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ESG-Based Financial Management and Sustainable Tourism Development

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Abstract

This study examines the role of ESG-based financial management in supporting sustainable tourism development. The research aims to analyze how environmental responsibility, social inclusion, and governance accountability influence tourism sustainability and institutional resilience. A qualitative case-study approach was employed through semi-structured interviews, field observations, and document analysis involving tourism authorities, tourism business managers, local communities, sustainability consultants, and environmental organizations. The findings reveal that ESG integration significantly influences tourism financial governance through sustainable investment allocation, environmental conservation initiatives, participatory governance, and transparency mechanisms. The study also demonstrates that ESG-oriented financial management strengthens destination competitiveness, stakeholder trust, and long-term tourism resilience. The findings contribute theoretically to sustainable tourism and ESG governance literature while providing practical implications for tourism policymakers, investors, and tourism organizations regarding sustainability-oriented financial planning and governance accountability. The study emphasizes that sustainable tourism competitiveness increasingly depends on collaborative governance, environmental responsibility, and transparent financial management systems.

INTRODUCTION

Sustainable tourism development has become a strategic priority in many countries due to its contribution to economic growth, employment generation, environmental preservation, and social welfare. The tourism sector not only stimulates regional income and investment but also creates multiplier effects across transportation, hospitality, creative industries, and local microenterprises (Scheibe et al., 2025; Alamsyah et al., 2025). Nevertheless, rapid tourism expansion frequently generates environmental degradation, excessive resource exploitation, waste accumulation, socio-cultural displacement, and financial governance problems. These challenges have intensified global discussions regarding the importance of integrating sustainability principles into tourism financial management systems. In this context, Environmental, Social, and Governance (ESG)-based financial management has emerged as an important framework for ensuring that tourism development aligns with long-term sustainability objectives while maintaining economic viability (Camilleri, 2026; Zhang et al., 2025; Camilleri, 2026; Khosravi et al., 2026; Shin et al., 2026; Sailesh & Reddy, 2024).

The ESG framework has gained substantial attention in both corporate and public sector governance because it emphasizes accountability, environmental responsibility, social inclusiveness, and institutional transparency (Fagbemi et al., 2025; Alhazemi, 2025; Nofianti & Sutopo, 2025; Kandpal et al., 2024). According to previous studies, ESG implementation contributes positively to organizational resilience, financial performance, stakeholder trust, and sustainable investment attraction. Research by Friede, Busch, and Bassen demonstrated that companies with strong ESG practices tend to achieve better long-term financial performance due to improved risk management and stakeholder engagement. Similar findings were identified by Eccles, Ioannou, and Serafeim, who argued that sustainability-oriented governance structures create competitive advantages and stronger organizational legitimacy. In the tourism sector, ESG principles are increasingly adopted to manage environmental impacts, support local communities, and strengthen governance quality in tourism destinations (Khater et al., 2025; Khosravi et al., 2026; Le & Tučková, 2026; Jafarova et al., 2026; Bae, 2022; Ye et al., 2025; Khosravi Haftkhani et al., 2025; Lu et al., 2025; Rahman et al., 2025).

Tourism development is highly dependent on natural resources and socio-cultural assets, making sustainability management a crucial issue (Stojanović et al., 2024; Baloch et al., 2023; Ekka et al., 2023; Ristić et al., 2024). Mass tourism activities often contribute to carbon emissions, biodiversity loss, water scarcity, and ecosystem degradation. In many developing countries, tourism growth also creates social inequality because economic benefits are concentrated among large investors rather than local communities. Consequently, sustainable tourism development requires financial systems capable of balancing profitability with environmental and social responsibilities (Purnamawatiet al., 2023; Le & Gia, 2025). ESG-based financial management offers an integrated approach that enables tourism stakeholders to allocate resources more responsibly, improve sustainability reporting, and strengthen ethical governance mechanisms (Jackson, 2025; Nicoliello, 2025; Makhija et al., 2025; Hilton, 2025; Sulistio et al., 2024).

Recent studies have examined the relationship between sustainability practices and tourism performance from different perspectives. Studies by Scott (2021) emphasized that sustainable tourism policies are essential for mitigating climate change impacts and ensuring destination resilience. Research by Streimikiene et al. (2021) and Mathew and M (2022) revealed that environmental responsibility and community participation positively influence tourist satisfaction and destination competitiveness. Other scholars highlighted that governance quality and transparency are critical determinants of sustainable tourism investment decisions. Despite these developments, the majority of existing studies focus primarily on environmental sustainability practices, destination branding, or corporate social responsibility, while limited attention has been given to the integration of ESG-based financial management within sustainable tourism governance frameworks.

Another important issue concerns the growing demand for sustainable investment in tourism industries. Investors increasingly prioritize ESG indicators when evaluating business feasibility and long-term profitability. Sustainable finance instruments, including green bonds, sustainability-linked loans, and ESG investment portfolios, are becoming more prominent in tourism-related infrastructure development. This transformation reflects a broader shift from conventional financial performance indicators toward multidimensional sustainability assessments. However, many tourism organizations, especially in emerging economies, still face difficulties in implementing ESG-based financial systems due to limited institutional capacity, weak governance structures, insufficient sustainability reporting standards, and lack of stakeholder collaboration.

Empirical evidence also indicates inconsistencies regarding the effectiveness of ESG implementation in tourism development. Some studies found that ESG adoption enhances destination competitiveness and financial sustainability, whereas others reported that ESG compliance increases operational costs and creates administrative burdens for tourism businesses. Furthermore, existing literature often separates environmental management from financial governance, resulting in fragmented analyses that fail to capture the interconnected nature of sustainable tourism systems. The absence of integrated studies examining how ESG-based financial management influences sustainable tourism development represents a significant research gap in contemporary tourism literature. The state of the art of this research lies in the integration of ESG principles with financial management mechanisms in tourism development strategies. Previous studies generally analyze ESG practices from either corporate finance or sustainability management perspectives independently. Limited research has explored how ESG-oriented financial governance can simultaneously improve environmental sustainability, social inclusion, and tourism competitiveness within an integrated analytical framework. This study attempts to bridge this gap by positioning ESG-based financial management as a strategic instrument for promoting sustainable tourism development. The research also expands the existing discourse by emphasizing the interrelationship between financial accountability, sustainable investment, stakeholder engagement, and governance quality in tourism ecosystems.

The urgency of this study is reinforced by the increasing global pressure for sustainable economic transformation and responsible tourism governance. International organizations such as the United Nations World Tourism Organization and the United Nations Environment Programme continue to encourage the adoption of sustainability-oriented policies to achieve the Sustainable Development Goals (SDGs). ESG integration in tourism finance is therefore no longer optional but increasingly necessary for ensuring long-term destination resilience and institutional credibility. Tourism destinations that fail to incorporate sustainability principles into their financial systems may encounter declining environmental quality, reduced investor confidence, reputational risks, and weakening community support.

This study contributes theoretically by developing a conceptual understanding of the relationship between ESG-based financial management and sustainable tourism development. It also contributes practically by providing policy implications for tourism managers, investors, and government institutions regarding sustainable financial governance mechanisms. The novelty of this research lies in its integrated approach that combines ESG financial principles with sustainable tourism development dimensions within a unified analytical perspective. Therefore, this study aims to analyze the role of ESG-based financial management in supporting sustainable tourism development, identify the strategic challenges of ESG implementation in tourism sectors, and evaluate its implications for environmental sustainability, social welfare, and governance effectiveness.

METHODS

Research Design

This study employed a qualitative-descriptive research design with a case study approach to examine the role of ESG-based financial management in sustainable tourism development. The qualitative approach was selected because the research aimed to explore governance practices, financial sustainability mechanisms, stakeholder perspectives, and institutional dynamics within tourism development contexts. According to Creswell, qualitative research is appropriate for understanding complex social phenomena through interpretative analysis and contextual exploration. The case study approach enabled an in-depth investigation of ESG implementation processes in tourism management systems, particularly regarding environmental accountability, social inclusion, and governance transparency.

The research adopted an exploratory framework to identify how ESG principles are integrated into tourism financial management practices and how these practices influence sustainable tourism outcomes. This approach allowed the study to capture institutional interactions, policy implementation patterns, and strategic challenges faced by tourism stakeholders. Figure 1 illustrates the conceptual framework of the study, emphasizing the relationship between ESG dimensions and sustainable tourism development outcomes.

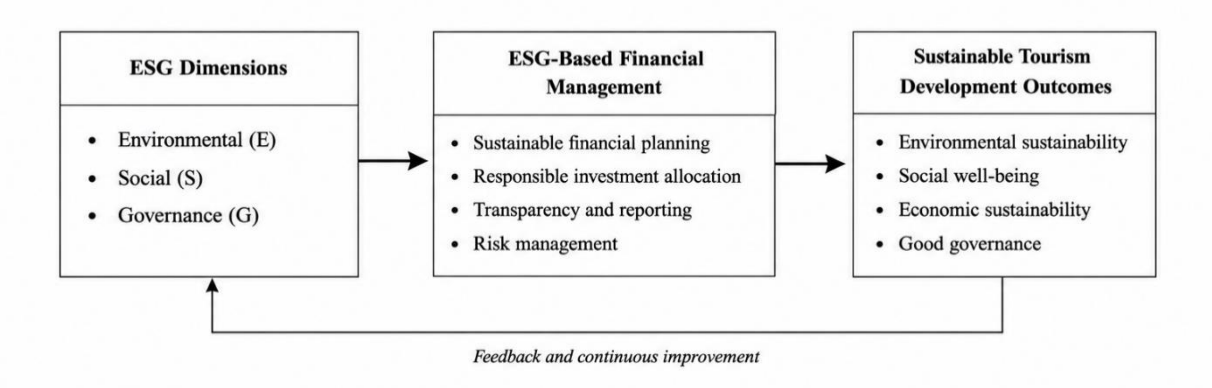

Figure 1. Conceptual Framework of ESG-Based Financial Management and Sustainable Tourism Development

The framework demonstrates that environmental responsibility, social engagement, and governance accountability collectively influence tourism sustainability through financial transparency, sustainable investment allocation, and stakeholder participation.

Research Context and Location

The research was conducted in selected sustainable tourism destinations that actively implement environmental management programs and sustainability-oriented financial governance practices. The study focused on tourism areas characterized by increasing investment in sustainable tourism infrastructure, community-based tourism initiatives, and environmental conservation programs. These destinations were selected because they represent emerging tourism regions facing challenges related to environmental sustainability, governance transparency, and responsible financial allocation. The tourism sector in these regions has experienced rapid growth in visitor numbers and investment activities over the past decade. However, this growth has also generated concerns regarding environmental degradation, unequal economic distribution, and governance inefficiencies. Consequently, the selected locations provided relevant empirical contexts for analyzing the effectiveness of ESG-based financial management practices in supporting sustainable tourism development.

Data Collection Techniques

Data were collected through semi-structured interviews, direct observations, and document analysis. Semi-structured interviews were used to obtain detailed information regarding ESG implementation, tourism financial governance, sustainability strategies, and stakeholder collaboration. This interview model enabled flexibility in exploring participants' experiences and institutional perspectives while maintaining consistency with the research objectives. Direct observations were conducted in tourism destinations, hospitality facilities, and local community areas to examine sustainability practices, environmental management systems, and tourism infrastructure conditions. Observation activities allowed the researcher to verify empirical conditions and identify the practical implementation of ESG principles within tourism operations.

Document analysis was also employed to strengthen data triangulation. The analyzed documents included tourism development reports, sustainability reports, environmental policies, financial accountability documents, tourism investment records, and local government regulations. The integration of interviews, observations, and documentation enhanced the comprehensiveness and credibility of the research findings.

Informants and Sampling Technique

The study involved multiple stakeholders associated with tourism governance and financial management. Informants consisted of tourism authority officials, tourism business managers, sustainability consultants, local community leaders, tourism investors, and environmental activists. Purposive sampling was applied to select participants who possessed direct knowledge and experience related to ESG implementation and sustainable tourism governance. A total of 25 informants participated in the study. The sample size was considered adequate because data saturation was achieved, indicated by repetitive information and consistent thematic patterns across interviews. The inclusion of diverse stakeholders allowed the research to capture multidimensional perspectives regarding financial sustainability and tourism governance practices. Table 1 presents the classification of research informants.

Table 1. Classification of Research Informants

Informant Category	Number of Participants	Main Contribution
Tourism Authority Officials	5	Tourism policy and governance
Tourism Business Managers	7	ESG financial implementation
Community Leaders	5	Social participation and local impacts
Sustainability Consultants	4	ESG strategy and sustainability assessment
Environmental Activists	4	Environmental accountability perspectives

Source: Processed research data, 2026

Table 1 shows that the study incorporated institutional, business, and community perspectives to ensure analytical balance and data diversity.

Data Analysis Technique

The collected data were analyzed using thematic analysis following the procedures proposed by Braun and Clarke. The analysis involved data transcription, coding, category identification, theme development, and interpretation. Interview transcripts and field notes were systematically coded to identify recurring themes associated with ESG implementation, sustainable finance mechanisms, governance accountability, and tourism sustainability outcomes. Thematic analysis enabled the researcher to interpret patterns across stakeholder perspectives and institutional practices. Data interpretation was conducted iteratively to ensure analytical consistency and conceptual coherence. The findings were then connected to existing sustainability and tourism governance theories to strengthen the study's theoretical contribution.

Validity and Reliability

To ensure research validity and reliability, this study applied triangulation, member checking, and peer debriefing techniques. Method triangulation was achieved by comparing findings from interviews, observations, and document analysis. Source triangulation was conducted by involving informants from different institutional backgrounds. Member checking was implemented by providing interview summaries to selected participants for verification and clarification. Peer debriefing was also conducted through academic discussions with sustainability and tourism researchers to evaluate analytical interpretations and reduce researcher bias. These procedures strengthened the credibility, dependability, and confirmability of the research findings while ensuring methodological rigor throughout the study.

RESULTS AND DISCUSSION

This section presents the empirical findings regarding the implementation of ESG-based financial management in sustainable tourism development. The findings were derived from semi-structured interviews, field observations, and document analysis conducted across tourism destinations implementing sustainability-oriented governance systems. The presentation of results focuses on the interaction between environmental responsibility, social inclusion, governance accountability, and financial sustainability within tourism management practices. The analysis is organized into several thematic sub-sections, including the profile of research informants, environmental sustainability implementation, social inclusion and community empowerment, governance transparency, and thematic integration of ESG-based financial management practices.

The results indicate that ESG principles increasingly shape tourism financial governance through sustainable investment allocation, environmental accountability, inclusive economic participation, and institutional transparency. The findings also reveal that tourism stakeholders perceive ESG implementation not merely as a regulatory obligation but as a strategic mechanism for strengthening destination competitiveness and long-term sustainability performance.

Profile of Research Informants and Research Context

The study involved 25 informants representing government institutions, tourism business operators, sustainability consultants, local communities, and environmental organizations. The diversity of participants enabled the research to capture multiple perspectives regarding ESG implementation and sustainable tourism governance.

Table 2. Research Informant Profile

Informant Category	Number of Informants	Institutional Role	Research Relevance
Tourism Authority Officials	5	Tourism regulation and policy	Governance and sustainability policy
Tourism Business Managers	7	Tourism operational management	ESG implementation practices

Community Leaders	5	Community representation	Social sustainability perspectives
Sustainability Consultants	4	ESG evaluation and advisory	Sustainability assessment
Environmental Activists	4	Environmental advocacy	Ecological accountability

Source: Processed research data, 2026

Table 2 demonstrates that the research incorporated institutional, business, and community perspectives to ensure analytical comprehensiveness. The majority of informants possessed direct experience in tourism governance, environmental sustainability programs, and financial accountability systems.

Field observations also revealed that the selected tourism destinations had actively implemented sustainability initiatives, including renewable energy utilization, waste management systems, cultural preservation programs, and community-based tourism development. These observations confirmed that ESG principles had gradually become integrated into tourism operational and financial governance structures.

Table 3. Field Observation Findings

Observation Aspect	**Empirical Findings**	**Sustainability Implication**
Tourism infrastructure	Eco-friendly accommodation and facilities	Reduced environmental pressure
Waste management	Plastic reduction and recycling systems	Environmental efficiency
Community participation	Local tourism enterprises and cultural involvement	Social inclusion
Governance practices	Sustainability reporting and monitoring systems	Institutional transparency

Source: Field observation data, 2026

The observational findings indicate that tourism destinations increasingly integrate sustainability considerations into operational management and investment allocation processes.

ESG Integration in Tourism Financial Management

The findings demonstrate that ESG principles significantly influenced tourism financial management systems. Tourism organizations increasingly adopted sustainability-oriented financial planning mechanisms emphasizing environmental conservation, social responsibility, and governance accountability. Most tourism stakeholders explained that financial decisions were no longer based solely on profitability indicators. Sustainability risks, community impacts, environmental preservation, and governance transparency became important considerations in investment allocation and operational budgeting.

Table 4. ESG-Based Financial Management Practices

ESG Dimension	**Financial Management Practice**	**Main Objective**
Environmental	Green investment allocation	Environmental conservation
Social	Community-based tourism financing	Local empowerment
Governance	ESG sustainability reporting	Institutional transparency

Integrated ESG	Sustainability risk management	Long-term resilience

Source: Interview and documentation analysis, 2026

The findings suggest that ESG implementation transformed tourism financial governance into a multidimensional sustainability-oriented system. Tourism organizations increasingly integrated environmental and social considerations into investment evaluation mechanisms.

A tourism business manager explained:

> *"Previously, tourism investment focused mainly on visitor growth and short-term profit targets. At present, investors ask whether tourism activities contribute to environmental sustainability and local community welfare. Because of this shift, we started integrating ESG indicators into financial planning and sustainability reporting systems. Financial decisions now include environmental risk calculations, social contribution targets, and governance compliance assessments."*

This statement indicates that tourism organizations increasingly consider ESG implementation as an essential strategic requirement rather than a symbolic sustainability initiative.

Another respondent emphasized the changing orientation of tourism investment:

> *"Several tourism projects were previously approved without comprehensive environmental assessment. At present, investment allocation must consider ecological impacts, community participation, and governance accountability. Projects that fail to meet ESG standards become difficult to justify financially because investors prioritize long-term sustainability performance."*

The interview demonstrates that ESG principles significantly influenced tourism investment evaluation and institutional accountability processes.

A sustainability consultant also explained:

> *"Financial transparency became more important after ESG implementation expanded within tourism industries. Tourism organizations are expected to disclose sustainability performance, environmental programs, and social contributions. This reporting mechanism strengthens stakeholder trust because institutional accountability becomes more measurable and transparent."*

These findings reveal that ESG integration strengthened governance legitimacy and improved stakeholder confidence regarding tourism sustainability practices.

Environmental Sustainability and Green Investment Practices

Environmental sustainability emerged as the most dominant dimension of ESG implementation within tourism development. The findings indicate that tourism organizations increasingly allocated financial resources toward ecosystem preservation, renewable energy systems, waste management infrastructure, and resource efficiency programs.

Field observations identified several environmentally responsible tourism practices, including energy-efficient accommodation systems, reduced plastic consumption, water conservation initiatives, and biodiversity protection programs. Tourism operators viewed environmental sustainability as an important determinant of destination attractiveness and operational resilience.

Table 5. Environmental Sustainability Initiatives

Environmental Initiative	Financial Allocation Focus	Sustainability Outcome

Renewable energy systems	Green infrastructure investment	Carbon emission reduction
Waste management programs	Operational sustainability funding	Pollution control
Ecosystem conservation	Environmental preservation budget	Biodiversity protection
Water management systems	Sustainable resource investment	Resource efficiency

Source: Processed field observation and interview data, 2026

The findings suggest that environmental sustainability programs were increasingly perceived as strategic long-term investments rather than additional operational costs.

A tourism authority official explained:

> *"Environmental quality directly affects tourism competitiveness because visitors increasingly prefer sustainable destinations. Tourism development cannot continue if environmental degradation becomes uncontrolled. Therefore, tourism operators are encouraged to allocate financial resources for conservation programs, renewable energy systems, and environmental monitoring activities."*

The statement illustrates that environmental sustainability became integrated into tourism policy and financial governance priorities.

Another tourism manager stated:

> *"At the beginning, sustainability investment appeared financially expensive because renewable energy systems and waste management infrastructure required significant funding. However, operational efficiency improved after implementation. Energy costs decreased, waste handling became more effective, and tourist satisfaction increased because visitors appreciated environmentally responsible tourism practices."*

This finding indicates that environmental investment generated both ecological and financial benefits for tourism organizations.

An environmental activist also emphasized:

> *"Tourism expansion often creates ecological pressure because investment priorities focus excessively on infrastructure development. ESG implementation changes this orientation by requiring environmental accountability and sustainability risk assessment before tourism projects are approved."*

The findings confirm that environmental sustainability increasingly influences tourism financial planning and investment allocation mechanisms.

Social Inclusion and Community-Based Tourism Development

The research findings reveal that social sustainability constituted a central component of ESG-based tourism governance. Tourism stakeholders increasingly emphasized community empowerment, local employment generation, cultural preservation, and inclusive economic participation.

Tourism organizations allocated financial support for community-based tourism enterprises, local entrepreneurship development, cultural festivals, and tourism training programs. These initiatives strengthened local participation in tourism economies while reducing social inequality.

Table 6. Social Sustainability Programs

Social Sustainability Program	Financial Support Mechanism	Social Impact
Community tourism enterprises	Microfinance and training	Local economic growth
Cultural preservation programs	Cultural activity funding	Cultural sustainability
Local employment development	Skills training investment	Employment creation
Community consultation forums	Participatory governance funding	Stakeholder inclusion

Source: Interview and field observation data, 2026

The findings indicate that ESG-oriented financial management strengthened local community participation and social legitimacy within tourism development processes.

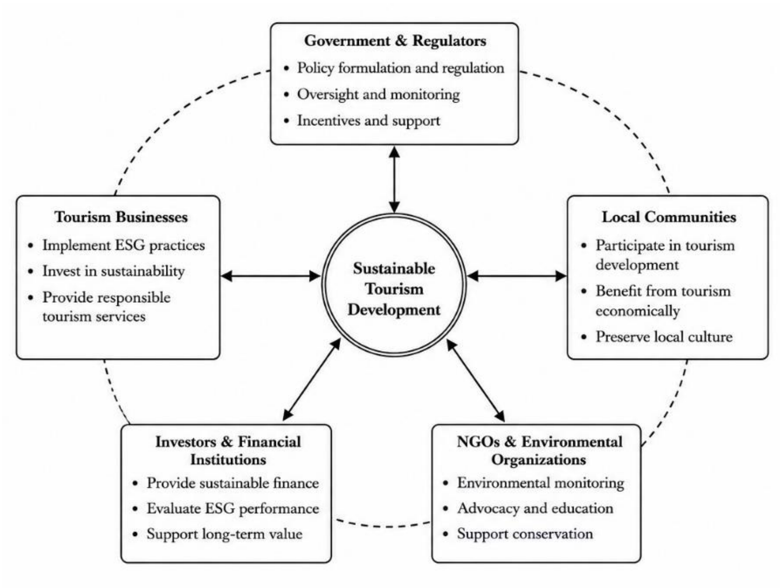

Figure 3. Stakeholder Relationship Model in Sustainable Tourism Governance

Source: Developed by the authors, 2026

Figure 3 illustrates the interaction among government institutions, tourism businesses, local communities, investors, and environmental organizations within sustainable tourism governance. The model demonstrates that ESG-based financial management requires collaborative stakeholder engagement to strengthen environmental sustainability, social inclusion, and institutional accountability simultaneously.

A community leader explained:

> *"Previously, tourism development mostly benefited external investors. Local residents received limited economic opportunities even though tourism activities occurred within their communities. Through community-based tourism programs, local businesses now receive financial assistance, tourism training, and institutional support. This creates stronger community involvement because tourism benefits become more inclusive."*

This statement demonstrates that ESG-oriented financial allocation contributed to social empowerment and equitable economic participation.

Another respondent from the tourism industry stated:

> *"Tourists increasingly prefer destinations that preserve local culture and involve local communities. Because of this trend, supporting community-based tourism is not only socially beneficial but also strategically important for tourism competitiveness and destination branding."*

The findings indicate that social sustainability contributed simultaneously to community welfare and tourism market attractiveness.

Another informant explained:

> *"Stakeholder participation has become an important aspect of tourism governance. Tourism projects are now discussed through community consultation mechanisms before implementation. This process reduces social conflict because local communities feel involved in tourism decision-making."*

These findings confirm that ESG implementation strengthened collaborative governance and community participation within tourism management systems.

Governance Transparency and Sustainability Accountability

The findings reveal that governance accountability became increasingly important in tourism financial management systems. ESG implementation encouraged tourism organizations to improve transparency, sustainability disclosure, compliance mechanisms, and institutional oversight practices.

Most stakeholders acknowledged that transparent governance improved investor confidence and strengthened institutional legitimacy. Sustainability reporting systems were increasingly adopted to disclose environmental performance, social programs, and financial accountability indicators.

The findings indicate that governance transparency significantly influenced institutional credibility and sustainability performance within tourism organizations.

A sustainability consultant explained:

> *"Investors increasingly evaluate governance quality before supporting tourism projects. ESG reporting systems provide measurable evidence regarding environmental programs, social contributions, and institutional accountability. This strengthens investor confidence because tourism organizations become more transparent and responsible."*

This statement demonstrates that governance accountability became an important determinant of sustainable tourism investment decisions.

Another tourism authority official stated:

> *"Tourism development involves environmental assets, public resources, and community interests. Governance systems must ensure transparency and accountability throughout tourism investment processes. ESG principles strengthen institutional monitoring because sustainability indicators become integrated into financial evaluation systems."*

An environmental organization representative also emphasized:

> *"Some tourism businesses use sustainability narratives only for promotional purposes without meaningful implementation. ESG reporting mechanisms reduce this risk because organizations must provide measurable sustainability evidence and transparent financial disclosures."*

These findings confirm that governance transparency strengthened institutional accountability, reduced sustainability-related risks, and enhanced stakeholder trust within tourism governance systems.

Thematic Integration of ESG and Sustainable Tourism Development

The thematic analysis revealed that environmental sustainability, social inclusion, and governance accountability were strongly interconnected within tourism financial management systems. ESG implementation was not perceived as separate sustainability initiatives but as an integrated governance framework supporting long-term tourism resilience.

Table 8. Thematic Coding Results

Main Theme	Sub-Themes	Analytical Interpretation
Environmental sustainability	Green investment, conservation	Ecological resilience
Social sustainability	Community participation, inclusion	Social legitimacy
Governance accountability	Transparency, ESG reporting	Institutional trust
Financial sustainability	Sustainable investment planning	Long-term competitiveness

Source: Thematic analysis results, 2026

The findings demonstrate that ESG-based financial management contributed to environmental protection, community empowerment, governance transparency, and sustainable tourism competitiveness simultaneously. The integration of ESG principles therefore emerged as a strategic framework for strengthening tourism sustainability and institutional resilience in contemporary tourism governance systems.

ESG-Based Financial Governance as a Strategic Framework for Sustainable Tourism Development

The findings demonstrate that ESG-based financial management has evolved into a strategic governance framework that strengthens environmental sustainability, social inclusion, and institutional accountability within tourism development. This finding is consistent with the study of Celestin and Sujatha (2024), which argued that ESG integration improves organizational resilience, long-term financial performance, and stakeholder trust. Similar arguments were proposed by Olanrewaju et al. (2024), who emphasized that sustainable tourism governance requires institutional mechanisms capable of balancing economic growth and ecological protection. The present study extends these perspectives by demonstrating that ESG principles function not only as sustainability instruments but also as financial governance mechanisms shaping tourism investment allocation and destination resilience.

The findings regarding green investment and environmental accountability are aligned with the research of Khan et al. (2021), who found that environmentally responsible tourism practices positively influence tourist satisfaction and destination competitiveness. The present study, however, identifies a broader institutional dimension in which environmental sustainability becomes integrated into financial planning and governance transparency. This suggests that tourism sustainability increasingly depends on multidimensional governance structures rather than isolated environmental initiatives. The findings also support the stakeholder theory proposed by Sari (2023), emphasizing that organizational sustainability depends on balancing stakeholder interests through accountable governance systems.

The results further reveal that community participation and social inclusion significantly strengthen tourism legitimacy and long-term sustainability. This finding corresponds with previous studies by Zambrano-Mieles et al. (2025), which emphasized the importance of participatory governance and community-based tourism in improving destination authenticity and reducing social inequality. The novelty of this research lies in its integrated analysis connecting ESG-oriented financial management with collaborative stakeholder governance within tourism ecosystems. Existing studies generally discuss ESG, tourism sustainability, and governance independently, whereas this study demonstrates their interdependent relationship within a unified analytical framework.

This study contributes to sustainable tourism literature by expanding ESG discourse beyond corporate sustainability toward tourism financial governance systems. Practically, the findings provide implications for policymakers, tourism operators, and investors regarding the importance of integrating sustainability indicators into financial planning, investment evaluation, and governance monitoring. The study implies that tourism competitiveness increasingly depends on institutional transparency, environmental accountability, and inclusive financial governance. Nevertheless, this research has several limitations. The qualitative case-study approach limits broader generalization across tourism contexts, while the study primarily focuses on governance perceptions rather than quantitative sustainability performance indicators. Future research should therefore adopt comparative international or mixed-method approaches to examine the long-term financial effects of ESG implementation on tourism competitiveness, investment performance, and destination resilience across different tourism economies.

CONCLUSION

This study demonstrates that ESG-based financial management plays a significant role in strengthening sustainable tourism development through environmental accountability, social inclusion, and governance transparency. The findings indicate that ESG integration encourages responsible investment allocation, community empowerment, institutional accountability, and long-term tourism resilience. The study contributes theoretically by expanding sustainable tourism literature through the integration of ESG principles and tourism financial governance within a unified analytical framework. Practically, the findings provide important implications for policymakers, tourism operators, and investors regarding the necessity of incorporating sustainability indicators into financial planning and governance systems.

The study also highlights that tourism competitiveness increasingly depends on collaborative stakeholder engagement and transparent sustainability practices. Nevertheless, this research is limited by its qualitative scope and contextual focus, which may restrict broader generalization. Future studies are recommended to apply comparative international approaches and quantitative sustainability indicators to examine the long-term financial and institutional impacts of ESG implementation across different tourism destinations.

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