

FROM COMPLIANCE TO RESILIENCE: ESG REPORTING AS STRATEGIC IMPERATIVE IN HOSPITALITY

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1 INTRODUCTION

Environmental, Social, and Governance (ESG) integration is becoming a core strategic imperative within the Hungarian hospitality sector, driven intensifying EU regulations like the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), and escalating stakeholder demands for sustainable value creation. Academic research indicates that strong ESG performance positively correlates with organisational processes and long-term financial performance [1]. ESG reporting is thus evolving from a compliance necessity towards a vital component for building long-term resilience. This paper analyses this critical transition in Hungary, examining regulatory impacts, the specific challenges facing actors like SMEs, and emergent strategies, incorporating insights from industry professionals.

2 MATERIAL AND METHODS

This research employed a mixed-method approach. Secondary analysis of literature, reports, and EU regulatory documents (CSRD, CSDDD), including the European Sustainability Reporting Standards (ESRS) [4] and the proposed ‘Omnibus’ amendments [3], established context. Primary data was gathered via semi-structured interviews with diverse Hungarian hospitality professionals. These interviews explored practical ESG implementation challenges, drivers, resource needs, and supplier management. Thematic analysis of interview data was conducted using Computer-assisted Qualitative Data Analysis Software (CAQDAS), a method validated for its utility in analysing academic research data in tourism and hospitality administration [7].

3 RESULTS

Research confirms a strategic ESG reorientation in Hungarian hospitality, prompted EU regulations embedding sustainability into core governance and strategy, alongside stakeholder demands. While the proposed Omnibus legislation [3] potentially offers regulatory easing for SMEs (e.g., reporting threshold changes) [8], this does not negate the strategic incentive arising from utilising voluntary standards (VSME) and the significant “trickle-down” effect [2]. This indirect involvement means larger firms require ESG data from SME suppliers to meet their own compliance needs [2]. Interviews validated ESG’s perceived strategic importance, frequently linked by participants to guest preferences, enhanced brand reputation, and

investor relations, aligning with interconnected industry's findings that show CSR initiatives impacting loyalty and satisfaction [9]. However, major practical barriers impede the transition from compliance to strategic integration, notably reporting complexity under frameworks like ESRS and pronounced resource limitations (financial, technological, expertise) particularly within SMEs. These findings on SME barriers align with broader research identifying resource constraints as key obstacles to sustainability adoption [5]. Challenges with materiality assessments and ensuring supplier adherence were also highlighted by professionals. Despite obstacles, proactive ESG adoption for competitive advantage, as exemplified leading corporations like Marriott International [6], is evident among some participants.

4 CONCLUSIONS

The Hungarian hospitality sector is transitioning ESG reporting from mere compliance to a strategic imperative for long-term resilience. While complex EU regulations present substantial operational challenges (data, standards, SME resources, value chain complexity), their primary role is catalytic, driving sustainability into core business strategy. These challenges are inherently linked to strategic opportunities, highlighted the „trickle-down“ effect demanding ESG engagement from businesses of all sizes throughout the value chain. Effectively managing ESG performance, supported by data, technology, collaboration, and suitable frameworks is thus fundamental for competitiveness, brand value, investment attraction, and adaptability. For the Hungarian hospitality sector, transforming ESG compliance demands into strategic insights is the pathway to enduring resilience and sustainable value creation.

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