School of Social Sciences

Master's in business administration (MBA)

Postgraduate Dissertation

Assessing the Strategic Alignment of Sustainability and Quality Practices Across Different ESG Maturity Levels in the European Hospitality Sector

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Patras, Greece, May 2026

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Dedicated to hospitality specialists,
who have the drive to build a more sustainable future. Also, to my family and close friends, for their patience and encouragement during this journey.

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Abstract

The main objective of this dissertation is to examine the strategic alignment of sustainability and quality management practices across different ESG Environmental, Social, Governance) maturity levels in the European hospitality sector; a vital economic engine, that is currently experiencing a fundamental "twin transition" towards "green" and "digital" resilience. The rising societal and political attention on sustainability practices (at global level), is "forcing" companies to improve their environmental, social and governance (ESG) performance so that they can satisfy stakeholder needs and ensure sustained business success (Ronalter et al., 2023). Despite this growing significance, limited empirical study has explored how ESG maturity influences the alignment between sustainability and quality management frameworks such as ISO 9001. Although traditional Management systems currently ensure service excellence, this study's aim is to investigate how such frameworks serve as key factors for ESG integration in hotels with varying levels of ESG maturity (Alonso-Almeida et al., 2017)**.** A significant "alignment gap" is identified in the current corporate landscape revealing a significant difference between high and low maturity levels. Organizations with high maturity levels of ESG are often characterized by directly managed asset portfolios (Milovanović et.al 2025), demonstrate coherent governance where sustainability is embedded into management control systems (Crutzen et al., 2017) whereas low maturity, particularly franchise-based models and Small and Medium Enterprises (SMEs) (Milovanović et al., 2025), frequently encounter structural barriers and rely on discursive practices that obscure substantive operational gaps (Boiral & Heras-Saizarbitoria, 2020). Furthermore, the study examines the role of the new EU Regulation 2024/3005, which mandates transparency in ESG ratings. This results in a shift in the perception of sustainability from "good to have" initiative to a regulated financial and strategic necessity (Pollman, 2024).

Implementing a qualitative study approach, the study uses semi-structured interviews with industry experts such as hotel managers, sustainability officers, and quality managers/coordinators, combined with secondary data from sustainability reports (ESG Reports).

To reveal factors influencing ESG and quality alignment, thematic analysis is applied, via thematic coding and comparative analysis.

This study serves in understanding the theoretical framework connecting Quality Management Practices and Strategic alignment of ESG practices by reviewing the gaps amongst policy establishment and "tangible" implementation. Its primary objective is to highlight the gap between literature and practice and provide hospitality leaders with a valuable "roadmap" to elevate their ESG maturity level; through the integration of sustainability practices into quality management systems, enhancement of competitiveness, and stakeholder trust, especially in hotels with higher ESG maturity (Boiral & Heras-Saizarbitoria, 2020; Garay & Font, 2022). This alignment is also supported by evidence from European hotels and reinforces long-term performance and governance (Daddi & Iraldo, 2023).

The findings aim to develop a theoretical framework that connects Quality Management practices (ISO standards) and Strategic Alignment of ESG maturity, as key drivers of Organizational Resilience—both financial and operational. Through the analysis of the key friction points between policy establishment and implementation practices, this dissertation also contributes to academic literature and provides a strategic roadmap for hospitality leaders to elevate their ESG maturity without compromising the high-quality services essential to the European Hospitality sector.

Keywords

ESG maturity, Sustainability management, Quality management, ISO Standards, Hospitality Sector, Strategic Alignment

Περίληψη

Σκοπός της παρούσας διπλωματικής εργασίας είναι να εξετάσει την στρατηγική ευθυγράμμιση των πρακτικών βιωσιμότητας και ποιότητας σε διαφορετικά επίπεδα ωριμότητας ESG (Περιβαλλοντικά, Κοινωνικά, Εταιρική Διακυβέρνηση) στον Ευρωπαϊκό ξενοδοχειακό κλάδο.

Ο τομέας του τουρισμού αντιμετωπίζει αυξανόμενες περιβαλλοντικές και κοινωνικές πιέσεις οι οποίες καθιστούν επιτακτική την ανάγκη εισαγωγής και ενσωμάτωσης των κριτηρίων ESG και των αρχών βιωσιμότητας, καθώς αποτελούν σημαντικό πυλώνα των επιχειρήσεων προκειμένου να διατηρήσουν την ανταγωνιστικότητα, την αποδοτικότητα και την εμπιστοσύνη των ενδιαφερόμενων μερών. Παρά τις αυξανόμενες ανάγκες, η υπάρχουσα βιβλιογραφία σχετικά με το συγκεκριμένο ζήτημα πώς επηρεάζει η ωριμότητα ESG την στρατηγική ευθυγράμμιση των αρχών βιωσιμότητας και ποιότητας, είναι περιορισμένη. Σκοπός αυτής της μελέτης είναι:

- να ερευνηθεί το πώς τα ξενοδοχεία με διαφορετικά επίπεδα ωριμότητας ενσωματώνουν πρακτικές βιωσιμότητας στο σύστημα διαχείρισης ποιότητας που εφαρμόζουν και
- να αναγνωριστούν στρατηγικοί , οργανωτικοί και διακυβερνητικοί παράγοντες οι οποίοι διαμορφώνουν αυτή τη σχέση.

Η προσέγγιση που θα εφαρμοστεί είναι ποιοτική ερευνητική, χρησιμοποιώντας ημι-δομημένες συνεντεύξεις με διευθυντές ξενοδοχείων, υπεύθυνους βιωσιμότητας και συντονιστές ποιότητας, σε συνδυασμό με δευτερογενή δεδομένα από εκθέσεις βιωσιμότητας. Η ανάλυση των δεδομένων θα πραγματοποιηθεί μέσω θεματικής κωδικοποίησης και συγκριτικής ανάλυσης, με σκοπό να αποκαλυφθούν πρότυπα, παράγοντες και εμπόδια που επηρεάζουν την ευθυγράμμιση μεταξύ ESG και ποιότητας.

Η έρευνα συμβάλλει στην ακαδημαϊκή και διοικητική κατανόηση μέσω της ανάπτυξης ενός πλαισίου που συνδέει την ωριμότητα ESG, τη βιωσιμότητα και την απόδοση ποιότητας. Στόχος είναι να καλύψει ένα σαφές κενό στη βιβλιογραφία και στην

πρακτική, παρέχοντας πρακτικές προτάσεις για την ενίσχυση της βιώσιμης και προσανατολισμένης στην ποιότητα διοίκησης στον ξενοδοχειακό κλάδο.
Τέλος, τονίζεται πως στοιχεία από ευρωπαϊκά ξενοδοχεία δείχνουν ότι αυτή η ευθυγράμμιση υποστηρίζει επίσης τη μακροπρόθεσμη απόδοση και την εταιρική διακυβέρνηση (Daddi & Iraldo, 2023).

Λέξεις – Κλειδιά
ESG maturity, Sustainability management, Quality management, ISO Standards, Hospitality Sector, Strategic Alignment

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List of Abbreviations & Acronyms

APA: American Psychological Association

BMS: Building Management System

BSI: British Standards Institution

CAPEX: Capital Expenditure

CSR: Corporate Social Responsibility

CSRD: Corporate Sustainability Reporting Directive

CSV: Creating Shared Value

EESC: European Economic and Social Committee

EMEA: Europe, Middle East, and Africa

EMAS: Eco-Management and Audit Scheme

ESG: Environmental, Social, and Governance

ESMA: European Securities and Markets Authority

ESRS: European Sustainability Reporting Standards

EU: European Union

GDP: Gross Domestic Product

GHG: Greenhouse Gas Emissions

GRI: Global Reporting Initiative

HOU: Hellenic Open University (ΕΑΠ)

HR: Human Resources

HVAC: Heating, Ventilation, and Air Conditioning

ISO: International Organization for Standardization

ISO 9001: Quality Management Systems Standard

ISO 14001: Environmental Management Systems Standard

ISO 22000: Food Safety Management Standard

ISO 45001: Occupational Health and Safety Standard

KPIs: Key Performance Indicators

MS: Management Systems

MSSs: Management System Standards

OECD: Organisation for Economic Co-operation and Development

OHS: Occupational Health and Safety

PEF: Product Environmental Footprint

PMS: Property Management System

QMS: Quality Management System

RevPAR: Revenue of Available Room

ROA: Return on Assets

ROE: Return on Equity

ROI: Return on Investment

SBTi: Science Based Targets initiative

SCIIF: Sistema de Control Interno de la Información Financiera (Spanish Internal Control over Financial Reporting Framework

SDGs: Sustainable Development Goals (UN**)**

SET: Senior Executive Team

SFDR: Sustainable Finance Disclosure Regulation

SMEs: Small and Medium-Sized Enterprises

SOP: Standard Operating Procedure

TQM: Total Quality Management

UN: United Nations

UNEP: United Nations Environment Programme

UN Tourism: World Tourism Organization (formerly UNWTO)

WCED: World Commission on Environment and Development

MRCI: Morgan Stanley Capital International

1. Chapter 1: Introduction

1.1 Background of Study

Supporting over 22 million jobs, a vital economic engine, European hospitality sector is contributing 9.5% of the EU's Gross Domestic Product (GDP) and is currently experiencing a deep "twin transition" towards "green" and digital resilience. This transition pathway also substantiates the request of the European Council to design a European Agenda for Tourism 2030 (less carbon emissions based on the baseline year 2019) to 2050 (net zero /carbon neutrality) which invites "the Commission and Member States" and relevant stakeholders. A significant catalyst to this evolution that seems to stand is the strategic alignment of sustainability and quality management practices to achieve organizational resilience, as the industry pursues to harmonize service excellence to climate neutrality by 2050 while managing a robust post-pandemic recovery.

The hospitality sector has recently witnessed a surge in interest regarding the fusion of sustainability principles with quality management practices (Kontošić Pamić et al., 2024). Consequently, balancing economic growth with environmental stewardship and social responsibility remains a significant challenge for hotels and restaurants, pivotal players in this dynamic sector (Blanco-Moreno et al., 2024).

Therefore, hotel and restaurant owners are looking for ways to incorporate sustainable practices into daily operations while maintaining high quality standards (Ronalter et al., 2023).

Another strong indicator is that integrating ESG (environmental, social, governance) principles has shifted from a regulatory burden to a core element in creating long-term value and competitive advantage (European Commission, 2022).

Customer expectations are a key driver of this integration. According to data from a Eurobarometer survey in October 2021, a significant number European citizens, reaching 82%, are becoming more conscious of eco-friendly travelling; including practices such as minimizing resources usage like waste and water consumption, and purchasing goods from local suppliers. Moreover, consumers tend to opt for off-season travelling or visiting destinations and finally choosing transportation based on their environmental impact. (European Commission, 2022)

In addition to these shifts, increasing attention to the relationship concerning customer satisfaction and profitability is gained by many researchers worldwide. More specifically, Sun and Kim (2013 as cited in Skordoulis et al., 2024) explored this relationship in the hospitality sector, demonstrating that higher customer satisfaction is reflected in many financial metrics such as profit margin, return on assets (ROA), return on equity (ROE), and market value added (as cited in Skordoulis et al., 2024).

Accordingly, a study demonstrates that enhanced customer satisfaction requires substantial financial investment (Ali et al. (2021, as cited in Skordoulis et al., 2024). Evaluating the factors that influence customer satisfaction is a crucial indicator of overall organizational effectiveness for modern hotel management (Kim & Chung, 2022). Moreover, research shows that integrating environmental sustainability practices lead to higher customer satisfaction.

Even though there is a growing need for research on the relationship between sustainability-quality practices and their impact on customer satisfaction and overall performance, inadequate empirical evidence exists on how these practices are strategically aligned across different ESG maturity levels. Understanding the importance is very critical for the European Hospitality Sector as reaching climate neutrality goals by 2050 is no longer voluntary but a legally binding framework in the European climate law. In this rapidly evolving industry, hospitality sector must also enhance its service excellence and remain competitive.

1.2 Significance of the Study

From religious circles in 18th century to the 21rst century boardrooms, ESG movement elbowed its way to the corporate decision making. Social Movements, Environmental Disasters, Regulatory Changes were the events that placed ESG framework into the spotlight (Byrne, 2024). This movement includes three pillars: social, environmental and governance, focusing on sustainability and development, making them critical to organizations' long-term viability and well-being of the stakeholders. To urge a more ESG-conscious culture mainly to financial organizations, sustainable policies were restructured. Evolving frameworks such as 1972 UNEP (United Nations Environmental Program), 2021 European Commission's Sustainable Finance Disclosure Regulation (SFDR), corporate social responsibility (CSR) and creating shared value (CSV) were the catalysts to standardize ESG sustainable management practices (Kim, 2024).

Similarly, 2015 United Nation's 17 Sustainability Development Goals (SDGs), several organizations began using SDGs to enhance their ESG management framework to COVID-19 pandemic. This implementation critically enhanced awareness of environmental and social impacts; two key catalysts that accelerated the importance of implementing ESG criteria (Kim, 2024).

On another note, emerging contingent factors- such as climate change or crises such as pandemics- are affecting more stakeholder groups, including shareholders, customers, investors, and employees to value sustainable development as a strategic aspect (Ronalter et al., 2023). Therefore, evidence from the hospitality sector shows that aligning Quality Management Systems with ESG practices substantially enhances business performance. By streamlining internal processes and delivering superior value, organizations can elevate guest satisfaction and subsequently maximize their revenue streams (Singh, 2008; Tarí et al., 2010; Zaramdini, 2007).

Additional positive impact on organizations' performance is Environmental Management Systems where research indicates savings in resource input and energy consumption, increased efficiency and better profitability (Ronalter et al., 2023). This is further reinforced by the fact that certifications of sustainable practices constitute a competitive advantage and consequently enhance organization's reputation among environmentally consciousness customers (Falkenberg & Brunsæl, 2011; Jones et al., 2016). Similarly, a study by Fillmonau et al. (2022) demonstrates that when customers perceive environmentally friendly practices in a hotel organization, is often linked with higher level of satisfaction, as sustainable practices are directly associated with enhanced quality and ethical business behavior (Fillimonau et al. 2022). Furthermore, organizations with high maturity levels of environmental, social, and governance (ESG) criteria often experience lower costs of capital, including lower borrowing rates and better terms on equity financing (El Ghoul et al., 2018).

Simultaneously, many researchers worldwide are focusing on the relationship between customer satisfaction and profitability and how this relationship influences performance. A study by Sun and Kim (2013) was conducted in the hospitality industry to examine whether customer satisfaction increases organizational performance. Findings revealed that the impact of customer satisfaction is reflected in the profit margin, and the results indicate that customer satisfaction positively affects an organization's profitability and value in the hospitality and tourism industries.

Furthermore, aligning ESG strategies with long-term value creation is considered a critical necessity especially in small and medium businesses where standardized frameworks are not implemented to the same degree amongst company sizes and sectors (Barić et al., 2021).

According to studies, data from hotels indicate that energy consumption accounts for 3-6% of the total hotel operating expenses. Implementation of smart energy saving management solutions would successfully lower by 20-40% the hotels' energy consumption. (International Finance Corporation [IFC], 2020).

However, a deep analysis of the criteria also shows that ESG rating agencies do not fully integrate sustainability principles into the corporate sustainability assessment process (Chatterji et al., 2016).

Therefore, understanding how quality and sustainability practices align with ESG practices is critical to management decisions as well as the development of policies in hospitality.

This study is therefore significant as it provides empirical insights into how ESG strategies and quality management practices can be strategically aligned to improve both operational and financial performance, contributing to both academic literature and practical decision-making in the hospitality sector.

1.3 Purpose

Although hospitality and tourism practitioners are innovative and active concerning ESG practices, academic research on ESG in hospitality and tourism is still developing. Most pre-pandemic studies focused on CSR or examined separately the ESG components. Specifically, the study gaps are evident when differentiating CSR from

ESG. Therefore, CSR researchers have considered CSR practices as practical activities of sustainable movement whereas most ESG studies focused only on the investment perspective in the financial aspects (Park & Kim, 2023). Despite the documented and positive correlation between sustainability and quality practices, service excellence and organization performance, a significant gap remains in understanding the integration of these practices in operational synthesis within Total Quality Management (Park & Kim, 2023; Siva et al., 2016).

To address this, the study aims to bridge the gap by assessing how leading hotels organizations from Greece, Spain and Scandinavia characterized by varying levels of ESG maturity integrate sustainability into their quality management systems and identify strategic, organizational, and governance factors that shape this relationship.

1.4 Study Objectives

To accomplish this aim, the study is guided by the following objectives:

- **ESG Maturity levels classification**: Categorizing businesses based on how sustainability practices act as either an element of corporate identity or as a compliance task.
- **Rethinking the relationship between Quality and ESG**: Examining how environmental and social criteria are integrated into Quality Management Systems, ensuring that service excellence and sustainability function as a unified process.
- **Strategic Alignment- Barriers and Drivers**: To examine variables such as commitment of the leadership, digital readiness, and stakeholder pressures, to identify the drivers or friction points that hinder this alignment.
- **Analyzing the Link Between "Operational excellence" and Bottomline**: Examining the relationship between the way integrated sustainability practices relate to customer satisfaction metrics, tangible financial indicators (Return on Assets (ROA) and overall profitability. This is achieved through gathering empirical evidence on whether high maturity levels of ESG result in advanced business performance.

- **Framing a Strategic Roadmap:** Synthesize the insights into a realistic, practical framework for hospitality leaders. The final objective is to offer a set of suggestions that drive managers to elevate their ESG maturity without sacrificing service quality that is essential in the current European market.

2. Chapter 2: Literature Review and Strategic Alignment Framework

2.1 Connection of ESG and Management Systems

According to Redžić's study, quality in tourism and hospitality industry relies on the consistent delivery of high-quality services and products offering which are in line with expected standards (Redžić, 2018). From a corporate perspective, requirements for service quality are determined by the ability and willingness of a service provider to deliver a certain level of service quality (Bruhn, 2023).

As shown in the figure below, ESG represents the intersection of environmental factors, social responsibility (eg. relationship with stakeholders) and corporate governance. This intersection highlights the need for these 3 pillars integration into the organization's managements system to ensure long term sustainability and stakeholder engagement and trust.

Figure 1. ESG Venn diagram

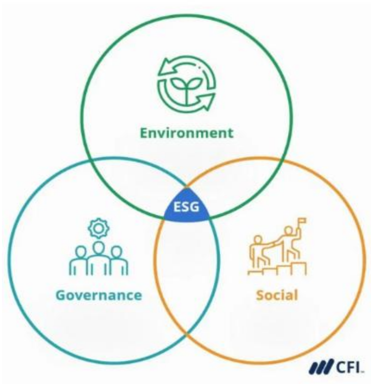


Table 1. ESG, Quality and Sustainability Definitions Overview

Concept	**Area of interest**	**Definition**	**Standards**
ESG	Companies' resilience financially relevant, industry-specific sustainability risks and opportunities.	Framework that helps stakeholders understand how an organization is managing risks and opportunities linked to environmental, social, and governance criteria (ESG factors) (Ronalter et al.,2023)	CSRD, GRI
Quality	Customer Satisfaction	Quality is defined as the "degree to which a set of inherent characteristics of an object fulfils requirements" [ISO 9000:2015, 3.6.2] (International Organization for Standardization)	ISO 9001:2015

Sustainability	Long-term environmental stewardship and social equity.	Economic development that "meets the needs of the present generation without compromising the ability of future generations to meet their own needs". (International Organization for Standardization)	ISO 14001:2015, EMAS

2.1.1 Evolution of Management Systems

Organizations are faced with a set of challenges that demand enhanced resilience through the implementation of modern management systems driven by a customer focused excellence approach. To achieve sustainability, organizations are increasingly adopting continuous improvement processes which improve efficiency and effectiveness through a systematic approach, utilizing established methodologies such as Lean and Six Sigma to implement incremental improvements over the long term. The aim is to maximize value for stakeholders while remaining competitive within rapidly changing markets and adapting to their evolving needs.

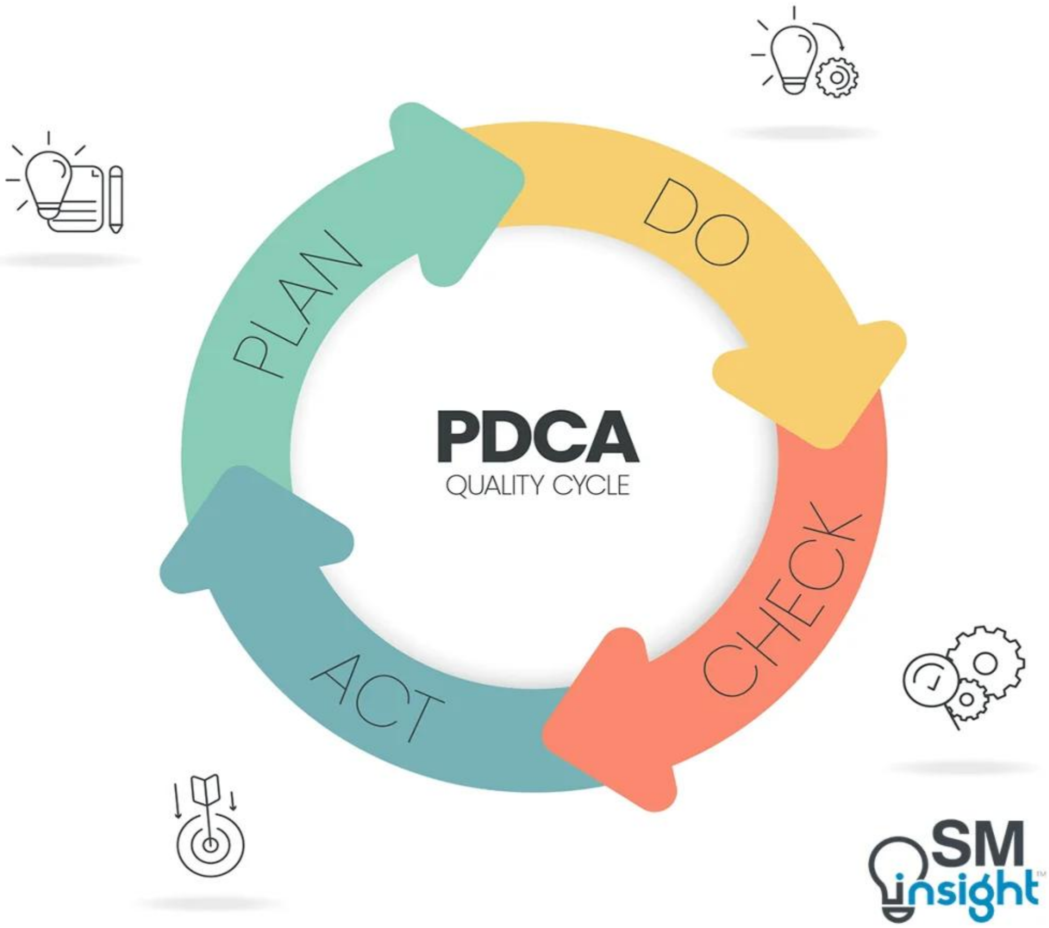
Mahesh & Kumar in a study back in 2016, described this need of management systems implementation as a "process of systemizing how things are done" (Mahesh & Kumar,2016).

These Management Systems are established to systematically address the needs of stakeholders in both internal and external organizational settings (Poltronieri et al., 2018; Rebelo et al., 2016) and are aimed at the constant enhancement of operations and procedures" (Robson et al., 2007; Sampaio et al., 2009).

Nowadays, Management Systems serve as a strategic tool to achieve organizational resilience. According to Asif et al. (2013), an effective management system integrates factors such as quality, environmental, and social-into a single, unified system.

Key Dimensions of Modern MS:

1. **Continuous Improvement & Agility:** The core of any Management System is the **Plan-Do-Check-Act (PDCA)** cycle established by International Organization for Standardization (ISO). As highlighted by literature, this cycle aims at the continuous improvement of operations (Sampaio et al., 2009; Robson et al., 2007). In today's volatile market, this cycle is also used to enhance organizational agility, allowing organizations to respond rapidly to shifting stakeholder expectations (Khosravi et al., 2026).



(Strategic Management Insight, 2024)

2. **Risk-based thinking, PDCA and process approach:**
   Associated risks influencing the objectives and results must be addressed by the management system. Therefore, a risk-based thinking is applied throughout the whole process. More specifically:
   - Decide how positive or negative risks are addressed when establishing processes to optimize output and prevent negative outcomes.
   - Determine the depth of process planning and monitoring based on specific level of risk.
   - Improve the operational efficiency of the organization's quality management system.
   - Manage a system that inherently incorporates risk mitigation and meets objectives of strategic goals. (ISO 9001:2015).
3. **Stakeholder-Centric Excellence**:
   Management systems evolve beyond the sole objective of the owner or shareholders to maximize profit. They take into consideration all stakeholders: customers, employees, community and the environment. This evolution of Management systems is linked to the Environmental Social and Governance criteria (Gharbi, 2026; Messai, 2026).

2.1.2. ISO standards and ESG integration

Jørgensen et al. (2006) classified the Management systems, among others, as:
"Quality, environmental or occupational health and safety (OHS) systems, depending on their objective". Through these certifications (e.g ISO 9001:2015 Quality Management, ISO 14001:2015, EMAS, Environmental Management, ISO 45001:2018 Health and Safety Management), organizations demonstrate their commitment to operational excellence.
Furthermore, they can serve as primary benchmarks in ESG:

- **Environmental**
  ISO 14001:2015 Environmental management system focused on resource management and EMAS focused on public reporting and legal audits.
- **Social**

- ISO 45001:2018 Health and Safety Management to ensure the wellbeing of staff and customers.
- **Governance**
- ISO 9001:2015 for Quality Management and Governance as the foundation of operational excellence.

In the financial sector, Environmental, Social, and Governance (ESG) standards are more frequently employed as a systematic foundation for improving investment evaluation. Instead of assessing these components—E, S, and G—solely from the perspective of ethical or socially responsible investing, conventional market participants regard them as essential factors for risk evaluation and strategic planning (Pollman, 2022). As a result, ESG integration has transformed from an ethical choice into a crucial component of fundamental investment strategies.

Environmental, Social, and Governance (ESG) factors were originally developed as a framework for assessing corporate ethical conduct, social responsibility, and governance quality, with the overarching objective of enhancing long-term economic performance through effective risk management and sustainable business strategies (Friede, Busch, & Bassen, 2015).

2.2 Strategic Alignment Framework

2.2.1 Mechanisms of Alignment

Strategic alignment is the practice of integrating an organization's goals and strategic objectives into its overall business strategy. This integration can be achieved through a strong engagement of all levels of employment towards a common vision and long-term objectives (The Strategy Institute, 2024).

Existing ESG literature hospitality sector remains theoretically positioned and it conceptualizes human and environmental resources as tools for financial performance rather than as essential mechanisms for long-term sustainable development. Moreover, ownership structure also plays a crucial role in influencing ESG maturity levels. A great example are companies with directly managed asset portfolios which tend to demonstrate more coherent governance integration. On the other hand, franchise-based brands encounter structural barriers in enforcing consistent ESG standards across decentralized units. Nonetheless, nowadays there is a significant shift towards embedding ESG criteria within corporate governance structures, a practice that underlines an evolving maturity in the hospitality sector's response to global sustainability expectations and regulations.

2.2.2 Strategic Alignment of ESG and Management

In ESG strategic alignment involves integrating sustainability practices into the core business strategy, to ensure that environmental and social objectives are supported by organizational structure and management.

While strategic alignment plays a crucial role in an organization internally, transparency is becoming mandatory by new regulatory frameworks imposed by EU.

Moreover, several limitations are identified when it comes to stakeholders' ability to assess actual performance including time frames, geographic scope, and governance structures, leaving substantive gaps between policy statements and operational implementation.

The European hospitality sector highlights these inconsistencies clearly where ESG adoption remains highly fragmented. While some large hotel groups have embedded ESG strategies into operations, small and medium businesses focus on environmental resource management metrics such as energy efficiency, waste reduction, or eco-certifications like Green Key, with comparatively limited disclosure of social and governance performance according to recent findings in the hospitality literature (Back, 2024; Rahman et al., 2025). This results in uneven integration due to factors such as organizational size, ownership structure, resource availability, and familiarity with ESG frameworks (Back, 2024).

Despite the rapid diffusion of ESG reporting practices, significant concerns persist regarding the clarity, credibility, and comparability of disclosed information. A growing body of literature suggests that ESG disclosures are frequently shaped by regulatory flexibility, stakeholder pressures, and the absence of harmonized reporting standards, rather than by fully standardized and objective performance metrics (Christensen et al., 2022; Dinh et al., 2023; Dorfleitner et al., 2022; Lyon & Montgomery, 2015; Nanu et al., 2024).

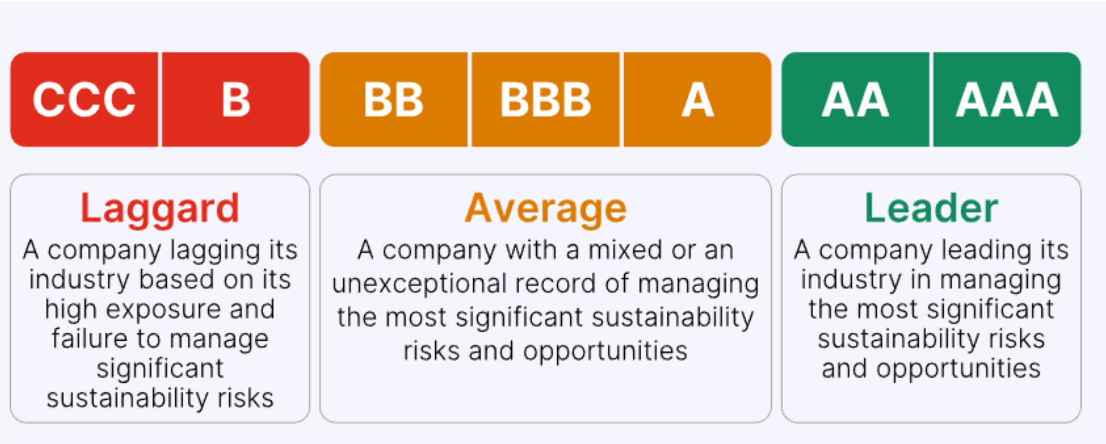
2.2.3 ESG Ratings: Impact of EU Regulation 2024/3005

According to Eu Regulation ‘ESG rating’ is defined as "an opinion or a score, or a combination of both, regarding a rated item’s profile or characteristics with regard to environmental, social and human rights, or governance factors, or regarding a rated item’s exposure to risks or impact on environmental, social and human rights, or governance factors, that is based on both an established methodology and a defined ranking system of rating categories, irrespective of whether such ESG rating is labelled as ‘ESG rating’, ‘ESG opinion’ or ‘ESG score’ " (Regulation (EU) 2024/3005). As a scoring framework, ESG ratings play a critical role in decision making related to sustainable and financial investment, as investors, borrowers and issuers increasingly utilize these scores to guide their strategy. Hence, these scores also demonstrate significant impact on the operation of markets and on investors and customers’ trust.

The new legal framework of EU regulation (EU) 2024/3005 (full effect from 02.07.2026) aims to strengthen the trustworthiness and comparability of ESG ratings by enhancing transparency and ethical conduct across agencies that issue ESG ratings and prevent potential conflicts of interests. This can be achieved by strict guidelines that ensure compliance where ESG rating providers will need to obtain authorization and be supervised by the European Securities and Markets Authority (ESMA) to comply with transparency requirements. (Regulation (EU) 2024/3005)

Despite PWCs and MSCIs (market leaders) provision of benchmarks, there is a significant lack of transparency regarding the integration into these frameworks (structural and evaluative). This goal will be fulfilled by EU regulation mentioned above.

Figure 2. Industry-relative letter ratings from AAA to CCC based on how well they manage these risks and opportunities relative to peers.



(MSCI, 2024)

To classify maturity levels, the study adopts the following terms Minimalist, Pragmatist, Strategist and Trailblazer as defined by PwC (PWC Canada, 2024).

Minimalist

Regulatory compliance and fundamental business disclosures are typically given top priority by minimalist organizations in the early stages of their ESG journey. To positively impact their initial cash flows and operations, its primary tactical focus is on fundamental environmental concerns, such as the shift to renewable energy and meeting net-zero carbon ambitions.

Pragmatist

Businesses that are pragmatic approach sustainability by focusing on short-term, immediate goals and separating risk-reduction initiatives into distinct business divisions. As their strategy progresses, these organizations can discover strategic value by reorganizing their supply chains to reduce operating costs and attracting new customer groups through carbon reduction programs.

Strategist

Companies that directly incorporate ESG supervision into executive leadership positions. Establishing strict, empirically supported goals that are directly connected to financial incentives for the C-suite. These companies successfully innovate their basic business models to introduce highly distinctive goods and services into the market by leveraging advanced sustainability metrics.

Trailblazers

Trailblazers are purpose-driven businesses that integrate sustainability measures where sustainability metrics are completely merged with financial reporting and embedded into the overall corporate identity. Under the direct accountability of the Chief Executive Officer, these market leaders drive public advocacy to shape regulatory frameworks while continuously measuring long-term stakeholder value to anticipate future market shifts.

3. Chapter 3 Resilience, Sustainability and Conceptual Framework in the Hospitality Sector.

3.1 Quality and Sustainability management in Hospitality

Quality in hospitality is not only about luxurious services and comfort. What customers share and value is what evaluates quality. As time goes by, customer satisfaction is not merely about comfort and speed delivery of service, but also the environmental and social dimensions of the hotel property. Moise et al. (2019) highlighted the changing scenario and argued that the perception of quality is associated with the way a hospitality company manages its resources and social corporate responsibility practices. Quality has shifted towards a value that is perceived though the correlation between what customers receive and the impact of the company's actions on the environment and society.

The emergence of the so-called 'conscious customer' has been bringing about a paradigm shift in the hospitality industry, making sustainability a basic hotel service that customers provide. Practices such as the removal or substitution of single-use plastics, the use of local products and environmental saving measures have become fundamental indicators of hotel service quality. Sustainable hotel practices are core elements for generating customer trust and creating a positive brand image, which generates feelings of satisfaction that in turn foster customer loyalty in the long term (Martínez, 2015).

Sustainability issues have become strategic issues for quality hotels, transforming them from simple marketing arguments to operational requirements. The application of a

Quality Management System (QMS) – ISO 9001 – along with environmental certifications (ISO 14001, Green Key, etc.) – is seen to achieve excellent service quality and meet customer expectations regarding transparency and accountability. Sustainability has thus become the "new standard" of quality, meaning that hospitality companies' main goal is to succeed not only in satisfying customers of today, but also those of tomorrow, and of further generations.

3.1.1 Definitions of Quality and Sustainability

The term "**quality**" can be defined as:
• "Fitness for use" (Juran, as cited in Periša & Vrtodušić Hrgović, 2024)
• "Conformance to requirements" (Crosby, as cited in Periša & Vrtodušić Hrgović, 2024)
• "Meeting customer expectations" (Deming, 1986 as cited in Suarez 1992).
(Shewfelt, 1999)
Quality is defined as the "degree to which a set of inherent characteristics of an object fulfils requirements" [ISO 9000:2015, 3.6.2]
The World Commission on Environment and Development (1987) defines "**sustainability**" as "development that fulfills the needs of the present generation without compromising the ability of future generations to meet their own needs" (as cited in Epstein & Courtis, 2001).

3.1.2 Operational Integration of Quality and Sustainability

In the European Hospitality sector Since sustainability is not considered a peripheral activity but the core of operational excellence, the integration of Quality Management Systems (QMS) Environmental, Social, and Governance (ESG) criteria are likely to be a cornerstone of innovative hospitality excellence.
Due to its crucial role in fostering global economic growth, generating employment, and enhancing social well-being, the hospitality industry is increasingly prioritizing sustainability (Kumar et al., 2022; Legrand et al., 2022, Thommandru et al., 2023). In this context, modern literature highlights the dynamics of consumer psychology, pinpointing buying choices and the public's willingness to financially back eco-friendly

efforts as essential elements for the industry's green shift (Hall et al., 2016; Han & Hyun, 2018).

Furthermore, customer perspectives are vital indicators, to evolving sustainability. As study has shown customer satisfaction and loyalty are increasingly tied to sustainable practices (Han & Hyun, 2018; Martínez, 2015). Therefore, in large scale organizations, ESG practices contribute to a broader conception of value creation; integrating financial performance with ethical accountability, environmental stewardship, and transparent governance (Friede et al., 2015). Additionally, important drivers of competitive growth for Small and medium-sized enterprises (SMEs) are the size of organization and profitability.

However, ESG considerations are shaping how these organizations are evaluated by investors, customers, and other stakeholders (Csapi & Balogh, 2020). Thus, ESG performance has evolved into a strategic asset that influences reputation, access to capital, and long-term competitiveness.

3.2 ESG Performance, Financial Outcomes & Organizational Resilience

Operational resilience refers to a company's capacity to endure, adjust to, and bounce back from unforeseen interruptions that impact its people, processes, and technology. By enhancing operational resilience, organizations can reduce the effects of incidents, safeguard their reputation, and ensure business continuity. (Corporate Finance Institute, 2026).

While on the other hand, financial Resilience is defined and measured as the ability to navigate financial hardship, stressors and shocks caused by unplanned systemic disruptions.

From a financial and strategic perspective, a growing body of literature demonstrates a positive correlation between ESG performance and organization outcomes. Organizations with strong ESG engagement tend to exhibit superior financial performance and enhanced organization value (Chen and Xie, 2022). ESG performance has also been found to positively influence Tobin’s Q, particularly when mediated by competitive advantage (Dkhili, 2023).

In addition to financial benefits, ESG performance enhances organizational resilience, particularly during periods of crisis. In the hospitality sector specifically, hotels with higher ESG ratings were better equipped to manage the financial pressures and operational disruptions caused by the pandemic (Chen et al., 2022). These findings suggest that ESG initiatives can function as a strategic buffer against external shocks while supporting long-term sustainability and competitiveness.

3.2.1 ESG as a Strategic Framework in Hospitality

Environmental, social, and governance (ESG) criteria are of enormous help in the fight against global warming, an indicator that businesses invest in renewable energy facilities in addition to transparent reporting to stakeholders on climate-change-related risks (He et al., 2023). Achieving sustainability objectives and delivering financial returns aligned with societal values are the benefits and results deriving from and accustomed to the investment into ESG (OECD, 2021). As noted by Chen and Xie (2022), organizations with engagement in ESG values, demonstrate better financial performance.

Within this evolving context, Environmental, Social and Governance criteria have gained increasing importance. Nowadays they are no longer perceived as a regulatory obligation but as a strategic framework supporting long-term value, organizational resilience and competitive advantage. It is evident that ESG practices strongly encourage organizations to invest in renewable energy, improve transparency in climate-related risk reporting and align operations with social and environmental objectives (He et al., 2023; OECD, 2021). Finally, empirical evidence suggests that ESG initiatives are positively associated with the achievement of the United Nations Sustainable Development Goals (SDGs) at both national and regional levels (Sadiq et al., 2023).

3.2.2 Sustainability & ESG Trends in Hospitality Study

Although ESG-related concepts began to emerge in the late 1970s and the term “ESG” was officially introduced in 2004, the integration into tourism research has only accelerated in recent years. Literature review also documents a rising trend in ESG study within hospitality and tourism. In 2020, Heyward (2020) stated in Forbes, that corporate social responsibility (CSR) has a positive and critical impact on engaging employees, customers, and investors (Hey ward, 2020). On the other hand, pressure from tourism companies on sustainable travel and practices directs sustainability and ESG practices to increasingly be woven into industry practice.

Studies in tourism and hospitality increasingly adopt frameworks such as circular economy principles. Circular Economy (CE) is certainly one of the strategic programs that can be implemented to make tourism sustainable, as it can have multiple key roles for enhancing both quality and sustainability of the tourism sector. (Şahin et al., 2024)

3.2.3 Study Gaps

Despite this growing significance, limited empirical study has explored how ESG maturity influences the alignment between sustainability and quality management frameworks such as ISO 9001. Although traditional Managements systems currently ensure service excellence, this study aim is to investigate how such frameworks serve as key factors for ESG integration in hotels with varying levels of ESG maturity**.**

A significant "alignment gap" is identified in the current landscape. There is a significant difference between high and low maturity organizations where the first are often characterized by directly managed asset portfolios, demonstrate coherent governance where sustainability is embedded into management control systems and the latter, particularly franchise-based models and Small and Medium Enterprises (SMEs), frequently encounter structural barriers and rely on discursive practices that obscure substantive operational gaps

First, ESG scholarship continues to be disproportionately concentrated in manufacturing and financial sectors, leaving hospitality and tourism comparatively underexplored (Eccles et al., 2020). Second, even within hospitality study, there is a strong emphasis on supply-side indicators—such as reporting practices and operational metrics, while comparatively limited attention is given to customer perceptions and behavioral responses to ESG initiatives (Chen et al., 2022; Ozdemir et al., 2023).

Another study made by Bäckstrand (2006) stresses out that when it comes to multi-stakeholder partnerships, a great challenge is identified moving towards sustainable development; where the focus is on the lack of monitoring mechanisms and strong accountability which leads to limited practical success of sustainable initiatives (Bäckstrand, 2006).

In response to the challenges, numerous European governments have introduced mandatory ESG reporting requirements to force publicly listed organizations to disclose unified and standardized ESG data and reduce corporate greenwashing (Lu et. al, 2016). Consequently, existing research indicates prioritization of ESG data and criteria in large scale organizations creates a gap when it comes to standardized metrics for individual investors (Bofinger et al., 2022; Chen et al., 2023). While environmental metrics are implemented and monitored, absence of standardized metrics regarding social and governance are noted (De Grosbois, 2016).

Unlike Corporate Social Responsibility (CSR), ESG integrates governance mechanisms and measurable indicators. Nonetheless, lack of standardized disclosure metrics between different ESG pillars leads to an uneven performance across in social environmental and governance criteria (Gillan et al., 2021).

Moreover, existing documented research on the fragmented implementation of unified ESG framework leaves a conceptual gap, since varying ownership models are not considered (Aldebert et al., 2011; Beritelli, 2011; Dogru et al., 2022; Zhou et al., 2018). Standardized sustainability and ESG reporting frameworks have been promoted by the United Nations World Tourism Organization (UNWTO), but unified implementation is particularly difficult due to heterogeneity of the tourism sector, including transportation, lodging, food and beverage services, attractions, and supporting industries (Back, 2024; Lin et al., 2023).

Addressing these gaps, thorough research is required on how hotels with different ESG maturity levels incorporate sustainability into their operational and quality management systems, as well as how organizational, governance, and strategic variables influence this integration. Understanding whether ESG in the European hospitality industry serves as a transformative strategy framework or is still essentially a symbolic and compliance-driven activity requires this kind of analysis.

3.3 Conceptual Framework and Study Model

To classify ESG maturity levels within this study, information by PwC Canada's has been adopted. The following table provides a clear presentation on how organizations can transit from basic compliance to strategic leadership.

Table 2. ESG maturity levels (PwC Canada 2024)

Maturity level	**Characteristics**	**Hospitality examples**
Minimalist	limited or no public reporting	SMM
Pragmatist	focusing on managing risks and not on identification of opportunities	Hotels with ISO standards (such as 9001 and 14001)
Strategist	strategic opportunities elevate ESG responsibilities to the C-suite and develop ESG-differentiated products or services	C suite ESG integration
Trailblazer	purpose-led organizations where ESG is integrated in the core business and strategy	Leaders

3.3.1 Variable Relationships

Literature indicates that Quality and sustainability (independent variables) are two variables that no longer serve as independent. Quality serves as governance and sustainability as environmental/social.

On the other hand, strategic alignment acts as mediator, bridging quality and sustainability practices to achieve operational resilience.

Finally, ESG Maturity (dependent variable) serves as the key factor in defining organization resilience and ratings performance.

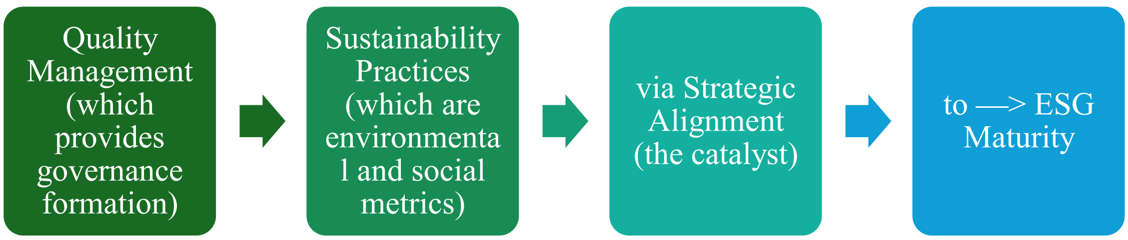
These three key elements influence ESG maturity and determine resilience in hospitality organization.

3.3.2 Study Model

Resilience can be seen from two distinct perspectives. Firstly, there is the operational perspective; this is the ability to maintain service quality. Secondly, there is financial perspective; this is the ability to absorb the impact of ESG driven economic shocks through increased resource efficiency.

The proposed model illustrates the mediating role of strategic alignment where Quality and Sustainability are displayed as input values and ESG maturity is the outcome value.

Figure 3. Proposed Study Model



The following figure illustrates the 3 pillars approach that are taken into consideration in the strategic alignment of sustainability framework.

Figure 4. Deloitte Sustainable Investor Framework (Deloitte Netherlands 2024)

3.3.3 Research Questions

To bridge the gap between quality and sustainability the following questions aim to investigate whether high ESG maturity level organizations leverage their management systems to achieve ESG integration or not.

RQ1: How does the alignment of quality and sustainability standards lead to organizational effectiveness?

RQ2: What are the drivers and barriers for this alignment in the hospitality industry?

RQ3: How does ESG maturity level affect the integration of these practices?

4. Chapter 4: Study Methodology

4.1 Methodology and Research Design

This study adopts a Qualitative Mixed-Method (Saunders et al., 2019). To assure the reliability, validity and depth of the empirical results obtained, a Triangulation Method* has been employed. Following the principles of this method, the purpose of the section incorporates diverse data sources, such as industry experts and secondary documented data from ESG reports to address the study objective regarding the gap between the theoretical goals of ESG and the reality of the QMS in practice.

It incorporates primary qualitative data and secondary documented data that provides a comprehensive view on the impacts of several interrelated factors studied. This approach is appropriate since the subject of the study- strategic alignment and operational maturity- requires a more in-depth look into the connections between QMS and ESG practices (how sustainability is embedded into management control systems) and their relation to enhancing stakeholder satisfaction. It explores perceptions, incentives and frictions point, that cannot be reflected in numbers. Particularly in franchise-based models and Small and Medium Enterprises (SMEs), that frequently encounter structural barriers and rely on discursive practices that obscure substantive operational gaps.

* Triangulation is commonly used in qualitative study. It involves the strategic use of different data sources, study methods, investigators, or theoretical frameworks to explore a study question or phenomenon (Denzin, 1978, as cited in Salmona et al., 2026).

This dissertation's main analytical tool is thematic analysis, which uses theme coding and comparative analysis to identify variables influencing ESG and quality alignment.

4.2 Data Selection and Collection Methodology.

To assure reliability, qualitative data was collected from industry experts who have implemented sustainability initiatives within their Quality Management Systems processes. In addition, an analysis of secondary data was employed by ESG reporting disclosures. Moreover, collection of data was obtained from hospitality experts operating in Greece, Spain and The Netherlands.

Primary data were collected through open ended questions (google forms). A set of nine targeted questions was addressed to industry experts, with the aim of gathering more in-depth information regarding the existing operational challenges and strategies used in the hospitality industry.

To support the primary data and to provide a broader view of industry trends, secondary data were incorporated in this study. The analysis of **secondary data** was constructed from 2024/25 ESG Reports from Europe's leading hotel groups such as Sani/Ikos, Meliá Hotels International, Archer Hotel Capital, Barceló Group, Leonardo Group.

Combination of primary qualitative survey responses and secondary ESG reports analysis provide a more concrete approach that ensures strategic claims verified by the actuality in operations as described by the field managers.
Findings of the collected data will be analyzed through thematic coding and comparative analysis to reveal factors influencing ESG quality alignment.

4.3 Participants profiles and Approach

Purposive sampling was used in the study to target individuals who had direct experience in sustainable and quality practices in European Hotel Organizations. General managers, Hotel Owners, Sustainability and Quality Managers were included for the purpose of this study. Additionally, substantial data from ESG reports of leading hotel groups were also analyzed.

4.4 Data collection process

To accommodate the tight schedules of the managers, a set of nine open-ended questions, in English language, was distributed via email and Google forms, allowing for timely and efficient collection of feedback. Approximate completion of the forms was 25-35 min. This set of questions focused on alignment of quality and sustainability standards organizational effectiveness, drivers and barriers for this alignment in the hospitality industry and the effect of ESG maturity level in the integration of these practices. At the same time, the study focused on the available ESG reporting documents.

4.5 Interview guide and research questions

To further develop an in-depth analysis of data, an interview guide was developed, with a set of nine sub questions (APPENDIX 1):
(Chapter 3, 3.3)
Questions 1-3 answer RQ1
Questions 4-6 answer RQ2
Questions 6-9 answer RQ3
Part A: Integration of Quality and Sustainability

Q 1: How do you perceive the terminology of Quality & Sustainability and how do you manage them in your hotel? Are they overseen by the same team/person or independently?

Q 2: What managements systems does your hotel acquire/implements and how do you currently use them to monitor and report on ESG issues?

Q 3: Is there an existing Quality procedure that contributes to sustainability practices eg. energy and waste management, and how? If yes, are the staff informed to apply the procedure?

Part B: Drivers & Barriers

Q 4: Can you identify the top 3 drivers of ESG maturity used for your hotel? (includes ESG initiatives already in place)? eg. initiatives such as sustainability campaigns and employee engagement, CEO vision, Customer expectations, EU Regulations.

Q 5: Sustainability Objectives VS Quality Goals- Do you experience any "friction points/barriers" between these 2, for Family service teams? (e.g., costs, staff skills/training, technologies). What is in your opinion the root cause of these?

Q 6: Does "Digital Readiness" (e.g smart building systems, data tracking etc.) impact the delivery of quality standards whilst addressing ESG concerns?

Part C: Ownership & Resilience (For Franchise/Managed):

Q 7: Given your experience, do you find it hard to implement a standard (quality, sustainability etc) in a small team versus across an entire organization with several departments?

Q 8: Given the recent pandemic and energy crisis, in what way ESG and Quality alignment help your organization recover fast? Did these standards and frameworks help your organization overcome these challenges? How does your organization handle difficulties and then return to normal again?

Q 9: EU Regulation (2024/3005) requirements for reporting are shifting from voluntary to regulate transparency. In your opinion, will the forthcoming EU regulation ESG reporting data are perceived by providers and investors?

4.6 Data analysis- Thematic Coding

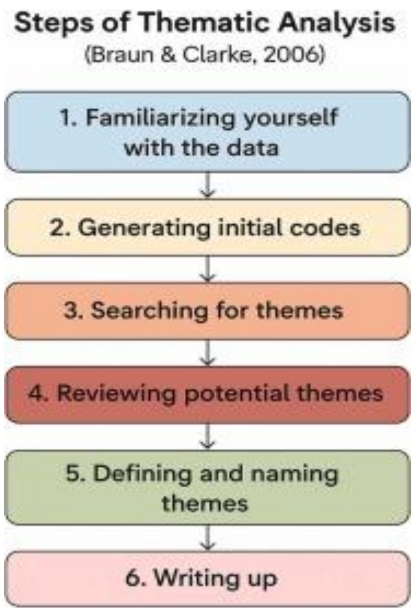
Before data analysis, some preliminary and general reviews of the data were performed. Google form's structure allowed the participants to submit information regarding, for example, their position, hotel category and maturity level. Names were not presented to keep the anonymity of the participants. Therefore, for the study purpose participants were named "Participants (1-6)". Primarily, a careful evaluation of participants' answers was conducted and analyzed. Articles, transcripts and ESG reports of large-scale European hotels were reviewed before conducting thematic analysis.

Thematic analysis is based on Braun and Clarke's (2006) six-phase framework-familiarization.

This methodical methodology turns unstructured, raw text from company ESG reports and qualitative questionnaires into structured, conceptually complex stories.

The following describes each phase's painstaking execution:

Figure 5 Steps of Thematic Analysis (Braun & Clarke, 2006)



<u>Phase1: Familiarization with the data</u>

A thorough examination of the dataset collected was the first step in the analytical procedure. This required the meticulous compilation and verbatim examination of the qualitative answers collected using Google Forms for the primary data. Each reply was repeatedly read to ensure complete conceptual clarity without any typographic bias.

While doing so, the company's ESG reports on sustainability issues of the selected hotels (like Sani/Ikos and Meliá) for 2024-2025 were reviewed to create the first imprint of the environment information based on sustainable practices and quality management.

Phase 2: Initial Code Generation.

After completing phase 1, open coding stage started and data was divided into manageable, understandable text chunks and given codes. Throughout the whole dataset, semantic aspects of the text were methodically coded such as, "External *Compliance Pressures*" and "*Market-Driven Incentives*" were used to label comments that highlighted EU regulatory pressures or changing visitor preferences. Similarly, initial tags like "*Capital Constraints*" or "*Skill Deficiencies*" were used to tag statements of resource restrictions or technological gaps.

Phase 3: Searching for Themes

The generated codes were sorted and clustered into overarching candidate themes that addressed the core research questions regarding ESG quality alignment. Phrases such as *"Capital Constraints"*, *"Skill Deficiencies"*, and *"Operational Disruption"* were grouped together under a prominent candidate theme labeled "Friction Points". Another set of codes related to data tracking, smart building systems, and monitoring software was categorized under the theme "*Digital Readiness*".

Phase 4: Examining the Themes

To guarantee both exterior heterogeneity (themes are different from one another) and i nternal homogeneity (everything within a theme belongs together), the potential them es went through a two-level screening procedure.

To make sure the clustered codes created a logical pattern within each theme, they we re first examined.

Second, each theme's validity was examined in relation to the complete dataset.

By modifying or combining themes where there was overlap, this made sure that the finished themes appropriately mirrored the operational reality as reported by industry experts and the strategic claims recorded in the hotel organizations' ESG reports.

Phase 5: Identifying and Labeling Themes.

In this stage, each theme's structural core was established, identifying the facet of the data that each theme captured. Definitions and conceptual labels were developed in direct accordance with the research goals of the study. For instance, "*Organizational Scale and Ownership Modalities as Alignment Determinants*" was the formal definition of the theme addressing ownership disparities which incorporates the double shift between corporate structures and private ownership models.

<u>Phase 6: Report Production</u>

To create a comprehensive, cohesive, and academically informed case on the factors impacting ESG quality alignment, the following chapters will analyze these topics using strong empirical evidence that is interlaced with direct comments from industry experts and corporate disclosures.

4.7 Strategic Alignment Framework

This study assesses hospitality organizations across Europe on their current practices and investigates how these organizations implement and align their Quality Management Systems (QMS) with their respective Environmental, Social and Governance (ESG) Maturity Levels. As organizations evolve from the “Minimalist” to a “Trailblazer” stage of compliance, their Quality Management System (QMS) evolves from a static state to a force state for sustainability. In this dissertation, we examine the transition of the QMS to a sustainably impactful and strategic enabler for organizations, while incorporating ESG maturity into the organization’s compliance development stages.

Structural Evolution in Hospitality Value Chain

- Operational Efficiency
- Standardization of resource management (Energy/Water/Waste)
- Evolving Governance.
- Sustainability is becoming a core fiduciary duty, managed by the board.
- Incorporation of sustainability & ethics.
- Customer Value Proposition

The following table provides information concerning the secondary data sources addressing the nine study questions.

Table 3. Analysis of QMS-ESG Alignment Throughout Selected Hotels

Organization	Region	Key Strategy / Framework	QMS-ESG Integration Mechanism
Sani/Ikos Group	Greece/Spain	Sustainable Growth, Operational Excellence, Innovation.	Linkage of customer experience (ESRS S4-1) with zero-waste & carbon-neutral SOPs.
Meliá Hotels Intl.	Spain	Governance	Use of Senior Executive Team (SET) and SCIIF (Internal Control) for ESG reliability.
Archer Hotel Capital	Netherlands	Carbon, Climate, Circularity	KPIs monitored via Building Management Systems (BMS).
Barceló Group	Spain	Barceló ReGen	Regenerative tourism is integrated into destination management and supply chain audits.

Leonardo Hotels	International	Leonardo Do	Extensive staff training and community engagement are integrated into quality audits.

4.8 Trustworthiness and Ethical Considerations

Prior to the interviews, each participant gave their informed consent in accordance with academic standards. Participants were informed about the scope of the study, and they were assured that personal and business information would be kept private.
To guarantee the validity and reliability of the results, this study uses an audit trail, recording each stage of the coding process (Coker, 2017). Source Triangulation also reduced researcher bias.

4.9 Limitations of the study

Although this study provides a vital framework for recognizing the integration of ESG and quality management, it is important to recognize limitations to contextualize the results. Heterogeneity of ESG reporting standards is the first barrier identified. Where across the European hospitality landscape, Small and Medium Enterprises (SMEs) are not utilizing standardized metrics to monitor their performance. Therefore, it is difficult to benchmark organizations with varying ESG maturity levels due to this divergence in data disclosure.
The second one is the tendency of organizations to point out their performance and success through surveys or corporate reports while at the same relying on self-reported data, leading to underreporting when it comes to social and governance challenges. That being said, a great risk to objectivity of the maturity levels identification is underway, as this data is more characterized as perceived rather than realistic.
Additionally, the geographic and cultural diversity of Europe needs to be examined as it states a limitation to the universal universality of the results. EU regulations pressure

and customer expectations in Northern European Countries may exhibit a different pace of ESG maturity compared to the Mediterranean Countries, which appear to be more uneven and seasonal.

Challenges include the lack of standardized metrics, the complexity of data collection and management, integrating ESG into business strategy, the risk of greenwashing, and multiple reporting frameworks. (The Corporate Governance Institute, 2024)

Ultimately, taking into consideration the "twin transition" (green and digital) as an ongoing and fast-growing process, these study discoveries are a snapshot in time. Whilst EU regulations are becoming more mandatory toward the 2030 and 2050 benchmarks, the identified strategic factors of today may change in importance. Acknowledging these limitations, the study remains a significant contribution; on the contrary, it highlights the need for continuous study of the hospitality industry and the way organizations navigate from mere compliance to strategic competitive advantage and excellence.

5. Chapter 5 Overview of the Sample Hotels

5.1 Participants and Corporate profiles

5.1.1 Participants profiles

Google Forms participants profile (six in total) provided a comprehensive base for the study's subject, leading to valid and widely applicable results. Table 4 summarizes the Demographic and Organizational Characteristics of the participants.

Table 4. Participants Profile

Participant	Position	Hotel Category	Ownership Model	Country	ESG Maturity Level
P1	Quality Manager	5* Luxury Resort	Corporate / Group	Greece	Medium to High (Strategist)

P2	ESG Officer	5* Luxury Resort	Corporate / Group	Netherlands	High (Strategist)
P3	General Manager	Small Boutique Unit	Private / Independent	Netherlands	Low (Minimalist)
P4	Hotel Owner	4* City Hotel	Family Owned / Private	Greece	Medium (Pragmatist)
P5	Sustainability Asst. Manager	Luxury Hotel Group	Corporate / International	Greece	High (Trailblazer)
P6	Quality Supervisor	Luxury 5*	Corporate	Spain	Medium (Pragmatist)

5.1.2 Corporate profiles

Sani/Ikos Group (Greece-Spain)

Sani/Ikos Group operates as an innovative and fast-growing group of luxury resorts in the Mediterranean and ranked amongst the best Luxury resorts in the world. Recognized for their commitment to lead with sustainability, which is validated via World's Leading Luxury Green Resort Award for the fifth year running. This position demonstrates a high level of ESG maturity sustainability as it serves as a key component of strategy and ethos. Acting as stewards of the environment, group excels in sustainable luxury, offering customers renowned hospitality where luxury and responsibility go hand in hand.

Meliá Hotels International (Spain)

Meliá's Group founded in Mallorca-Spain is one of the leading companies in resort hotels globally, and a leader in European hospitality sector. From luxury resorts to city hotels, Melia group is committed to responsible and sustainable tourism which gained recognition as one of the world's most sustainable hotel companies. Meliá has long been at the forefront of ESG integration and is subject to strict regulations under European sustainability frameworks which is verified by its high ranks in sustainability indexes.

Barceló Hotel Group (Spain)

Barceló Hotel Group is one of the major European hospitality companies based in Spain. This group manages a diverse portfolio of over 250 hotels and employs more than 40,800 people. Its footprint is characterized by moving towards a tourism model that generates positive and sustainable impact. Therefore, the core of the group's strategy emphasizes in regenerative tourism through the sustainability program "ReGen"; supporting local economic growth and prioritizing sustainability and social responsibility.

Archer Hotel Capital (The Netherlands)

Archer Hotel Capital is a specialist in hospitality investment. This interprets as an organization that owns a portfolio of premium hotel assets across major European cities (e.g., Amsterdam). Asset management is a core model, meaning its approach to ESG focuses on sustainable real estate, long-term asset resilience, and ensuring that their third-party operators (such as Marriott or Hyatt) comply with strict sustainability standards.

Leonardo Hotels Group (The Netherlands)

Leonardo Hotels Central Europe is a part of the Fattal Hotel Group. It operates a large network of business and leisure hotels across Central Europe, with a particularly heavy concentration in Germany, the UK, and the Benelux region. Their operational model focuses on urban hospitality, where ESG integration primarily revolves around carbon footprint reduction, digital efficiency, and strict labor standards within city-center operations.

6. Chapter 6 Study Findings

6.1 Insights and Integration of Quality and Sustainability Practices (Questions 1-3 correspond to RQ1)

Empirical data reveals that there is a structural divergence in the way hospitality organizations perceive and implement the alignment of quality and sustainability practices. Specifically, organizations at Strategist and Trailblazer stages identify the quality and sustainability function as interdependent systems.

6.1.1 Primary Data Analysis - Participants

Based on the participants' responses the following insights reveal distinct structural approaches to the way hotels integrate quality and sustainability practices. Participants' insights indicate that the level of functional integration is highly dependent on organizational scale, technological readiness, and institutional maturity.

Participant 1: Quality Manager, (5* Hotel-Greece)

According to Participant P1, integration is based on the alignment of ESG and Quality practices. This integration appears to support the organization in maintaining operational excellence and resilience and is achieved through central coordination under the Quality Management department. Also, P1 outlines that established quality procedures directly support practical sustainability goals. More specifically, there is a convergence in resource management workflows including energy, water consumption, and waste management though Key Performance indicators, where constant monitoring is applied and international ISO 14001 Framework.; complemented by verified Green Key certification. Thus, implemented waste management protocols are applied so that they can safeguard energy efficiency and resource optimization. Lastly, staff training is considered crucial to the implementation of these protocols and practices.

Participant 2: ESG Officer (5* Luxury Resort-Netherlands)

As top key integration tool Participant P2 highlights Human Resources towards organizational alignment. This resort features several significant certification schemes: Earth Check Silver, Green Key Gold, etc. Moreover, monitoring of corporate KPIs is relied on and dictated directly by the parent company. On weekly, monthly, and quarterly basis performance metrics are tracked and audited strictly. According to P2 sustainability is embedded into the Quality Management System through continuous training, daily briefings and personnel engagement. This indicates that frontline employee’s behaviors ensure that sustainability targets are actively translated and implemented into daily operations.

Participant 3: General Manager (Small Boutique Unit-Netherlands)

P3 corresponds to the "Minimalist" stage where quality and sustainability integration is not perceived as substantial nor strategic. Therefore, it is described as informal and separate and uncoordinated. With an identified absence of implemented Management Systems (**"Nonexistent"**), sustainability procedures and workflows are limited to fundamental recycling and energy-saving solutions (e.g Solar panels). This results in a lack of trained staff in integrating these procedures. Finally, it appears that no structured software applications are in place to systematically track, monitor, or report on ESG.

Participant 4: Hotel Owner (4* City Hotel-Greece)

According to P4, integration is viewed as Financial Pragmatism. It is noted that integration is primarily instructed and driven by external obligations such as bank institutions, state aid, increasing demand of customer expectations to sustainable practices, ISO certificates and national climate laws as the property's carbon dioxide emissions. Owner of the hotel states that compliance data is gathered manually; from localized solar panel systems that offset the hotel's energy grid, along with foundational KPIs developed under their current certification portfolio including ISO 9001 (quality management) and ISO 22000 (food safety). Additionally, they actively develop frameworks for ISO 14001 (environmental) and ISO 45001 (occupational health and safety). Furthermore, to achieve sustainable objectives P4 highlights the need for certified suppliers and analysis of customer feedback systematically.

Participant 5: Sustainability Asst. Manager (Luxury Group-Greece 5*)

P5 highlights that established quality and sustainability procedures that directly contribute to achieving sustainability objectives. Quality and Sustainability are interconnected as "inseparable pillars" that drive operational excellence and long-term value creation within the company. Therefore, these areas are overseen by two separate corporate departments; however, both functional areas are systematically aligned under a coordinated management framework backed by intense cross-functional collaboration. P5 also highlights that digital readiness has a significant positive impact through continuous monitoring of some key elements such as energy metrics, volumetric water consumption, and waste management streams that incorporate smart technologies and digital systems. Finally, P5 emphasizes that established quality procedures are explicitly designed to contribute to environmental practices and this is accomplished through mandatory corporate onboarding programs, daily operational briefings, and specialized departmental training.

Participant 6: Quality Supervisor (Luxury Hotel-Spain)

According to P6 existing established quality procedures directly contribute to integrating sustainability practices into daily operations. Quality and Sustainability is managed by different departments such as maintenance, HR and Quality; therefore, constant interdepartmental communication is required to achieve alignment of the QMS and ESG practices. P6 also states that every management system is monitored via PMS and BMS. This practice demonstrates an advanced level of digital readiness that has a significant positive impact. Finally, to reduce resource consumption, it's noted that it's crucial that frontline staff are informed, updated, and well-trained in best practices to achieve a consistent, tech-savvy approach to hitting both our quality and environmental targets.

6.1.2 Secondary Data Analysis- ESG Reports

Archer Hotel Capital

In Archer Hotel Capital sustainability is treated as a primary core investment throughout the entire asset management. The organization focuses on a strategic "3 Cs" framework (Carbon, Climate, Circularity), which is aligned with the ESRS criteria. A high level of maturity is determined by using external bodies assurance for selected KPIs, aligning sustainability practices with financial durability. In Archer Hotel Capital sustainability is embedded in assets management and achieved through a data-driven approach. It utilizes Building Management Systems (BMS) and AI-powered analytics to manage resources such as energy, water, and waste in real-time. Ensuring Double Materiality (Impact and Financial) notifies capital expenditure (CAPEX) decisions for sustainability to be integrated into governance; this method is accomplished through a dedicated ESG Committee and technical groups. Finally, its implementation of "invisible" technological advances such as heat recovery and smart sensors is perceived by customers as a luxury standard that moves towards excellence.

Meliá Hotels International Spain

Meliá Hotels International adopts a “Leisure at heart, business in mind” model which demonstrates an elevated level of ESG maturity though its focus on becoming a "hospitality ecosystem" that creates value for all stakeholders. The company treats sustainability as a strategic asset, a key pillar of competitiveness and business confidence than just a compliance obligation, focusing operational excellence and good governance and transparency. Integration of ESG criteria into Meliá’s Quality Management System (QMS) is executed through robust governance structures into all areas and operational units. First mechanism is Governance Management which involves the Senior Executive Team (SET). This team directly oversees the sustainability strategy, ensuring that executive decisions align with environmental and social objectives. Also, SBTi - Science Based Targets initiative has been incorporated to verify the reliability, based on scientific criteria, of the targets set for the emissions reduction to support the organization to define their goals. Another significant factor to integration is the Reliability Framework. This framework includes non-financial information to be more reliable and accurate as the financial report due to the utilization of SCIIF- (Sistema de Control Interno de la Información Financiera) a Spanish Internal Control Framework. Finally, Standardization in Quality standards. These standards are incorporated into responsible business model which is based on four major pillars. *Solid Governance, Leading Sustainable Transition, Esg Business Management and Stakeholder Impact*, are converting daily operations to be more aligned with the principles and standards embodied in the European Sustainability Directive.

Sani/Ikos Greece Spain

Sani/Ikos Group positions itself as a "Trailblazer" in sustainable luxury hospitality within the Mediterranean. The core insight is their "Journey to Sustainable Hospitality" strategy, which moves beyond simple environmental protection to Regenerative Tourism. The group high maturity is relied on linking economic value creation with social and environmental health where sustainability is perceived as a fundamental component of the brand's luxury identity and long-term viability. Integrating ESG criteria into Sani/Ikos's Quality Management System (QMS) is embedded with three key processes. The first one is applied though the Strategic Alignment; the group aligns its "Exceptional Customer Experiences" with the ESRS S4-1 (Customers and End-users) standard, ensuring that quality is measured through responsibility and safety. Furthermore, Double Materiality is the driving catalyst of ESG integration, identifying the ways sustainability impacts financial performance. Lastly, SOPs (Standard operating procedures) are perceived as a core mechanism that allows the operationalization of sustainability across all resorts.

Leonardo Hotels Group

Guiding principle of Leonardo Hotels Group strategy is based on corporate responsibility; emphasizing social engagement and environmental awareness. Core elements of the sustainability strategy for all the Groups business units are Protecting Our Planet, Investing in People, and Driving Change. These pillars are aligned with local provisions while they also contribute to the broader goals of the Fattal Hotel Group. Given the above information Leonardo Hotels demonstrates high maturity by its commitment to continuous improvement. The integration of the ESG strategy into Leonardo Hotels Group's operations is focused on the following pillars. Certifications hold a top priority, as they demonstrate their commitment to verifying its sustainability through internationally recognized certifications such as Green Key, aligning its actions with global frameworks. An Additional significant pillar is the established Monitoring process to set, monitor and track continuous improvement ensuring sustainability-related responsibilities are defined and understood across all Leonardo Hotels. Lastly, Strategy is highlighted as it incorporates an expansion plan for the "Leonardo Do" initiative to be developed, aligning the ESG strategy, reporting and actions with globally recognized sustainability frameworks.

Groupo Barcelo

Barceló ReGen approach focuses on local investment with global impact, fairness and care for people and the planet. Similarly, the Groups' business model is based on the combination of the following two key pillars: *Glocal4, Fair, Planet Carer, People Carer* which indicates a strategy that stresses out the commitment to social and environmental responsibility. In addition, a combination of the following key pillars shapes the business model of the group through a decentralization model that makes the hotel highly efficient and adaptable to different markets and environments and Geographic Specialization; enabling it to cater for the whole value chain—eg. hotel operations assuming risk in EMEA. For each of the afore-mentioned pillars, the company has set objectives, targets, key projects. Barcelo Croup has dedicated compliance committees. Through these committees' strategic objectives are achieved due to the team's dedication in ensuring effective coordination across the various areas, improvements to internal policies, managing and overseeing various risks, ensuring adherence to the Compliance Model, identifying potential risks, implementing control measures, and delivering ethics and compliance training. Also, ESG integration is guided by a Double Materiality, with the aim of strengthening and enriching the company's strategic lines that shape Barceló ReGen sustainability strategy (2024 Barcelo Group).

6.2 Drivers & Barriers (Questions 4-6 correspond to RQ2)

This section explores the Drivers and Barriers that influence the alignment of Quality Management Systems (QMS) with ESG maturity. The analysis synthesizes corporate disclosures ESG reports from major European hospitality groups supplemented with specific qualitative data from industry experts (P1–P6).

6.2.1 Primary Data Analysis- Participants

Participant 1: Quality Manager, (5* Hotel-Greece)

According to P1 there are three top drivers of ESG maturity. From customer expectations for sustainable hospitality practices to management commitment to continuous improvement, these drivers ensure long term commitment and engagement with core sustainability goals. On the other hand, a significant friction point between sustainability objectives and quality goals arises from the challenge to balance customer expectations with resource efficiency. To successfully mitigate these practices some adjustments must be implemented. Particularly, clear communication towards customers is required to reframe sustainability initiatives as a quality attribute.

Participant 2: ESG Officer (5* Luxury Resort-Netherlands)

P2 recognizes that the primary drivers influencing the alignment of quality with ESG maturity are associated with effective management commitment to ESG initiatives and proactive employees' engagement. Employees' engagement serves as a crucial catalyst for supporting sustainability initiatives. Therefore, training staff in quality procedures and ESG targets reinforces communication, shared goals and responsibilities, and a culture of environmental excellence and stewardship. While employee engagement operates as a top driver, lack of appropriate training and ineffective communication are the leading frictions points that hinder this integration.

Participant 3: General Manager (Small Boutique Unit-Netherlands)

At a lower organizational scale, P3 does not recognize any drivers influencing alignment of Quality Management framework and ESG practices. Therefore, absence of implemented Management Systems ("Nonexistent "), and sustainability practices are limited to resource management such as basic recycling and energy-saving (e.g Solar panels). Lack of digital tracking or a dedicated ESG team, Quality and Sustainability, appears to be disconnected. This imposes that practices are carried out "as necessary" rather than as a structured strategic goal.

Participant 4: Hotel Owner (4* City Hotel-Greece)

According to P4 three strategic drivers are identified. Legislation imposed by the government, the vision for more sustainable business and client expectations for more sustainable and ecofriendly travel and accommodation. A crucial friction point is identified that is linked to the constantly increasing costs of personnel training and software implementation. Despite being identified as a tangible barrier, P4 notes that is not considered to be a significant restriction and does not have an impact on delivering high quality of services.

Participant 5: Sustainability Asst. Manager (Luxury Group-Greece 5*)
P5 identifies a comprehensive matrix of drivers. Corporate Vision & Leadership Commitment, Customer Expectations and Regulatory Requirements & Industry Standards are recognized as key facilitators to achieve alignment. On the other hand, a friction point highlighted by P5 is the lack of proper communication, training and process design. Nevertheless, it also states that with proper strategies and the design of proper processes, sustainability targets actively enhanced customer experience.

Participant 6: Quality Supervisor (Luxury Hotel – The Netherlands 5*)
The principal drivers that P6 recognizes are connected to customer demand for more sustainable stays, and diminution of hospitality waste such as plastic and paper. Additionally, participant 6 highlights the need for community based sustainable practices, and a great factor is reforesting. Finally, no significant barriers are reported when it comes to achieving sustainable objectives through established quality goals.

6.2.2 Secondary Data Analysis- ESG Reports

Archer Hotel Capital
Drivers of Archer Hotels are focused on three major pillars. Analysis of the corporate disclosures signifies the regulatory compliance which comprises from three major pillars such as alignment with the EU Taxonomy, CSRD, and the European Climate Law (targeting a 55% **G**reen**h**ouse **G**as Emissions reduction by 2030). A second pillar is the need of Verified and transparent ESG data through protection of the long-term asset value and meeting the requirements of institutional stakeholders. Finally, it is essential to mitigate physical and transition risks related to climate change to avoid "stranded asset" scenarios when it comes to the resilience of the climate.

However, Archer Hotels demonstrate a high maturity ESG level, there are certain friction points. First identified friction point is collecting high-quality, rough data across a diverse portfolio of various hotel operators (e.g., Marriott, Hyatt, IHG) compromising the reporting on customer satisfaction and level of services offered. Moreover, the required high initial investment cost or radical deep-green retrofitting in luxury properties must be balanced against profitable revenues (CAPEX vs. ROI). Finally, third Party hotel operators must ensure that there is a complete adherence to Archer's rigorous "3 Cs" framework while maintaining their own autonomous brand values and luxury customer expectations.

Meliá Hotels International Spain

Certain drivers are identified at Melia Hotel International. The top three are the priority in social awareness which paves the way to customers who nowadays prefer environmentally friendly travel. Also, complete alignment with the EU Taxonomy and the requirements of Law 11/2018 regarding the disclosure of non-financial information is a key driver to place the hotel in a strategic position in hospitality industry. Moreover, there is also commitment to certain organizations such as the SBTi (Science Based Targets initiative) to reduce emissions based on rigorous scientific criteria.

Despite its leadership position, some friction points are identified. Initially, maintaining unified ESG standards across a vast and diverse portfolio of hotels in different geographical regions seems to be very difficult. Also, transition from a simple "supply chain" to a "value chain" is a great challenge since all suppliers must meet the same strict social and environmental criteria. Finally, to balance high customer expectations with strict resource reduction generates an ongoing need for comfort and service.

Sani/Ikos Greece Spain

Sani/Ikos Group identifies drivers related to Governance, Customer Expectations and Regulatory Framework. More specifically, CEO's views sustainability as a core business driver by establishing a dedicated Sustainability Governance structure with robust "top-down" leadership. Moreover, another identified driver is to meet the increasing demand from luxury travelers for "Purposeful and Sustainable Travel" and transparent ethical standards. Also, another crucial driver is the proactive alignment with CSRD (Corporate Sustainability Reporting Directive), EU Taxonomy, and GRI standards to ensure future-proof compliance and transparency for investors.

Despite its advanced maturity, the following points are identified. A significant friction point recognised is that maintaining a 5-star "all-inclusive" experience while adhering strict Zero-Waste and water preservation goals is very challenging. Also, ensuring that local suppliers are a crucial part of the "S" (Social) pillar is difficult due to the lack of meeting the same high-level environmental and data-reporting standards required by the group. Finally, maintaining high-speed luxury service standards is ensured by thousands of employees across different regions that consistently are required to implement complex ESG procedures.

Leonardo Hotels Group

The Groups drivers mainly focus on Social Commitment, Stakeholder Requirements, Sustainable Development Goals (SDGs). Specifically, there are fundamental corporate values focused on high level engagement with local communities and support for people with special needs. Another driver is the increasing pressure from customers, businesses, and governments to accelerate global efforts in reducing greenhouse gas emissions. Moreover, a major pillar is the alignment of hotels strategy with several UN goals, such as Quality Education, Decent Work, Responsible Consumption and Climate Action.

Several challenges have been identified in the implementation of the strategy such as Implementation Complexity, Balancing Growth and Impact, Resource Management. More specifically, a major challenge is to ensure uniformity to all Groups hotels by developing and implementing comprehensive guidance plans that must be followed. Also, the requirement of significant resources and investment to reduce environmental impact (global and local), due to the group dynamic growth across multiple countries and destinations. Lastly, maintaining high quality services for the customers is a challenging factor while monitoring and improving resource consumption (energy, water) across all hotels.

Groupo Barcelo

Grupo Barceló is on a major roll with its international expansion, opening new properties worldwide; it's also pushing the company to set up global ESG (Environmental, Social, Governance) indicators. Key drivers recognized are group’s reputation and brand consistency in integrating sustainable practices. Also, groups' financial stability in 2024 appears to be the key to investment in green technologies and infrastructure upgrade. Another significant driver is governance and compliance. With a focus on diverse teams and transparency, ensuring very step of value chain is evaluated properly, they comply to new European sustainability reporting requirements. Macroeconomic pressures such as fluctuating energy costs, CPI inflation, and interest rate changes are producing extra costs. Factors that complicate how resources are allocated for sustainability efforts.

Despite the international presence and high maturity level, some challenges are identified in integrating sustainable practices. There is a significant challenge where local contractors and suppliers appear to be more susceptible to adapting to environmental and social criteria. Another challenge relies on geographical variability which creates gaps in the holistic implementation of the "Barceló ReGen" eco-quality standards.

Lastly, maintaining customer data security in an increasingly interconnected environment necessitates ongoing attention to detail.

6.3 Ownership Structure & Resilience (Questions 7-9 correspond to RQ3)

The link between ownership models, organizational resilience, and ESG maturity level is explored in this chapter. According to data, smaller ownership models depend on the "reactive adaptation" which is mostly driven by financial obligations, whereas large scale organizations possess the infrastructure for systemic resilience.

6.3.1 Primary Data Analysis- Participants

The interviewers revealed the way that different ownership models have managed crises (such as pandemic, energy etc).

Participant 1: Quality Manager (Corporate/Group Model)

Resilience is viewed by Participant P1(Quality Manager) at a luxury hotel in Greece, a proactive measure that is achieved through organizational structure and standardization.

According to P1 during the pandemic and the energy crisis, the hotel used its established Standard Operating Procedures (SOPs) and certified management practices—like ISO 14001—to quickly implement hygiene measures and enhance energy and recover immediately. Additionally, the significance of corporate ownership influence provided the "safety net" of clear protocols, which P1 utilized to secure quality standards trust while managing costs. Moreover, it is noted that smaller teams may have a quick response though they may lack resources and particular skills. P1 believes that success relies on strong leadership engagement, clear procedures, and effective teamwork. With new EU directives coming to effect, corporate ownership is closely aligned with investors' expectations. Therefore, they are viewed as gamechangers that will boost the credibility and comparability of sustainability data, turning compliance into a vital part of financial strategy.

Participant 2: ESG Officer (Corporate/Group Model)

According to P2, resilience is a product of corporate stability that stems from organizational culture. Therefore, in large organizations with high ESG maturity such as the participants, a hefty investment is made for continuous workforce training. Accordingly, P2 notes that this "preparedness" allowed teams to adapt for example to new hygiene and energy-saving standards posed as a team effort rather than a chaotic transition, reinforcing the "Social" (S) pillar of ESG. Also, P2 pointedly mentions that even though there was a great number of resources, these formal standards didn't really assist the way for a quick recovery and instead, they were only focusing constantly on reducing costs. Remarkably, P2 argues that managing standard implementations—whether it's about high-quality features or strict sustainability metrics—is tougher when you're working with a small group (Q7) due to the frustration and fatigue that compliance procedures impose to frontline workers. According to P2, EU reporting (Q9) shows a surprising level of disconnect from what capital markets expect and it is stated that new transparency rules will not change the way institutional investors or service providers view at property-level sustainability data. P2 concludes that front line workers might see advanced ESG compliance as another administrative chore rather than a protective strategy.

Participant 3: General Manager (Small Boutique/Independent Model)

Compared to large scale groups, small scale organizations according to Participant P3 General Manager of a small boutique hotel face bigger challenges and struggles when it comes to resilience. Absence of a dedicated ESG team or digital monitoring systems ("Nonexistent"), stands as "manual" and "accidental" where different departments are unable to support what is called the "Resilience Shield". Therefore, its recovery was slower because there was the need to "re-invent" processes ad hoc without the support of a larger corporate framework. This independent boutique model creates its own set of challenges. P3 shows that it's challenging for a small team to put formal quality and sustainability practices in place compared to large organizations (Q7). Additionally, when it comes to new regulations (Q9), P3 doesn't see the upcoming EU regulations as something that will change the way investor's view reporting. Finally, it highlights a broader issue where they treat environmental and quality practices as short-term fixes for survival rather than long-term strategies.

Participant 4: Hotel Owner (Family-Owned/Private Model)

P4 is the owner of a four-star hotel in Greece. When it comes to resilience there are two main strategic elements where resilience is synonymous with Financial Survival and Brand Trustworthiness. As "banks and state aid" are drivers for P4 being a family-run business, resilience is achieved by aligning ESG criteria to the degree that they remain "bankable". P4's resilience is reactive adapting to meet rigid demands and covenants set by its external lenders. On top of that, they're also obtaining more certifications like ISO 14001 and ISO 45001 so that they can have capital access. Moreover, P4 realizes that not being digital-ready means a lack of proper monitoring. Finally, upcoming EU regulation's focus is relied on transparency. Hence, ESG criteria are not perceived as a liability rather than as an essential part of a long-term value despite the rising costs linked to training and compliance.

Participant 5: Sustainability Asst. Manager (Luxury Group Model)

Participant P5 identifies two key elements when it comes to ownership and resilience; "Digital Readiness" and "Strategic Alignment". Moreover, it is highlighted that resilience is seen as a response to crises; perceived as a proactive capability. Integrating ESG int quality framework in high-maturity luxury groups is acknowledged as a critical strategic means that results in long-term survival and preserving assets; where large-scale organizations can endure energy price spikes and regulatory changes (CSRD) better than small scale organizations. Finally, large groups have flexibility in resource allocation (CAPEX) where they are more likely to invest in digital readiness; a characteristic that works as protective shield where sustainability initiatives and Quality Management Systems (QMS) work together.

Participant 6: Quality Supervisor (Luxury Hotel – The Netherlands 5*)

P6 highlights that quality and sustainability standards and systems alleviate the organization not just endure disruptions but recover quickly. So, instead of scrambling with rushed solutions during a crisis, a solid quality-sustainability roadmap was effective. Also, a structured corporate group plays a huge role in how resilience unfolds. Therefore, there are two key angles to consider. First off, at structural scale (Q7), P6 notes that delivering complex quality and sustainability standards varies depending on the organization scale. Therefore, it is noted that local smaller service teams' tent to be more flexible, and larger corporations require coordination across all departments—Maintenance, HR, and Quality teams—in parallel with the utilization of digital systems like PMS or BMS, to ensure operational continuity. Finally, P6 mentions that institutional investors see ESG reporting as a "Resilience Shield." In those high-maturity corporate models, ownership converts these practices into a key strategic tool.

6.3.2 Secondary Data Analysis- Corporate

Sani/Ikos Group (Greece)

Sani/Ikos 2024 ESG Report demonstrates a "Top-Down" resilience model. Resilience is institutionalized through a dedicated Sustainability Governance Structure. It highlights that handling complex standards across different departments needs central support instead of just relying on small teams. By prioritizing sustainability in the Senior Executive Team (SET) oversight, the group ensures that ESG risks (e.g., climate change, resource scarcity) are managed as material financial risks. This corporate structure allowed the group to maintain high quality standards and a strong strategic buffer during the energy crisis, by having pre-established decarbonization and efficiency protocols in place. Finally, alignment with contemporary frameworks like EU regulations utilizes ESG data to a key part of long-term planning.

Meliá Hotels International (Spain)

Meliá's resilience is built on its "Governance for Good" framework. The ownership model focuses on a "business ecosystem" approach, where resilience is shared across stakeholders. This organization is relying on the Spanish Internal Control Framework (SCIIF), allowing for data-driven decisions to protect the brand's long-term reputation and financial stability, leading to maintenance of ongoing operational quality throughout market instability-like the pandemic or energy crises. Finally, their ESG reporting is essential for financial stability thus they position themselves ahead of the game when new EU regulations are put in effect.

Archer Hotel Capital (Netherlands)

As an institutional investor-owned entity, Archer focuses on "Asset Resilience." Their corporate report highlights that resilience is measured by the long-term value of the property. By monitoring technical KPIs via Building Management Systems (BMS), Archer protects its assets against "stranded asset risk" (assets that lose value due to environmental non-compliance), enabling them to bounce back during crisis. Organization’s ownership vision is directly tied to protecting capital against climate and regulatory shifts where the upcoming mandatory EU requirements are viewed as essential by stakeholders for both asset valuation and risk management.

Leonardo Hotels (International)

Leonardo’s resilience strategy, "Leonardo Do," focuses on Social Resilience. Whilst responsibility is viewed as a core guiding principle, they have established action plans in various countries and departments to boost and avoid any standards fragmentation. Ownership status emphasizes that corporate responsibility is a guiding principle. By fostering a high level of social engagement and staff training, they built a loyal workforce. As a result, a major resilience factor, operational continuity during the post-pandemic labor shortage was provided. Ultimately, as reporting shifts towards mandatory compliance, Leonardo's verified metrics will stand out as trusted benchmarks of transparency and long-term sustainability for both customers and businesses.

Groupo Barcelo

Grupo Barceló believes resilience is achieved though combination of decentralization with a thorough monitoring of value chain risks. With a management structure that allows individual properties adapt quickly to local challenges thought their "Barceló ReGen" model. Additionally, working with smaller teams, resource limits are acknowledged. Therefore, collaboration across departments can really streamline operations (Q7). On another note, and to overcome crises, a dedicated internal compliance committee is constantly on guard for risks throughout the EMEA region, (Q8). Finally, it is highlighted that the group strategy is guided by Double Materiality Assessments. This helps the shareholders and investors view the upcoming EU transparency regulations as a strong asset to uphold against risks and increase long-term brand value (Q9).

6.4 Analysis of Drivers by Organization and Region

According to the findings of the research the drivers forming Environmental, Social, and Governance (ESG) maturity in Europe's hospitality sector differ depending on:

- region,
- relevant regulatory requirements and
- size of the organization.

6.4.1 Legislation, Compliance, and Mandatory Disclosures (EU, CSRD)

In Spain and the Netherlands which are considered highly regulated countries, hospitality businesses move from voluntary corporate social responsibility towards mandatory compliance under the Corporate Sustainability Reporting Directive (CSRD) which has become a key driver. Therefore, various institutional methods are identified as businesses struggling to cope with the compliance standards. For example, for Meliá Hotels International the integration of Internal Control over Financial Reporting (SCIIF) framework results in substantial management of non-financial ESG data, ensuring that sustainability metrics are held to the same rigorous standards as traditional financial reports.

This corporate drive is supported by direct observations. P5 (Sustainability Assistant Manager at a Luxury Group), pointed out that growing EU regulations are ranked amongst the top three drivers for hospitality management and also that regulatory compliance has become a crucial strategy in high-scale luxury brands, in order to maintain its position in the market position leading to protecting brand reputation, and ensuring long-term viability.

6.4.2 Financial Materiality, Capital Access, and Investment Durability

Further than just legislative requirements, there are two crucial factors that strongly influence the alignment of ESG criteria: financial survival and access to capital. A great example that prioritizes sustainability through financial materiality is Archer Hotel Capital with real estate investment. Archers' ESG corporate disclosures evidently indicate that advanced ESG maturity is essential for safeguarding long-term asset value, attracting institutional investments and recovering fast in period of crisis.

Finally, as noted by Participant P4 (Hotel Owner at 4 City Hotel) "banks and state aid" are key motivators for mid-size organizations; as financial support is linked to operation excellence. In this case, complying with ESG criteria nowadays is a must-have value to secure financing and access government grants.

6.4.3 Customer Expectations and "Purposeful Luxury"

Nowadays the luxury market is focusing on "moral consumption" where there is a shift in customer preferences that profoundly drives strategic alignment; Sani/Ikos Group ESGD Disclosure 2024 notes that nowadays customers expect luxury providers to be environmentally responsible as it verified by their strategy "Journey to Sustainable Hospitality" where the drive is to pair a luxury experience with stringent social criteria displayed by European Sustainability Reporting Standards (ESRS S4-1: Customer/End-user). This is noted by Participant P2 (ESG Officer) who identified that reducing resource usage and maintaining an eco-conscious culture plays a crucial role in making customers progressively focused on noticeable sustainability practices.

6.5 Barriers, Friction Points, and "Quality-Sustainability Paradox"

Primary and Secondary data show some ongoing "battles", albeit there are strong requirements forcing ESG sustainability criteria forward. Where a «Quality vs. Sustainability Paradox" is verified by collected data from participants in this study and it reveals that operational departments are regularly obliged to keep a balance between resource management and maintenance of high luxury standards.

6.5.1 The "Luxury Friction" (Resource Efficiency vs. Customer Perception)

Balancing resource management (such as waste, energy etc) with high levels of customer expectations remains a major friction point; verified by Participant P1 (Quality Manager) who highlighted that when sustainable practices are in place, customers perceive it as dropping in quality of services. Moreover, it is noted by Participant P1 that the absence of "unseen" green technologies complicates things more; these innovations when applied properly, will enable manage resources without compromising customer satisfaction and comfort.

6.5.2 Skill Gaps, Human Capital Limitations, and Logistical Complexity

Human capital can keep organizations dispersed even when sustainable practices are established and adopted. This is verified by Participant P2 (ESG Officer) which highlighted that a great number of employees are not sufficiently aware of sustainability protocols, which results in focusing primarily on meeting customer requests instead of implementing sustainable practices and protocols. Conversely, a great example of moving pass this human capital limitation is Leonardo Hotels as s large scale hotel, where they appoint employees as “Sustainability Ambassadors”; although they acknowledge that organizing and implementing such training across various locations is quite a complex activity.

6.5.3 Lack of Digital Readiness and Institutional "Data Blindness"

Another significant barrier is the utilization of **technology**. Many small sized organizations in hospitality industry are not willing to integrate digital systems to manage resources and achieve sustainable goals (such as ESG goals). As stated by Participant 3 (P3- General Manager), who does not utilize any software syst, to monitor resources such as waste, carbon emission, customer satisfaction etc. This lack of willingness in investing in digital infrastructure leads employees to manually track resources. These practices may lead to **data blindness** and undermine sustainability efforts to meet EU transparency criteria.

6.5.4 Initial Capital Expenditure (CAPEX) Constraints

A greater barrier is identified in small sized organizations were implementing green initiatives often requires a substantial amount of investment as stated by Participant P4 (Hotel Owner) compared to franchised model ownerships who are keener in investing in green initiatives so that they can satisfy stakeholders expectations and EU legislation requirements. Moreover, family-owned or privately run hotels are unable to justify these investments unless they are instructed by financial institutes or legislation.

6.6 Synthesis of Accelerators and Obstacles

The aforementioned information is summarized in Table 5. This table exhibits an overview of driving factors in ESG-Quality alignment as well as the operational friction points that these organizations deal with.

Table 5 Synthesis of Accelerators and Obstacles

Drivers (Accelerators)	**Barriers (Obstacles)**
Regulation: CSRD & ESRS compliance (Sani/Ikos, Meliá).	**Insight:** Customer dissatisfaction with resource minimization (P1).
Finance: Banking requirements & State Aid (P4, Archer).	**Tech friction Point:** Absence of Digital Readiness in small sized organizations (P3).
Strategy: CEO Vision & "Governance for Good" (Meliá, P5).	**Skills:** Staff resistance or lack of specialized training (P2).
Market: Conscientious Luxury Travelers (Archer, P2).	**Investment:** High CAPEX for "green" upgrades (P4).

6.7 Ownership Structures as Strategic Maturity Indicator

Observing primary and secondary data collected from interviews with hospitality experts as well as ESG disclosures, they reveal that ownership model determines the way for resilience and long-term success through the way it employs effectively its Quality Management systems.

Corporate / Integrated Group Models such as Sani/Ikos, Meliá, Archer, demonstrate greater strategic resilience compared to smaller organizations, due to dedicated ESG departments and solid governance structures-in times of crisis like economic or pandemics. This reveals that with existing implemented frameworks there is faster recovery and real time monitoring.

Companies that fall into the category Financial Pragmatists and Private Owners (Participant P4), seem to interpret resilience as a way of financial survival. For these organizations, ESG criteria are seen as more of a necessity rather than as strategic tools ensuring financial aid.

Furthermore, organizations such as Independent and Small-Scale Owners (Participant P3) frequently lack both financial flexibility and digital readiness compared with larger corporations due to their mere dependance on manual adjustments; which appears to be a great risk in a constantly changing legislation framework. Finally, in European Hospitality sector, resilience nowadays is seen as a business model fully adjustable to regulations and environmental challenges; this is verified by organizations like Leonardo Hotels. This group demonstrates how merging ownership vision with digital readiness creates pathways towards lasting success and that having a strong hold of ESG can really improve quality frameworks for changes (market and environmental).

7. Chapter 7 Discussion and Conclusions

This final chapter encompasses primary and secondary data utilization on how European hotels are changing their focus to "Excellence" on what their businesses do and looks at how well their Quality Management Systems (QMS) and Environmental, Social and Governance (ESG) are aligning together. It outlines the road map to excellent hospitality, utilizing the knowledge and "maturity" from the industry (e.g. Sani/Ikos, Meliá, and Archer Hotel Capital).

7.1. Discussion

Companies - Trailblazers'- which embed innovation into their ESG strategy seem to use a pragmatic approach to deal with the technical, practical and management nuances to integrate sustainability. Linking technology and sustainability practices, these Trailblazers drive effectiveness and operational distinction, but that also deliver on both environmental and social governance outcomes and ensure long-term value for all stakeholders.

Moreover, there is an obvious shift from establishing procedures, obtaining certifications and customer satisfaction to utilization of Quality to achieve sustainability. This view is verified by secondary data from hotels such as Sani/Ikos and Meliá Hotels International. Where luxury is more about being ethical and having a positive environmental impact. A luxury that focuses on social responsibility, helping sustainable development (meeting ESRS S4-1 criteria - Policies related to customers) and social equity.

A matter that arises is: "*what drives the Minimalists vs Trailblazers*?". According to the study, the driver is Digital Readiness. With many of the hotels aiming at Net Zero goals 2050 there is a need for digital transformation. Some of the large hotel groups - Trailblazers (e.g Archer Hotel) - implement Al powered analytics to monitor their carbon footprint to deliver luxurious hospitality services accompanied by profitability. On the other hand, with Minimalists, not incorporating technology into their daily operation are essentially "blind" and will seem to face a difficulty to establish a long-term plan for reporting on ESG. (Participant P3's).

Furthermore, what drives an organization, friction points in operations, is a matter that needs to be addressed. Participant P1 stated that there's sometimes a conflict between making luxury hotel customers comfortable and resources management. On the contrary there is a high-maturity example of how to solve this, based on Archer Hotel Capital report which incorporates technology into operations as an invisible solution to meet environmental goals without compromising customer satisfaction and comfort as a luxury.

From technology to customer satisfaction there is another factor that drives more companies towards sustainability practices. 'G' (Governance) pillar of ESG reporting plays an important role in how hotels approach sustainability. A significant shift that has been identified. Participant P4 (a Hotel Owner) explained, "*From a strategic and cultural point of view, when a company has a high level of ESG maturity, ESG Key Performance Indicators are naturally included with the Senior Executive Team who are responsible for the overall plan, and so are seen as important as profit*." A direct correlation has been identified between ESG maturity and financially materiality, and this is now expected because banks and government require companies to publish sustainability details; Meliá is a good example of this.

7.2 Conclusions

Europe's hospitality industry has been going through radical change in the past few years. This is an indicator of a growing need to re-evaluate processes and practices in hotels operations. Quality Management Systems (QMS) are becoming more valuable nowadays due to the significant role they play in delivering "responsible" experience in travelling. Consequently, the industry moves organizationally and slowly from quality at all costs to integration of Quality practices within Environmental, Social, and Governance (ESG) principles.

Although Quality Management Systems' primary role is mainly focused on optimizing processes, minimizing costs and obtain high score in customer satisfaction, aiming to meet these objectives, businesses can unintentionally cause social and environmental harm – some of which are oftentimes overlooked are ecosystems, customers, local communities. Considering these concerns, Quality Management Systems are shifting to a Responsible aspect incorporating Environmental, Social, and Governance (ESG) practices so that businesses will be able to provide a more environmental and social conscious travel experience.

Therefore, integrating sustainable practices can help the organizations meet their environmental and social goals. This can be achieved via alignment of ESG practices with QMS processes by supervising staff on how these processes are implemented into daily operations. To reach sustainable targets, European hospitality organizations must develop metrics to regularly monitor resources such as water and energy consumption, customer satisfaction and engagement, community interaction. Takin into account that the primary goal for all organizations is minimizing their carbon footprint, specific actions need to be considered. Implementation of energy saving technologies, food waste management and environmentally friendly practices can benefit them achieve the net zero goal.

A key to aligning QMS and ESG practices is employee engagement and training. It is essential to provide the personnel with all the necessary knowledge to use sustainable practices and foster an environmentally responsible culture. These actions will enable them to improve processes and deliver customer centric experience that can lead towards Responsible Excellence.

To successfully integrate sustainable practices, European hotel organizations, is essential not only to implement quality practices but also to collaborate with relevant stakeholders such as local communities, environmental organizations and government. The outcome of this integration creates sustainable value for local communities, enhances brand image and reputation, and sustainable development.

Customer satisfaction and preferences are also significant indicators that need to be considered. Through a well-developed feedback mechanism, the organization can always update their QMS in line to match evolving ESG standards. This mechanism will allow them to analyze customers' preferences on sustainability for hotels to provide high-quality travel experience, brand loyalty and socially conscious travelers.

Integration of Quality Management Systems in ESG practices in hospitality is essential to achieving Responsible Excellence in travelling. Reaching organizational quality objectives through:

- integration of ESG practices,
- personnel engagement and training, fostering collaboration with local communities and stakeholders,
- implementation and development of a feedback mechanism

will enable hospitality organizations to transform their concept of quality, perform better and provide social awareness and finally deliver customers with substantial and sustainable travel experiences.

7.3 Theoretical Contributions

This study contributes to hospitality management primarily by conceptualizing ESG-QMS Maturity Framework that results: Improving **ESG maturity is a parallel process to QMS maturity**. Moreover, it approaches variation: Technology and carbon-focused approach on the North, compared to the more human-centric and socially aimed approach in the Mediterranean.). From luxury Acher to Meliá and global Barceló of the Mediterranean, technology and carbon focused approach is observed by examining hotel chain case studies - Archer (a hospitality investment firm / asset manager), Sani/Ikos (luxury), Meliá (multidivisional, publicly listed multinational corporation), and Barceló (global, Mediterranean and Leonardo Group (Luxury). Finally, quality and sustainability alignment creates a 'resilience shield' and long-term value.

7.4 Recommendations

To achieve the level of a "Trailblazer" in hospitality management, there is a prescribed pathway. Certain steps here summarize the key elements and specific approaches to preparing an individual to excel as a leader and provide a thorough perspective.

1. Revision of Standard Operating Procedures (SOPs) to include Environmental, Social and Governance (ESG) goals. Participant 2 (P2) suggested that employees will need training to become Sustainability Ambassadors.

2. Investment on Digital infrastructure is a must and no longer an option. It's a requirement that needs to be met according to the Corporate Sustainability Reporting Directive (CSRD) so that can enhance processes and workflows.
3. Transparency on the microscope so that information about products and services is verified to avoid "Greenwashing" and move past the ceremonial compliance.
4. Vision of Quality Management needs to be driven and directed by owners and supported by all levels of leadership throughout the organization. Aligned from top to bottom. Without this "top-down" directive, ESG elements will not be successfully integrated into daily operations.

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APPENDIX 1: Interview Guide

Questions 1-3 answer RQ1
Questions 4-6 answer RQ2
Questions 6-9 answer RQ3

Part A: Integration of Quality and Sustainability

Q 1: How do you perceive the terminology of Quality & Sustainability and how do you manage them in your hotel? Are they overseen by the same team/person or independently?

Q 2: What managements systems does your hotel acquire/implements and how do you currently use them to monitor and report on ESG issues?

Q 3: Is there an existing Quality procedure that contributes to sustainability practices eg. energy and waste management, and how? If yes, are the staff informed to apply the procedure?

Part B: Drivers & Barriers

Q 4: Can you identify the top 3 drivers of ESG maturity used for your hotel? (includes ESG initiatives already in place)? eg. initiatives such as sustainability campaigns and employee engagement, CEO vision, Customer expectations, EU Regulations.

Q 5: Sustainability Objectives VS Quality Goals- Do you experience any "friction points/barriers" between these 2, for Family service teams? (e.g., costs, staff skills/training, technologies). What is in your opinion the root cause of these?

Q 6: Does "Digital Readiness" (e.g smart building systems, data tracking etc.) impact the delivery of quality standards whilst addressing ESG concerns?

Part C: Ownership & Resilience (For Franchise/Managed):

Q 7: Given your experience, do you find it hard to implement a standard (quality, sustainability etc) in a small team versus across an entire organization with several departments?

Q 8: Given the recent pandemic and energy crisis, in what way ESG and Quality alignment help your organization recover fast? Did these standards and frameworks help your organization overcome these challenges? How do your organization handle difficulties and then return to normal again?

Q 9: EU Regulation (2024/3005) requirements for reporting are shifting from voluntary to regulate transparency. In your opinion, will the forthcoming EU regulation ESG reporting data are perceived by providers and investors?

Author’s Statement:

I hereby expressly declare that, according to the article 8 of Law 1559/1986, this dissertation is solely the product of my personal work, does not infringe any intellectual property, personality and personal data rights of third parties, does not contain works/contributions from third parties for which the permission of the authors/beneficiaries is required, is not the product of partial or total plagiarism, and that the sources used are limited to the literature references alone and meet the rules of scientific citations.