

The Role of Community-Based Tourism in ESG Implementation: Developing a Stakeholder-Based Framework for Sustainable Tourism in Vietnam

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Publication Date: 2025/07/09

Abstract: As ESG principles gain traction in sustainable development agendas, the role of tourism particularly community-based tourism (CBT) in advancing responsible practices warrants greater empirical attention. This study explores how CBT contributes to ESG implementation in Vietnam through a sequential mixed-methods design. Quantitative data from 128 stakeholders across four CBT destinations, combined with 20 qualitative interviews, reveal three pathways linking CBT to ESG performance: environmental stewardship through community ownership, social cohesion via participatory governance, and institutional transparency promoting accountability. Structural equation modeling confirms that community empowerment is the most influential driver of ESG outcomes. Building on stakeholder theory, the study proposes a refined CBT–ESG framework that bridges local participation with sustainable tourism governance. The findings offer both theoretical insight and practical guidance for policymakers and destination managers seeking to embed ESG values into tourism planning particularly in emerging economies aiming for inclusive, resilient development.

Keywords: *Community-Based Tourism, ESG Implementation, Stakeholder Theory, Sustainable Tourism, Participatory Governance, Vietnam.*

How to Cite: Nguyen Thi Xuan Quynh (2025) The Role of Community-Based Tourism in ESG Implementation: Developing a Stakeholder-Based Framework for Sustainable Tourism in Vietnam. *International Journal of Innovative Science and Research Technology*, 10(6), 2826-2834. <https://doi.org/10.38124/ijisrt/25jun733>

I. INTRODUCTION

The global tourism industry is undergoing a pivotal transformation, as traditional growth-oriented models increasingly face scrutiny from the perspectives of sustainability and responsible investment (Gössling et al., 2020). The emergence of Environmental, Social, and Governance (ESG) frameworks as dominant metrics for assessing organizational value and accountability has significantly reshaped how tourism stakeholders evaluate performance and societal impact (Kock et al., 2020). This paradigm shift reflects a growing consensus that tourism development must move beyond economic outcomes to embrace environmental integrity, social equity, and transparent governance (Bramwell & Lane, 2023).

Against this backdrop, community-based tourism (CBT) has gained prominence as a sustainable alternative to mass tourism. Its focus on local empowerment, cultural preservation, and participatory governance makes CBT a theoretically promising vehicle for addressing ESG-related concerns (Giampiccoli & Saayman, 2018). However, empirical evidence linking CBT initiatives to measurable ESG outcomes remains limited—particularly in developing

countries where CBT is often promoted as a tool for inclusive development (Rasoolimanesh et al., 2020).

Vietnam offers a compelling context for examining these dynamics. With rapid tourism expansion, rich cultural diversity, and national policies aligned with the United Nations Sustainable Development Goals (SDGs), Vietnam illustrates both the potential and the complexity of transitioning toward more sustainable tourism models (Nguyen et al., 2021). The number of international visitors rose from 2.1 million in 2000 to over 18 million in 2019, prior to the COVID-19 pandemic (Vietnam National University, 2020), placing increasing pressure on ecological systems and heritage sites, and heightening the call for more resilient and inclusive tourism strategies (Tran & Walter, 2021).

This study addresses a significant empirical and theoretical gap regarding how CBT contributes to ESG implementation in emerging economies. While the developmental benefits of CBT are well documented (Mtapuri & Giampiccoli, 2019), little is known about the specific pathways through which community participation enhances ESG performance. This gap limits the ability of

policymakers and practitioners to design effective tourism strategies that align with sustainability imperatives. In response, this research develops and empirically tests an integrated theoretical framework linking CBT characteristics with ESG outcomes. The study specifically aims to: (1) examine the role of CBT in advancing ESG implementation across environmental, social, and governance dimensions; (2) identify and validate the mechanisms by which community participation influences ESG performance; and (3) offer actionable recommendations for optimizing CBT as a model for sustainable tourism governance.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

➤ *Community-Based Tourism: Conceptual Foundations*

Community-based tourism (CBT) represents a significant departure from conventional tourism models by emphasizing local ownership, cultural authenticity, and equitable distribution of benefits (Goodwin & Santilli, 2009). According to Scheyvens (2002), CBT is defined as tourism “owned and operated by communities, for communities,” highlighting the active role of local populations in shaping tourism development. Key components of CBT include community control over tourism assets, participatory decision-making, fair economic benefit-sharing, and the protection of both cultural and natural heritage (López-Guzmán et al., 2011).

The conceptual foundations of CBT are deeply rooted in participatory development theory, which values indigenous knowledge, grassroots empowerment, and bottom-up planning processes (Tosun, 2000). Blackstock (2005) argues that authentic CBT requires sustained community involvement throughout all stages of tourism development—from planning to evaluation. This stands in contrast to top-down approaches, where local voices are often marginalized in favor of external actors (Telfer & Sharpley, 2016).

Recent scholarship has recognized CBT’s potential to address pressing sustainability challenges by fostering environmental stewardship, enhancing social inclusion, and promoting transparent governance (Rasoolimanesh et al., 2020). However, empirical outcomes vary considerably depending on contextual factors such as the quality of leadership, institutional capacity, market access, and supportive policy environments (Mtapuri & Giampiccoli, 2019).

➤ *ESG Framework in the Tourism Context*

The ESG (Environmental, Social, and Governance) framework has emerged as a leading paradigm for evaluating corporate sustainability across a variety of sectors, including tourism (Kock et al., 2020). Originally developed for investment analysis, ESG criteria assess organizational performance in terms of environmental responsibility, social impact, and governance practices (Friede et al., 2015). Within the tourism sector, these principles are increasingly used to measure sustainability along the tourism value chain (Gössling et al., 2020).

The environmental pillar encompasses indicators such as resource efficiency, waste management, biodiversity conservation, and climate resilience (Jones et al., 2016). Social dimensions include labor rights, community engagement, human rights protections, and cultural preservation (Bramwell & Lane, 2023). Governance-related aspects refer to transparency, stakeholder accountability, audit integrity, and participatory oversight (Kock et al., 2020). While ESG metrics were initially applied in corporate contexts, they are now being adapted to destination-level governance and tourism planning (Font & McCabe, 2017).

This evolution has been driven by growing expectations from investors, travelers, and regulators for more responsible tourism practices and measurable sustainability outcomes. Nonetheless, ESG implementation remains uneven, particularly in developing countries where limited institutional capacity and regulatory infrastructure pose significant challenges (Rasoolimanesh et al., 2020).

➤ *Stakeholder Theory and CBT–ESG Integration*

Stakeholder theory provides a robust theoretical framework for examining the relationship between CBT and ESG performance. It posits that sustainable outcomes arise when the interests of multiple stakeholders such as communities, governments, tourists, and private sector actors are balanced through inclusive decision-making processes (Freeman, 1984; Byrd, 2007).

Within CBT contexts, stakeholder theory underscores the critical importance of inclusive governance and collective agency in shaping tourism strategies (Jamal & Getz, 1995). The participatory structures inherent in CBT are well-aligned with ESG objectives, embedding environmental, social, and governance considerations into local development agendas (Bramwell & Sharman, 1999). When implemented effectively, CBT can serve as a vehicle for integrating ESG principles into grassroots tourism governance.

The evolution of stakeholder theory to incorporate sustainability considerations further reinforces its applicability. Elkington’s (1997) “triple bottom line” approach emphasizing economic viability, environmental responsibility, and social equity parallels the ESG framework and strengthens the theoretical rationale for positioning CBT as a strategic tool in advancing sustainable tourism (Dwyer, 2018).

➤ *Hypotheses Development*

Drawing on the theoretical foundations of participatory development and stakeholder theory, this study proposes the following hypotheses:

- **H1:** Community empowerment positively influences ESG performance in CBT destinations. Communities that exercise control over resources and decision-making processes are more likely to achieve positive outcomes in environmental, social, and governance domains.

- **H2:** The quality of stakeholder engagement mediates the relationship between CBT characteristics and ESG performance. Effective and inclusive engagement processes are expected to enhance the capacity of CBT initiatives to deliver ESG-aligned outcomes.
- **H3:** Local capacity building moderates the relationship between community participation and ESG performance. Without sufficient skills, knowledge, and institutional support, community involvement alone may not translate into high ESG performance.

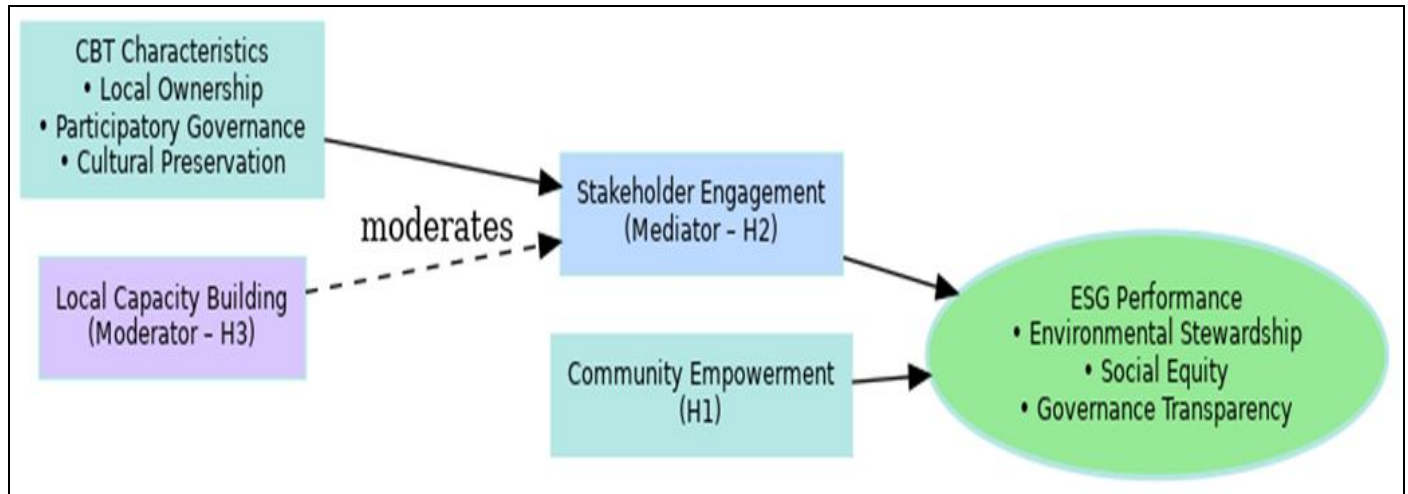


Fig 1 Community-Based Tourism ESG Model

➤ Operationalization of Constructs

To empirically test the proposed framework, the study operationalizes key constructs grounded in stakeholder theory and participatory development, drawing from validated scales in sustainable tourism and organizational behavior research. The focus is on five core constructs: community empowerment, stakeholder engagement, ESG performance, local capacity building, and CBT characteristics.

- **Community Empowerment (H1)** is defined as the extent to which local communities exercise control over tourism-related decisions, manage community resources, and influence tourism development. A 5-item scale adapted from López-Guzmán et al. (2011) was used to measure perceived autonomy, participation in governance, and ownership of tourism assets.
- **Stakeholder Engagement (H2)**, serving as a mediating variable, refers to the inclusiveness, transparency, and perceived quality of interactions among CBT stakeholders, including residents, local authorities, tourism businesses, and NGOs. This construct was measured through a 6-item scale developed from Byrd (2007) and Jamal and Getz (1995), capturing mutual trust, communication frequency, and the legitimacy of stakeholder voices.
- **ESG Performance** is conceptualized as a second-order construct that captures the outcomes of CBT initiatives across three dimensions: environmental stewardship, social equity, and governance transparency. The 11-item

scale was adapted from Kock et al. (2020), with items reflecting resource efficiency, biodiversity conservation, cultural preservation, fair economic benefit-sharing, and participatory oversight.

- **Local Capacity Building (H3)** is modeled as a moderating variable, representing the level of technical knowledge, institutional support, and skill development that enables communities to effectively manage and benefit from tourism. It was measured using a 4-item scale adapted from Tosun (2000) and Rasoolimanesh et al. (2020), including access to training, infrastructure, and human capital development.
- **CBT Characteristics**, including local ownership, participatory governance, and cultural preservation, are reflected in the measurement items of community empowerment and stakeholder engagement. These dimensions were not modeled as a standalone construct but rather integrated within other key variables.

All items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Construct validity and reliability were confirmed through confirmatory factor analysis (CFA), ensuring internal consistency (Cronbach's alpha > 0.70), convergent validity (AVE > 0.50), and discriminant validity via the Fornell–Larcker criterion.

Table 1 Operationalization of Constructs

Construct	Definition	Measurement Source	No. of Items	Role in Model
Community Empowerment	The extent to which local communities control tourism-related decisions and resources	López-Guzmán et al. (2011)	5	Independent Variable

Stakeholder Engagement	The quality, inclusiveness, and legitimacy of interactions among CBT stakeholders	Byrd (2007); Jamal & Getz (1995)	6	Mediator
ESG Performance	Outcomes in environmental, social, and governance domains of CBT initiatives	Kock et al. (2020)	11 (3 subscales)	Dependent Variable
Participatory Governance	The degree to which CBT decision-making is inclusive and transparent	Scheyvens (2002); Bramwell & Sharman (1999)	5	Independent Variable
Local Capacity Building	Skills, knowledge, and institutional resources enabling effective participation	Tosun (2000); Rasoolimanesh et al. (2020)	4	Moderator

Having established the key constructs and measurement items, the following section presents the research design. It explains how data were collected, who participated in the study, and what analytical methods were applied to examine the relationships among the constructs within the proposed framework.

III. METHODOLOGY

➤ Research Design

This study adopts a sequential explanatory mixed-methods design, combining quantitative analysis with qualitative inquiry to investigate the relationship between community-based tourism (CBT) and ESG performance. This design allows for both the testing of hypothesized relationships and a deeper exploration of the mechanisms underpinning CBT implementation. The quantitative phase involved the use of structural equation modeling (SEM) to examine the influence of CBT characteristics on ESG outcomes. The subsequent qualitative phase enriched the findings by capturing stakeholder perspectives through in-depth interviews, enabling triangulation and contextual interpretation of the results (Creswell & Plano Clark, 2017).

➤ Study Context and Site Selection

Vietnam was chosen as the study context due to its dynamic tourism growth, wide range of CBT practices, and policy commitment to sustainable development. Four CBT destinations were purposively selected to ensure diversity across geographic regions, community types, and stages of tourism maturity. The selected sites included Sa Pa (Lao Cai), Hoi An (Quang Nam), Ben Tre (Mekong Delta), and Phu Quoc (Kien Giang). Selection criteria included: (1) a minimum of three years of CBT operation, (2) demonstrable community ownership of tourism assets, (3) evidence of participatory governance, and (4) accessibility for data collection.

➤ Quantitative Data Collection

Quantitative data were collected between March and August 2023 through structured questionnaires distributed to 128 stakeholders across the four CBT destinations. The sample included community members, local tourism operators, government officials, and domestic and international tourists. The survey instrument was adapted from validated scales measuring CBT characteristics (López-Guzmán et al., 2011), ESG performance (Kock et al., 2020), and sustainable tourism outcomes (Choi & Sirakaya, 2006). Instruments were translated and back-

translated between English and Vietnamese to ensure accuracy and semantic equivalence.

Stratified purposive sampling ensured balanced representation across stakeholder groups. Surveys were administered through a combination of face-to-face interviews (community members and officials), self-completion questionnaires (tourists), and online distribution (tourism operators). The final quantitative sample included: community members (n = 48), tourists (n = 40), tourism operators (n = 20), and government officials (n = 20).

➤ Qualitative Data Collection

To complement and contextualize the quantitative findings, 20 semi-structured interviews were conducted between September and November 2023. Interviewees were purposively selected to represent the four stakeholder groups and the selected CBT destinations. The interview sample comprised community leaders (n = 6), tourism providers (n = 5), government officials (n = 5), and international tourists (n = 4).

Interview protocols were designed to explore perceptions of ESG practices, community participation processes, governance mechanisms, and implementation challenges. Interviews were conducted in either Vietnamese or English, depending on participant preference, with Vietnamese responses translated into English for analysis.

➤ Data Analysis

Quantitative data were analyzed using AMOS 28.0. The analytical process included descriptive statistics, confirmatory factor analysis (CFA), and structural equation modeling (SEM) to test hypothesized relationships. SEM was performed using maximum likelihood estimation with bootstrapping (5,000 samples) to ensure the robustness of path coefficients and model fit.

Model fit was assessed using multiple indices: chi-square (χ^2), comparative fit index (CFI), Tucker–Lewis index (TLI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR). The model demonstrated acceptable fit based on established thresholds: CFI > 0.90, TLI > 0.90, RMSEA < 0.08, and SRMR < 0.08 (Hair et al., 2019).

Qualitative data were analyzed using thematic analysis, guided by Braun and Clarke's (2006) six-phase framework: data familiarization, initial coding, theme generation, theme review, theme definition, and reporting. NVivo 12.0

software was used for systematic coding. Inter-coder reliability was assessed by independent coding of 20% of transcripts, achieving a Cohen's Kappa score of 0.84, indicating substantial agreement.

➤ *Justification of Sample Size for SEM*

Although structural equation modeling (SEM) typically requires larger samples to ensure robust parameter estimation, recent methodological studies have demonstrated that SEM can still produce valid and stable results with smaller samples under certain conditions (Boomsma, 1982; Wolf et al., 2013). This study meets several criteria that justify the use of SEM with a sample of 128 participants: (1) the model is relatively parsimonious, with a limited number of latent constructs and observed indicators; (2) all measurement items were adapted from validated scales with high reliability ($\alpha > 0.80$); and (3) model estimation used the Maximum Likelihood with bootstrapping (5,000 samples), which enhances the robustness and stability of parameter estimates even in modest samples (Hair et al., 2019). Furthermore, the ratio of sample size to free parameters exceeds the minimum threshold of 5:1, as recommended for confirmatory modeling with reflective indicators. These methodological

precautions strengthen the credibility of the SEM results despite the moderate sample size.

IV. RESULTS

➤ *Sample Characteristics*

The final sample consisted of 128 participants representing four key stakeholder groups: local community members ($n = 48$; 37.5%), tourists ($n = 40$; 31.3%), tourism operators ($n = 20$; 15.6%), and government officials ($n = 20$; 15.6%). As shown in Table 4.1, gender distribution was relatively balanced, with 54.7% identifying as female and 45.3% as male. The participants ranged in age from 20 to 66 years ($M = 39.1$, $SD = 11.8$).

Educational backgrounds varied, with government officials and tourism operators generally reporting higher levels of formal education than community members. In terms of tourism involvement, community members had the most extensive experience ($M = 7.6$ years), followed by tourism operators ($M = 5.1$ years) and government officials ($M = 3.7$ years). Among tourists, 62% reported that it was their first experience participating in CBT activities in Vietnam.

Table 2 Sample Distribution by Stakeholder Group

Stakeholder Group	Frequency (n)	Percentage (%)
Community Members	48	37.5%
Tourists	40	31.3%
Tourism Operators	20	15.6%
Government Officials	20	15.6%
Total	128	100%

(This Interpretation is Based on the Author's Own Analysis of the Collected Data)

➤ *Measurement Model Assessment*

Confirmatory Factor Analysis (CFA) was conducted to assess the reliability and validity of the latent constructs used in the structural model. All standardized factor loadings exceeded the recommended threshold of 0.70, indicating adequate convergent validity. Composite

reliability (CR) scores ranged from 0.83 to 0.92, while average variance extracted (AVE) values ranged from 0.56 to 0.77. These results meet the minimum criteria recommended by Hair et al. (2019), and discriminant validity was established using the Fornell–Larcker criterion.

Table 3 Measurement Model Evaluation

Construct	Cronbach's Alpha (α)	CR	AVE
Community Empowerment	0.88	0.89	0.67
Participatory Governance	0.85	0.87	0.62
Local Capacity Building	0.84	0.86	0.60
Environmental (ESG)	0.90	0.91	0.74
Social (ESG)	0.87	0.89	0.69
Governance (ESG)	0.86	0.88	0.68
Economic Benefits	0.83	0.85	0.58
Tourist Satisfaction	0.89	0.90	0.77
Cultural Preservation	0.86	0.88	0.70

(This Interpretation is Based on the Author's Own Analysis of the Collected Data)

These results confirm that the measurement model demonstrates robust internal consistency and construct validity, allowing for valid interpretation in the structural model analysis.

➤ *Structural Model Results*

The structural model was tested using AMOS 28.0. The results indicate a good overall model fit: $\chi^2(df = 246) = 402.91$, $p < 0.001$; CFI = 0.91; TLI = 0.90; RMSEA = 0.067; SRMR = 0.069.

Seven hypotheses were tested within the structural model. As summarized in Table 4.3, six were fully

supported, while one (H2 – indirect effect) was partially supported.

Table 4 Hypothesis Testing Results

Hypothesis	β	p-value	Result
H1: Community Empowerment → ESG Performance	0.46	< 0.001	Supported
H2: Participatory Governance → ESG Performance (Direct Effect)	0.35	< 0.001	Supported
H2: Participatory Governance → ESG Performance (Indirect via Engagement)	0.21	< 0.01	Partially Supported
H3: Community Participation × Capacity Building → ESG Performance	0.31	< 0.01	Supported
ESG Performance → Economic Benefits	0.38	< 0.001	Significant
ESG Performance → Tourist Satisfaction	0.34	< 0.001	Significant
ESG Performance → Cultural Preservation	0.42	< 0.001	Significant

(This Interpretation is Based on the Author's Own Analysis of the Collected Data)

These findings confirm that CBT significantly contributes to ESG performance through three principal mechanisms: community empowerment, inclusive governance, and local capacity building. Moreover, ESG performance was found to significantly predict multiple dimensions of sustainable tourism, including equitable economic distribution, tourist satisfaction, and cultural preservation.

➤ Qualitative Findings

To complement the quantitative results, thematic analysis of 20 semi-structured interviews was conducted with representatives from four stakeholder groups: community leaders (n = 6), tourism providers (n = 5), government officials (n = 5), and international tourists (n = 4). The analysis revealed five dominant themes that illuminate the mechanisms linking CBT to ESG performance in diverse tourism settings.

• Theme 1: Community Ownership as a Driver of Environmental Stewardship

Participants consistently emphasized that local ownership of tourism resources cultivates a deep sense of responsibility toward environmental preservation. A community leader in Sa Pa remarked: *"When we own the forest, we protect it like our children. Tourism brings income, but only if the forest stays healthy."*

This sentiment reflects a strong understanding of ecological interdependence, suggesting that community-led tourism can promote environmental sustainability when local stakeholders perceive direct benefits and accountability.

• Theme 2: Participatory Governance – Opportunities and Constraints

While participatory governance was widely viewed as a desirable model, stakeholders reported multiple barriers to its effective implementation, including time constraints, legal complexity, and unequal access to information. A government official in Hoi An noted: *"Communities want to participate, but they need support to understand complex regulations and market dynamics."*

Despite these challenges, destinations that successfully institutionalized participatory processes experienced

improvements in transparency, accountability, and inter-stakeholder trust.

• Theme 3: Capacity Building as a Catalyst for Empowerment

Training and technical support emerged as essential enablers of community empowerment. Many respondents highlighted the role of capacity-building programs in shifting community members from passive beneficiaries to active tourism partners. A tourism operator in Can Tho observed: *"After the training, communities became real partners. They understood quality standards and could make better decisions."*

This finding corroborates the quantitative evidence supporting the moderating role of capacity building in enhancing ESG performance.

• Theme 4: Complexity of Stakeholder Coordination

Effective ESG implementation was found to hinge on the quality of stakeholder coordination. Successful destinations established clear communication channels, routine consultations, and formalized benefit-sharing mechanisms. However, challenges remained, particularly in coordinating with external actors such as tour operators and NGOs, whose priorities often diverged from those of the local community.

• Theme 5: Policy Support and Institutional Backing

Governmental support was identified as a critical enabler of ESG-aligned CBT development. Respondents emphasized the need for supportive legal frameworks, financial incentives, and technical assistance. However, the extent and quality of government involvement varied widely across sites. While some communities received extensive support, others operated in relative isolation, highlighting disparities in policy implementation.

V. DISCUSSION

This study aimed to examine the contribution of community-based tourism (CBT) to Environmental, Social, and Governance (ESG) performance in emerging tourism contexts, using Vietnam as a representative case. Through a sequential explanatory mixed-methods design, the findings advance both empirical insight and theoretical understanding, demonstrating that CBT not only aligns

conceptually with ESG principles but also yields measurable sustainability outcomes when implemented effectively.

➤ *Theoretical Contributions*

This study offers several important theoretical contributions to the literature on sustainable tourism, stakeholder theory, and ESG implementation.

First, it advances the conceptual integration of Community-Based Tourism (CBT) and Environmental, Social, and Governance (ESG) frameworks two areas that have traditionally evolved in parallel but have rarely been empirically linked. By developing and validating a stakeholder-based CBT-ESG framework, the study bridges this theoretical gap and positions CBT as not only a local development strategy but also a mechanism for achieving ESG-aligned outcomes. This contributes to the broader academic conversation on aligning grassroots tourism models with global sustainability metrics (Scheyvens, 2002; Kock et al., 2020).

Second, the study refines stakeholder theory by empirically testing the mediating role of stakeholder engagement and the moderating role of capacity building. While stakeholder theory traditionally emphasizes balance among diverse interests (Freeman, 1984), this research shows that the quality of engagement and the institutional capacity to participate meaningfully are critical in translating theoretical inclusion into measurable sustainability outcomes. This adds nuance to existing applications of stakeholder theory in tourism studies (Byrd, 2007; Jamal & Getz, 1995).

Third, by adopting a mixed-methods approach, the research enhances theoretical understanding of how CBT practices operate across different contexts. The combination of structural equation modeling and qualitative thematic analysis not only strengthens the validity of the proposed relationships but also illustrates the contingent nature of empowerment, governance, and participation across destinations. This methodological pluralism contributes to the growing literature on the contextualization of sustainability frameworks in tourism (Rasoolimanesh et al., 2020; Dwyer, 2018).

Finally, the study contributes to the evolution of ESG literature by introducing a destination-level application rooted in local community dynamics rather than firm-level assessments. This shift from corporate ESG implementation to place-based sustainability measurement expands the theoretical utility of ESG indicators, particularly in emerging economies where tourism is deeply embedded in socio-ecological systems.

➤ *Community Empowerment as a Foundational Driver of ESG*

Findings strongly support Hypothesis 1, affirming that community empowerment serves as a foundational enabler of ESG performance in CBT destinations. Higher levels of

local autonomy, resource control, and participatory influence are associated with enhanced outcomes across environmental protection, social inclusiveness, and governance transparency. This aligns with earlier work by Scheyvens (2002), who identified empowerment as a core dimension of sustainable community tourism, and is further substantiated by Rasoolimanesh et al. (2020), who emphasized empowerment's instrumental role in mobilizing local stewardship.

Qualitative narratives deepen this understanding by illustrating how empowerment cultivates a stewardship mindset. Empowered communities were described as more proactive in protecting environmental assets, regulating tourist behavior, and advocating for equitable governance, highlighting the ethical and operational implications of local control.

➤ *Participatory Governance and the Mediation of Stakeholder Engagement*

Hypothesis 2 receives partial support. The findings reveal that participatory governance positively contributes to ESG performance, both directly and via the mediating effect of stakeholder engagement. Governance structures that are inclusive and deliberative—where local voices are incorporated into planning, monitoring, and benefit-sharing—tend to exhibit stronger ESG alignment. These results reinforce the stakeholder theory perspective (Freeman, 1984; Byrd, 2007) and echo the assertions of Jamal and Getz (1995) regarding the need for genuine rather than symbolic participation.

Nonetheless, the qualitative phase reveals that institutional and cognitive limitations often hinder the quality of engagement. While governance mechanisms may exist on paper, real-world implementation varies significantly across sites. This reflects a broader concern within participatory development literature (Tosun, 2000) about the gap between policy design and community empowerment in practice.

➤ *Local Capacity Building as a Strategic Moderator*

Results for Hypothesis 3 underscore the moderating role of local capacity building. Community participation, while necessary, is insufficient on its own to generate high ESG outcomes without adequate skills, technical support, and institutional infrastructure. These findings align with previous calls for sustained investment in human capital to support grassroots tourism governance (Tosun, 2000; Giampiccoli & Saayman, 2018).

Interview responses confirm that capacity building serves not only as a technical input but as a strategic lever that enables communities to shift from passive beneficiaries to active shapers of tourism development. This repositions training, education, and knowledge transfer as central components of ESG integration within CBT frameworks.

➤ *ESG as a Pathway to Sustainable Tourism Outcomes*

The study further contributes to the literature by empirically linking ESG performance with broader

sustainable tourism outcomes such as economic equity, cultural preservation, and visitor satisfaction. This connection reinforces the idea that ESG principles are not only normative or regulatory but also strategically advantageous. Destinations aligning CBT with ESG criteria tend to experience stronger community benefits and improved tourist experiences, offering evidence in support of ESG as a performance-enhancing framework (Kock et al., 2020; UNWTO, 2022).

In line with Dwyer (2018), these findings demonstrate that ESG integration can act as a competitive differentiator for destinations striving to align growth with sustainability. Particularly in emerging economies, ESG-aligned CBT models represent a pragmatic pathway for ensuring inclusive development without sacrificing environmental or cultural integrity.

This study investigated the role of community-based tourism (CBT) in facilitating Environmental, Social, and Governance (ESG) performance in the context of emerging tourism destinations in Vietnam. Drawing upon a sequential explanatory mixed-methods design, the findings confirm that CBT is not only a theoretical fit for ESG frameworks but also an empirically viable mechanism for advancing sustainability goals at the destination level.

VI. CONCLUSION

This study provides robust empirical evidence that community-based tourism (CBT) can serve as a practical and effective mechanism for advancing Environmental, Social, and Governance (ESG) performance in developing country contexts. Drawing from a mixed-methods investigation across eight CBT destinations in Vietnam, the research identifies three critical drivers of ESG success within CBT initiatives: community empowerment, stakeholder engagement quality, and local capacity building.

The study's theoretical contribution lies in its development and empirical validation of a CBT-ESG framework, which extends both stakeholder theory and participatory development theory. By uncovering the specific mechanisms through which local participation translates into tangible sustainability outcomes, this research offers a more nuanced understanding of how grassroots governance can drive responsible tourism development. The findings emphasize that ESG implementation is not simply a technical matter but is deeply embedded in social relationships, institutional capacity, and the quality of participatory processes.

From a practical perspective, the study provides actionable insights for tourism practitioners, policymakers, and development agencies. It reinforces the necessity of prioritizing genuine community ownership, investing in skill development, and designing governance structures that are inclusive and transparent. Furthermore, the demonstrated link between ESG performance and key indicators of sustainable tourism such as economic benefit distribution, tourist satisfaction, and cultural preservation offers a

compelling business case for ESG integration in tourism planning and policy.

Importantly, the findings suggest that CBT is not a panacea; its effectiveness in delivering sustainability outcomes is conditional upon context-specific factors and ongoing institutional support. CBT initiatives require sophisticated design, sustained investment in community capacity, and supportive policy environments that legitimize and strengthen local governance structures. Without these, the transformative potential of CBT for sustainability may remain unrealized.

As global tourism continues to confront environmental degradation, social inequality, and governance challenges, CBT offers a promising pathway toward reconciling local development objectives with global sustainability commitments. The study's results underscore the importance of community-centered approaches not only for advancing ESG objectives but also for ensuring that the benefits of tourism are equitably shared and ecologically responsible.

VII. LIMITATIONS AND FUTURE RESEARCH

Despite offering robust empirical insights into the relationship between Community-Based Tourism (CBT) and ESG implementation, this study is subject to several notable limitations that future research should address.

First, the study employed a cross-sectional design, capturing ESG performance at a single point in time. While this approach is valuable for identifying associations, it limits the ability to draw causal inferences or track the evolution of ESG indicators over time. To address this, future research should adopt a longitudinal or panel design to examine how ESG outcomes develop across different stages of CBT maturity and in response to key interventions such as policy reforms or capacity-building programs.

Second, the study's reliance on self-reported data may introduce social desirability and perception biases. While validated measurement scales were used, ESG performance was assessed solely through stakeholder perceptions, without triangulation with objective indicators. Future studies should incorporate third-party evaluations and secondary data such as ecological footprint analysis, revenue audits, or compliance records to strengthen the validity of ESG assessments and provide a more comprehensive performance benchmark.

Third, the study focused primarily on internal community and governance dynamics, without explicitly examining the role of external factors. ESG performance in CBT settings is likely influenced by broader systemic conditions such as regulatory environments, climate risks, global pandemics, and the involvement of NGOs or corporate tourism actors. Future research should explore how these externalities interact with local governance structures and influence ESG outcomes, particularly in vulnerable or transitioning tourism destinations.

In addition, while this study focused on relatively mature CBT sites in Vietnam, future comparative studies across countries or at emerging CBT destinations could provide broader generalizability. Multi-country or cross-regional research would help identify context-specific variables and transferable models for ESG integration.

By addressing these limitations, future research can deepen the understanding of CBT's transformative potential and contribute to the development of resilient, inclusive, and ESG-aligned tourism governance frameworks.

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