM-3, HM-2).

Funding needs can impact a business's cash flow and financial operations, potentially hindering long-term investments. However, in the long run, ESG investments typically

reduce energy and resource costs and improve business efficiency. (CEO-1, CEO-2, MM-1, MM-2).

Introducing ESG practices requires adjustments to business models and cultural change. This may face internal opposition or resistance and necessitates effective change management strategies. (MM-2, HM-1, RD-1, RD-2).

Internal opposition and difficulties in cultural change can affect the speed and effectiveness of implementing ESG measures. However, successful cultural change typically enhances business sustainability. (MM-3, HM-1, RD-2).

Hotel operators need to comply with local and international environmental, social, and governance (ESG) regulations and meet relevant compliance requirements. This may require legal advice and monitoring. (CEO-1, CEO-2).

Non-compliance can result in fines and reputational damage. Therefore, hotel operators need to invest time and resources to ensure compliance, which can impact the cost and efficiency of business operations. (CEO-2, MM-3).

Customers are increasingly demanding ESG standards and are more inclined to choose hotels that have implemented ESG practices. This necessitates that hotel operators continuously improve their ESG performance to meet customer needs. (MM-2, HM-1, RD-1, RD-2).

Failure to meet customer expectations can lead to customer churn and market share decreasing. However, successful implementation of ESG practices can improve customer satisfaction and loyalty. (MM-2, HM-2).

External stakeholders, such as investors and governments, have raised higher expectations for the ESG performance of hotel operators and may exert pressure. External pressure can affect the reputation of hotel operators and may lead to legal or regulatory challenges. Therefore, operators need to proactively address these pressures to maintain the stability of their business operations. (CEO-1, CEO-2, MM-3)

#### **Interview Question 7:**

What are the potential opportunities for Taiwanese hotel and inn operators to improve ESG practices in order to further enhance service quality?

Hotels can improve energy efficiency, such as by installing smart energy-saving facilities, using LED lighting, and adopting solar power, to reduce energy consumption and carbon footprint. This helps save on energy costs while improving environmental sustainability. (CEO-1, CEO-2, MM-2, HM-1).

Strengthening waste reduction measures, reducing single-use plastic use, and actively promoting waste recycling will help improve environmental performance. (CEO-1, CEO-2, MM-1, HM-2, RD-2).

Invest in employee training and development programs to improve employee professional skills and service attitude. Satisfied employees typically provide a higher level of service quality. (CEO-1, MM-3, HM-1, HM-2, RD-1, RD-2).

Hotels can actively participate in the local community, supporting community activities and charitable causes. This

helps build a positive social reputation and attract both local and international customers. (MM-1, MM-2, MM-3).

The restaurant can optimize its corporate governance structure, improve financial transparency, ensure risk management, and comply with regulations. This helps build investor trust and enhance the robustness of business operations. (CEO-1, CEO-2)

Hotels can more proactively assess and manage risks, including crisis management and business continuity planning. This helps reduce the risk of potential business disruption and improves operational robustness. (CEO-1, CEO-2, HM-1).

Restaurants can establish more interactive platforms to encourage customer feedback and opinions. This helps to better understand customer needs, provide more personalized service, and improve customer satisfaction. (CEO-1, MM-1, MM-2, MM-3, RD-2).

Providing greater transparency regarding ESG-related information and outcomes helps communicate the hotel's sustainable practices to customers. This contributes to increased customer trust and loyalty. (CEO-2, MM-1, MM-3, RD-1).

#### **Interview Question 8:**

How to assess the ESG practices of hotel and inn operators in Taiwan to ensure they meet best practices and standards?

Hotel operators should establish clear ESG policies, define objectives and indicators, and assign clear responsibilities. Policies should cover environmental, social, and governance aspects, including energy conservation and emission reduction, community participation, and corporate governance. (CEO-1, CEO-2, MM-3, RD-1)

Hotel operators should conduct regular ESG assessments to evaluate their practices and performance. These assessments may include using an ESG reporting framework to collect and report relevant data. (CEO-1, CEO-2, MM-1, HM-1, RD-2).

Foster stakeholder engagement, including employees, customers, suppliers, investors, and the community. This helps gather diverse perspectives and feedback, and ensures that ESG practices align with everyone's expectations. (CEO-1, MM-2, RD-1, RD-2).

Provide ESG education and training to employees and management to ensure they understand the importance of ESG and how to implement it in their daily operations. (MM-1, MM-2, HM-1, HM-2).

Regularly monitor ESG practices and performance, and make improvements. Set key performance indicators (KPIs) and targets, and use feedback to adjust strategies. (CEO-2, MM-1, MM-2).

Consider using an independent third-party audit of ESG practices to verify the accuracy of the reports and ensure compliance with best practices. (CEO-1, CEO-2, MM-3).

Ensure compliance with local and international environmental, social, and governance (ESG) regulations to guaran-

tee that ESG practices meet regulatory requirements. (CEO-2, MM-1, MM-3).

We continuously learn and improve, and participate in industry knowledge sharing and best practices. ESG is an evolving field that requires a constant pursuit of higher standards. (MM-2, RD-2).

Hotel operators should provide comprehensive ESG reports to internal and external stakeholders to demonstrate their practices and performance and to provide transparency. (CEO-1, CEO-2, MM-1, MM-3).

#### **Interview Question 9**

What specific measures does the Taiwanese government or industry associations take to provide support or guidance in ESG matters?

The Taiwanese government has formulated a series of environmental protection policies to encourage the hotel and inn industry to implement energy conservation, waste reduction, and environmental protection measures. These include energy efficiency subsidy programs, encouragement of the use of green energy, and waste management regulations. (CEO-1, CEO-2, MM-1, HM-1, RD-2).

The government supports and certifies green hotel programs to ensure hotels implement environmentally friendly measures, including energy conservation, water resource management, and waste reduction. These certifications help improve a hotel's sustainability and brand image. (CEO-1, CEO-2, MM-3, HM-1, RD-1).

The government promotes green tourism, encourages tourists to participate in environmental protection activities, and promotes environmental protection measures in the hotel industry, such as using plastic-free products and encouraging environmentally friendly transportation.

The government provides funding and grant programs to assist the hotel industry in implementing ESG projects, such as energy efficiency improvements, waste management, and green building. (CEO-1, MM-1, MM-2, HM-1).

The Taiwanese government encourages ESG investment and encourages investors to support companies that meet ESG standards. This helps increase the attractiveness of ESG practices in the hotel industry. (CEO-1, CEO-2, MM-2, MM-3).

The Taiwan Hotel Association supports its member hotels in implementing ESG practices, providing training, resources, and best practice sharing. They also promote industry collaboration to jointly address ESG challenges. (CEO-1, CEO-2, HM-1, HM-2, RD-1).

The hotel and hospitality industry frequently collaborates with environmental organizations, participates in environmental activities, and promotes sustainability projects. These collaborations foster ESG practices within the industry. (CEO-2, MM-3).

Industry associations frequently organize seminars, training sessions, and lectures to raise industry awareness of ESG and share best practices. (CEO-2, MM-1, MM-2, MM-3).

#### **Interview Question 10**

Based on the interviewee's experience and expertise, what specific suggestions would you offer to hotel and inn operators in Taiwan to better integrate ESG principles, improve service quality, and meet customer expectations.

Develop a clear ESG strategy to ensure that environmental, social, and governance objectives are aligned with business objectives. The strategy should include specific action plans and timelines. (CEO-1, CEO-2, MM-1, HM-2, RD-1).

Implement energy conservation and emission reduction measures, including using energy-efficient equipment, reducing single-use plastics, and implementing waste reduction and recycling programs. Invest in green buildings and green energy use to reduce carbon footprint. (CEO-1, CEO-2, MM-1, MM-2, MM-3, HM-1, RD-2).

Establish proactive social engagement programs, participate in local community activities, and support local green initiatives and philanthropic endeavors. Provide employees with opportunities to participate in social activities. (CEO-1, CEO-2, MM-1, MM-2, MM-3, HM-1, RD-2).

Create and communicate clear values and a corporate mission, ensuring all employees understand and are committed to achieving ESG goals. This helps build a shared cultural framework, enabling organizational members to reach a consensus on ESG practices. (CEO-1, CEO-2, MM-1, HM-2).

Ensure the active participation of senior leadership teams in ESG practices. Leaders' involvement and example are crucial for building an ESG culture. They should be advocates for ESG principles and actively participate in sustainability projects. (CEO-1, CEO-2, MM-1, MM-2, MM-3, HM-1, RD-2).

Invest in employee training and development to improve their professional skills and service attitude. Care about employee well-being and create a healthy, safe, and motivating work environment. (CEO-1, CEO-2, MM-3, HM-1, HM-2, RD-1).

Optimize corporate governance structure, improve financial transparency, ensure risk management, and establish robust internal controls and compliance. (CEO-1, CEO-2, MM-2).

Establish an interactive platform to encourage customer feedback and opinions. Provide personalized services and tailor services to customer needs. (CEO-1, MM-1, MM-2, MM-3, HM-2, RD-1).

Collaborate with suppliers, local communities, and environmental organizations to advance ESG projects. This helps expand sustainability impact and improve service quality. (CEO-2, MM-3, HM-1, RD-1, RD-2).

Continuously learn and improve, participate in ESG training and workshops, and regularly monitor performance to adjust strategies. (CEO-2, MM-3, HM-1, RD-1).

Provide comprehensive ESG reports to showcase the hotel's sustainable practices and outcomes, and to offer transparency to internal and external stakeholders. (CEO-1, CEO-2, MM-2).

Ensure compliance with local and international environmental, social, and governance (ESG) regulations to guarantee that ESG practices meet regulatory requirements. (CEO-1, CEO-2, MM-3)

#### 4.2. Comprehensive Analysis of Expert Interviews

Regarding the current status and challenges of ESG practices in Taiwan's hotel industry, experts generally affirm the environmental practices of Taiwanese hotel operators in areas such as energy-saving facilities, plastic reduction, and green certification. For example, most hotels have implemented LED lighting, energy-efficient air conditioning, and waste sorting and recycling systems. These measures are consistent with Ahmed *et al.*'s (2021) research on green hotels in Malaysia, which points out that leaders play a key role in promoting green facility upgrades and process redesign, and can enhance service efficiency and environmental sustainability. However, there is still room for improvement in social aspects and governance transparency. Experts point out that some hotels are not yet fully mature in areas such as employee rights, supply chain responsibility, and ESG information disclosure. This aligns with the dilemma revealed by Koseoglu *et al.* (2021), namely that the gap between ESG disclosure and external assurance mechanisms in the hotel industry reduces investor and customer trust. Bae (2022) further points out that hotels in Asia are still in the initial stages of developing clear ESG assessment indicators, lacking specific quantitative performance evaluation criteria like those in Europe. This is consistent with the experts' view of a lack of standardized assessment.

The interviews discussed how ESG influences service quality and operational efficiency. Experts believe that ESG measures can enhance customer service quality by improving employee welfare, strengthening training, and creating a safe and motivating work environment. This aligns with the findings of Franco *et al.* (2020) regarding the positive correlation between CSR and quality management, indicating that ESG-conscious companies also place greater emphasis on internal quality control and service consistency. Chung *et al.* (2023) point out that ESG investment can strengthen risk management and operational flexibility in hotel operations, which is particularly important in the later stages of COVID-19. Taiwanese experts also mentioned implementing crisis management and sustainability strategies to enable hotels to maintain service continuity in the face of health crises or natural disasters. Research by Lim *et al.* (2022) also confirms that ESG and Total Quality Management (TQM) are mutually reinforcing forces, strengthening service standards and process stability. ESG is not only a value orientation but also an integral part of the quality management system.

From the customer's perspective, ESG influences their choices, satisfaction, and loyalty, with experts emphasizing that ESG has become an important reference indicator for consumer decision-making. This is especially true for younger generations and international tourists, who have a profound awareness of environmental practices and social responsibility. This aligns with the findings of Koh *et al.* (2022), who found that customers' positive perceptions of hotel ESG are transformed into loyalty intentions through the mediating variables of "brand credibility" and "perceived

quality." Kim *et al.* (2024) also point out that good hotel ESG performance not only improves customer satisfaction but also enhances employees' organizational self-esteem and work commitment, further strengthening service delivery quality. Experts also mentioned a strong correlation between employee loyalty and customer service quality, indirectly supporting the above research findings. Park & Shin (2024) further point out that customers' subjective knowledge of ESG significantly increases their intention to support sustainable hotels, illustrating the importance of information disclosure and communication strategies, which coincides with experts' recommendations to strengthen ESG reporting and customer interaction platforms.

The hotel industry faces challenges and coping strategies regarding funding, cultural, and regulatory pressures in promoting ESG. Experts believe that implementing ESG often faces high initial investment pressures and resistance to internal cultural transformation, especially for small and medium-sized hotels with limited resources. This aligns with the financial and management obstacles faced by Chinese hotels during the COVID-19 pandemic, as revealed by Lin *et al.* (2024). They call this the "bright and dark sides of ESG." Singal (2014) also pointed out a decade ago that the contradiction between the short-term financial burden and long-term financial returns of sustainable investment is one of the biggest bottlenecks in the hotel industry's adoption of ESG. Government subsidies and policy incentives mentioned in expert interviews are potential help to alleviate this contradiction, consistent with Legrand & Matthew-Bolofinde's (2022) call for the role of policy guidance.

Regarding institutional recommendations, experts suggest that Taiwan should develop more consistent ESG measurement criteria and cross-departmental collaboration platforms. This does have the same concept with the criticism from Aksoy *et al.* (2022) that "current ESG indicators fail to accurately reflect customer value in the service industry." They emphasize that ESG should focus on "customer-perceived social innovation," rather than just quantifying performance. Van Riel *et al.* (2021)'s "customer-centric five-stakeholder engagement model" also provides strategic guidance, pointing out that ESG should integrate multiple interactions among customers, suppliers, government, communities, and the company itself, echoing the experts' recommendation to "promote stakeholder participation." Ahmed *et al.* (2021) emphasizes the role of leaders in driving organizational transformation, consistent with the experts' call for "senior leadership involvement in ESG practices." Leadership is not only a strategy designer but also a culture shaper and a driver of internal transformation.

Based on the interview results and literature review, ESG practices are highly valuable for enhancing hotels' environmental sustainability, social responsibility, and governance capabilities. These practices can be transformed into operational advantages through employee participation, quality management, customer trust, and risk response. With future improvements in policy regulations, financial support, customer communication, and performance disclosure, Taiwan's hotel industry can expect to achieve a long-term competitive advantage by simultaneously advancing ESG and service quality.

## CONCLUSIONS AND RECOMMENDATIONS

This study, through in-depth expert interviews and extensive comparison of domestic and international literature, explores the impact of ESG practices on the service quality of Taiwan's hotel and inn industry, and attempts to clarify its synergistic effects and potential challenges. The results show that the three dimensions of ESG and service quality are not independent areas of practice, but rather a holistic system that supports and permeates each other. Specifically, environmental policies such as energy conservation and carbon reduction, green building, and plastic reduction not only help control costs and improve operational efficiency, but also strengthen the brand's green image, thereby shaping customers' positive perception of quality and responsibility. This observation is highly consistent with the findings of Ahmed *et al.* (2021) on green hotels in Malaysia, both of which indicate that environmentally friendly facilities and process innovation can directly promote the parallel development of service experience and environmental responsibility.

In terms of social aspects, the experts interviewed generally point out that employee well-being and community participation are not only manifestations of corporate social responsibility, but also the fundamental source driving service enthusiasm and quality stability. Through a good working environment and training system, employees' loyalty to the organization and their sense of self-identity increase, ultimately reflected in service performance and the stability of customer relationships. This view is also supported by the research of Kim *et al.* (2024), which points out that ESG practices have a positive impact on the self-esteem and retention of employees within an organization, thereby strengthening the company's service capabilities. Furthermore, Aksoy *et al.*'s (2019) research on "service social innovation" also reveals that incorporating social values into service design can create more customer connections and brand recognition. Especially in the hotel industry, customers' expectations for "ethical brands" are increasing. If companies can reshape the customer's accommodation experience with ESG as the core, it will help establish a differentiated competitive strategy.

In terms of governance, experts clearly point out that financial transparency, internal controls, and risk warning mechanisms are the cornerstones for enhancing operational resilience and customer safety, especially in highly uncertain environments such as pandemics or natural disasters. This aligns closely with Chung *et al.*'s (2023) view of ESG investment as a risk management tool and echoes Bae's (2022) emphasis on the necessity of establishing institutional ESG measurement standards. Experts generally believe that ESG is not merely about projecting a responsible image externally, but should be internalized as part of the corporate governance structure. Only through commitment from senior management and the construction of internal mechanisms can ESG be prevented from becoming a mere formality.

However, research also reveals real challenges in promoting ESG, including insufficient capital and human resources, internal cultural resistance, and difficulties in customer adaptation to green measures. Small and medium-sized hotels, in particular, often encounter dissatisfaction from long-term customers regarding the "simplification" of services when

implementing environmental policies, such as the cessation of daily bottled water and towel replacements. This gap in customer perception reminds us that ESG practices should not be limited to behavioral changes but should integrate customer education and experience redesign, transforming customer value perception through information disclosure and interactive communication. Aksoy *et al.* (2022) point out that many current ESG metrics fail to accurately reflect the gap in customer perceived value, which is a significant point of failure for companies to translate sustainability advantages into market loyalty.

Through a combination of literature review and interview feedback, we further observe that the industry should accelerate its evolution from simply "complying with regulations" to a core strategy of "creating customer value." For example, Park & Shin (2024) found that customers' subjective understanding of ESG knowledge significantly influences their hotel choices and brand preferences. This also suggests that when hotels promote ESG policies, they should combine them with appropriate education and marketing methods, such as designing participatory green activities, showcasing carbon emission results, or using digital platforms to reveal ESG performance. This will help create a sense of customer engagement and a positive word-of-mouth cycle.

Therefore, this study recommends that Taiwanese hotel operators regard ESG as a core asset for sustainable business operations and adopt strategic integration methods. This includes establishing standardized ESG assessment mechanisms, deepening internal governance systems, strengthening customer communication mechanisms and employee incentive systems, and cooperating with government policy subsidies and industry-academia resource platforms to jointly promote industry upgrading and the realization of social value. As Legrand & Matthew-Bolofinde (2022) point out, collaboration between the government and enterprises is a necessary condition for promoting a comprehensive shift towards a sustainable business model in the hotel industry. In the future, if a stable balance can be achieved among governance structure, resource integration, and customer orientation, the Taiwanese hotel industry will have the opportunity to establish a new competitive advantage that is mutually driven and synergistically evolved between ESG practices and service quality.

## 6. RESEARCH LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

### 6.1. Research Limitations

This study primarily relies on semi-structured expert interviews. Although industry experts from diverse backgrounds and professional fields were selected, the limited number and geographical distribution of respondents may not fully represent the overall situation of Taiwan's hotel and inn industry. Future research could consider increasing the sample size to cover more hotel types and geographical regions to improve the generalizability of the findings. The semi-structured interview method depends on the respondents' subjective statements, which may be influenced by personal experience and perspectives, leading to data bias. Although the study mitigated this influence through thematic

analysis, future research could incorporate quantitative methods, such as questionnaires or big data analysis, to further validate the reliability of qualitative data.

The results reflect the current ESG practices at a specific time and may not fully capture the long-term impact of policy and market environment changes on the hotel and inn industry. Future research should continuously track and analyze these changes to dynamically assess the long-term impact of ESG practices on service quality. This study focuses on the impact of ESG practices on service quality and does not fully explore other factors that may affect service quality, such as technological innovation and cultural differences. Future research could include more variables to more comprehensively explore the drivers of service quality.

## 6.2. Recommendations for Future Research

Future research could combine qualitative and quantitative methods. For example, it could collect customer and employee feedback through questionnaires and combine this with interview data for cross-analysis to provide more comprehensive and in-depth insights. The ESG practices of Taiwan's hotel and inn industry may be influenced by local culture and market environment. Future research could consider cross-cultural comparisons to analyze the impact of ESG practices in different countries and regions on service quality, thus broadening the international perspective of the research. Future research could explore how ESG practices affect the economic benefits of the hotel and inn industry, such as profit margins, customer loyalty, and brand value, further quantifying the specific contribution of ESG to corporate performance. Future research could explore the role of government policies in promoting ESG practices, including how financial subsidies, tax incentives, and regulatory requirements affect the hotel industry's sustainable development strategies, and propose specific policy recommendations. With the widespread adoption of digital technologies, research could further explore how digital technologies support ESG practices in the hotel and inn industry, such as smart energy-saving systems and ESG data reporting tools.

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