

ACADEMIC WEEKLY DIGEST

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MATERIAL AND IMMATERIAL SUSTAINABILITY ACTIVITIES

HOW DO THEY IMPACT FIRM PERFORMANCE?

CSR and sustainability engagement are growing rapidly with ever-increasing attention. Accordingly, stakeholders now demand companies to disclose material (meaning “relevant and important to stakeholders when making decisions”) environmental, social and governance information to analyse firms’ risks and potential for growth. However, which CSR/sustainability activities are *material* enough to be disclosed? [Dr Bora Kim](#) shares her research findings on this topic.

What's in this issue:

**THE IMPACTS OF
MATERIAL &
IMMATERIAL
SUSTAINABILITY
ON FIRM
PERFORMANCE**

The Impacts of Material and Immaterial Sustainability on Firm Performance: The Moderating Role of Franchising Strategy

DR BORA KIM

The **Sustainability Accounting Standards Board** created a **Materiality Map** covering 79 industries. For the restaurant industry, CSR/sustainability issues are 1) Energy and waste management, 2) Food and packaging waste management, 3) Food safety, 4) Nutritional content, 5) Fair labor practices, and 6) Supply chain management and food sourcing. All other sustainability topics are considered ***immaterial***.

Incorporating the **Materiality Map**, this study categorises US publicly-traded restaurant firms' CSR initiatives into material and immaterial activities to investigate how restaurant firm performance is impacted by the allocation of a firm's resources to material or immaterial sustainability efforts.



While you were reading the aforementioned materiality topics, did you think some important restaurant sustainability topics were missing? The results of our study reflect this diversity of views that various stakeholders can bring. As one of the industries that extensively adopt franchising strategy, franchising creates additional groups of stakeholders for restaurant firms: franchisees, local communities and governments where they operate.

As such, one of the key study findings was that investing in immaterial-classified CSR/sustainability activities in and of itself does not necessarily harm a restaurant's performance, but rather becomes important for restaurant firms with a high degree of franchising. Therefore, this study provides informative evidence and opens the possibility that, as far as the restaurant industry is concerned, the map may need to be re-examined and further refined.

FURTHER READING

Kim, B., & Lee, S. (2020). The impact of material and immaterial sustainability on firm performance: The moderating role of franchising strategy. *Tourism Management*, 77, 103999.

Link: bit.ly/3norgbk

The full list of various possible sustainability topics in 79 industries across 10 sectors can be found at www.sasb.org