



Law Reform, Justice, and Sustainable Tourism: Evaluating Legal Impacts on Hospitality Growth and Environmental Sustainability

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Abstract

This study evaluates 97 countries from 2012 to 2022 using a dynamic panel data approach with a threshold model, which allows for analyzing how the impact of key variables may change over time and differ across countries depending on specific conditions or thresholds. This study considers the variables Total Hotel Guests, Work Participation, World Justice Project Index, and CO2 emissions. The study discovered that the quality of fair legislation significantly influences hotel performance growth, employee engagement, and environmental sustainability. The factors' influences differ before and after attaining the World Justice Project Index threshold value, as indicated by the threshold value 1.223. When the value of the World Justice Project Index falls below the cutoff, the relationship between Total Hotel Guests and other variables is weaker. However, when the World Justice Project Index value exceeds the threshold, the relationship between Total Hotel Guests and these variables strengthens. A high World Justice Project Index reflects a strong legal system, human rights protection, and good civil justice. Countries with high World Justice Project

Index values tend to attract more tourists. Work participation contributes to an increase in total hotel guests. A good World Justice Project Index creates a conducive business environment, promotes economic growth, and increases employment opportunities. Any increase in CO₂ emissions will reduce the total hotel guests. A low World Justice Project Index can impact environmental quality, including air pollution. A poor environment can reduce the attractiveness of a destination and hinder tourism growth. Fair laws significantly impact the tourism and hospitality industry.

Keywords

Law Reform, Justice, Hotel, CO₂ Emissions, Work Participation.

Introduction

The World Justice Project Index is a research initiative that measures the effectiveness of justice systems across countries. Weak justice systems characterized by poor enforcement of environmental laws, corruption, and limited access to justice can enable environmental degradation by allowing illegal practices such as deforestation, pollution, and overexploitation of natural resources to go unpunished, thereby undermining sustainable environmental governance.¹ The index has a score range of 0 to 1, where 1 represents the maximum degree of justice and transparency. Survey data from more than 130,000 households and 4,000 legal professionals and experts are used to gauge global opinions and experiences with the rule of law.² The World Justice Project Index plays a relevant role in understanding hotel performance. It measures the quality of justice systems in countries and covers several dimensions, such as access to justice, transparency, and protection of citizens' rights.³ The hospitality industry is a sector that continues to experience rapid growth

¹ Frank Biermann and Agni Kalfagianni, "Planetary Justice: A Research Framework," *Earth System Governance* 6 (June 26, 2020): 100049, <https://doi.org/10.1016/j.esg.2020.100049>.

² Lidón Villanueva, Candela Adrián, and Aitana Gomis-Pomares, "The Contribution of the Rule of Law to Subjective Well-being," July 5, 2022, <http://revistacdvs.uflo.edu.ar/index.php/CdVUFLO/article/view/372>.

³ Alireza Nazarian et al., "Organizational Justice in the Hotel Industry: Revisiting GLOBE From a National Culture Perspective," *International Journal of Contemporary Hospitality Management* 33, no. 12 (October 23, 2021): 4418–38, <https://doi.org/10.1108/ijchm-04-2021-0449>.

and has a significant impact on various aspects of life. In recent decades, the industry has undergone significant transformations, driven by technological advances, globalization, and changes in consumer behavior. The hospitality industry contributes significantly to the global economy.⁴ Hotels create jobs for thousands of people and influence related sectors such as tourism, transportation, and food and beverage. Revenue from the hospitality sector can strengthen local and national economies. In addition, investment in hospitality infrastructure can trigger economic growth in certain regions.⁵

Good environmental management can improve the image of hotels and attract travelers who care about sustainability. The hospitality industry's environmental impact through using natural resources, waste generation, and carbon emissions raises critical legal and ethical concerns. Within the framework of tourism law, hotels are increasingly subject to environmental regulations that require compliance with standards related to energy efficiency, pollution control, and waste reduction. These legal obligations reflect the principle of environmental justice, which seeks to ensure that tourism development does not occur at the expense of ecological sustainability or community well-being. Therefore, hotels must implement sustainable practices such as using renewable energy and responsible waste management and align their operations with regulatory standards to avoid legal liability and promote environmental equity.⁶

Hotels also function as centers of social and cultural interaction, providing a platform for expressing and preserving local identities. From a legal standpoint, this role must be balanced with respect for cultural

⁴ Peter Jones and Daphne Comfort, "The COVID-19 Crisis and Sustainability in the Hospitality Industry," *International Journal of Contemporary Hospitality Management* 32, no. 10 (September 2, 2020): 3037–50, <https://doi.org/10.1108/ijchm-04-2020-0357>.

⁵ Justice Agyei Ampofo, "CONTRIBUTIONS OF THE HOSPITALITY INDUSTRY (HOTELS) IN THE DEVELOPMENT OF WA MUNICIPALITY IN GHANA," *International Journal of Advanced Economics* 2, no. 2 (September 1, 2020): 21–38, <https://doi.org/10.51594/ijae.v2i2.155>.

⁶ Kuo Cheng Chung, "Green Marketing Orientation: Achieving Sustainable Development in Green Hotel Management," *Journal of Hospitality Marketing & Management* 29, no. 6 (December 2, 2019): 722–38, <https://doi.org/10.1080/19368623.2020.1693471>.

rights and non-exploitative representation of local communities. Tourism law, particularly at the national and international levels, increasingly emphasizes protecting intangible cultural heritage and the fair distribution of economic benefits. By hosting cultural events and promoting local culinary and artistic expressions, hotels contribute to cultural justice, ensuring that tourism supports rather than commodifies cultural diversity.⁷

However, the rapid growth of the hospitality industry presents regulatory and governance challenges. Issues such as overcapacity, intense competition, and fluctuating demand necessitate sound business strategies and robust legal frameworks to ensure fair competition and consumer protection.⁸ Moreover, the existential threats posed by climate change and environmental crises require the integration of climate resilience and disaster preparedness into hotel licensing, zoning, and operational standards. Legal instruments that promote adaptive governance, environmental risk management, and sustainable urban planning are thus essential to fostering long-term justice and resilience in the tourism sector.⁹

Total hotel occupancy is a key metric that reflects the demand for hospitality services and serves as a reference for legal and policy decisions regarding tourism development. For instance, sustained high occupancy may trigger environmental impact assessments or lead to re-evaluating land use regulations in tourism zones. By tracking guest numbers, policymakers and hotel management alike can better plan capacity, optimize services, and enforce compliance with safety, labor, and environmental laws, ensuring that the economic benefits of tourism are

⁷ Ashokkumar Manoharan, Michael J. Gross, and Shruti R. Sardeshmukh, "Antecedents and Outcomes of a Culturally Diverse Workforce in Hotels," *Journal of Hospitality & Tourism Research* 45, no. 8 (January 15, 2021): 1383–1416, <https://doi.org/10.1177/1096348020986906>.

⁸ Amrik Singh and David L. Corsun, "Price Elasticity of Demand and Its Impact on Hotel Revenue Performance During the COVID-19 Pandemic," *Cornell Hospitality Quarterly* 64, no. 4 (July 4, 2023): 415–35, <https://doi.org/10.1177/19389655231184475>.

⁹ Lucía Melián-Alzola, Margarita Fernández-Monroy, and Marisa Hidalgo-Peñate, "Hotels in Contexts of Uncertainty: Measuring Organisational Resilience," *Tourism Management Perspectives* 36 (October 1, 2020): 100747, <https://doi.org/10.1016/j.tmp.2020.100747>.

achieved without compromising justice for local communities and the environment.¹⁰ Tracking total guest numbers from year to year allows us to identify trends. This trend analysis helps hotels make strategic decisions like renovations, expansions, or service adjustments. In addition to the economic aspect, total guest numbers are also related to environmental impacts.¹¹ The more guests, the greater the use of water, energy, and chemicals. Hotels that care about sustainability use this data to manage their environmental impact. Initiatives such as renewable energy, waste reduction, and water management become more relevant.¹²

Carbon dioxide (CO₂) emissions significantly influence global climate change. CO₂ is one of the primary greenhouse gases trapped in the atmosphere. When sunlight reaches the Earth's surface, some energy is reflected into space, but some is absorbed by CO₂ and other gases. As a result, the Earth's temperature increases due to the greenhouse effect. Higher levels of CO₂ cause global temperatures to rise, which impacts weather, oceans, and ecosystems.¹³

The increase in CO₂ emissions since the Industrial Revolution has altered the balance of nature and accelerated climate change. Climate change caused by CO₂ affects the environment widely. Weather patterns are becoming more extreme, including rising average temperatures, droughts, floods, and stronger storms.¹⁴

¹⁰ Lerzan Aksoy et al., "Global Trends in Hospitality," *Journal of Business Research* 142 (January 21, 2022): 957–73, <https://doi.org/10.1016/j.jbusres.2021.12.068>.

¹¹ Xiumei Xu and Zhen Dan, "Exploring the Evolution of Energy Research in Hospitality: Mapping Knowledge Trends, Insights, and Frontiers," *Energy Reports* 10 (July 28, 2023): 864–80, <https://doi.org/10.1016/j.egy.2023.07.030>.

¹² Ahmed Hassan Abdou, Thowayeb Hassan Hassan, and Mohammed Moustafa El Dief, "A Description of Green Hotel Practices and Their Role in Achieving Sustainable Development," *Sustainability* 12, no. 22 (November 18, 2020): 9624, <https://doi.org/10.3390/su12229624>.

¹³ Abdul Rehman et al., "Towards Environmental Sustainability: Devolving the Influence of Carbon Dioxide Emission to Population Growth, Climate Change, Forestry, Livestock and Crops Production in Pakistan," *Ecological Indicators* 125 (February 7, 2021): 107460, <https://doi.org/10.1016/j.ecolind.2021.107460>.

¹⁴ Leonel J. R. Nunes, "The Rising Threat of Atmospheric CO₂: A Review on the Causes, Impacts, and Mitigation Strategies," *Environments* 10, no. 4 (April 14, 2023): 66, <https://doi.org/10.3390/environments10040066>.

Rising sea levels, bleaching of coral reefs, and a danger to biodiversity result from warmer waters. Reforestation, energy efficiency, and renewable energy are some global initiatives to lower CO2 emissions.¹⁵ By lowering CO2 emissions, international accords like the Paris Agreement seek to restrict rises in global temperature. We can safeguard our world and avert harsher effects in the future by taking more sensible action if we comprehend the role that CO2 plays in climate change.¹⁶

Comparing total guest numbers across countries provides insight into traveler preferences and tourism policies. Some countries may have rapid growth in guest numbers, while others may experience a decline. This can trigger collaboration between countries to address common challenges.¹⁷

Employment participation is one of the key factors influencing a country's economic growth. Employment participation creates jobs for individuals. The more people employed, the greater their contribution to economic production and growth. The government and private sector play a role in creating job opportunities through policies, investment, and innovation.¹⁸ Increasing work participation has an impact on increasing hotel occupancy, along with increasing business activity.¹⁹ Fair

¹⁵ Sadguru Prakash, "IMPACT OF CLIMATE CHANGE ON AQUATIC ECOSYSTEM AND ITS BIODIVERSITY: AN OVERVIEW," *International Journal of Biological Innovations* 03, no. 02 (January 1, 2021), <https://doi.org/10.46505/ijbi.2021.3210>.

¹⁶ M.A. Lima et al., "Renewable Energy in Reducing Greenhouse Gas Emissions: Reaching the Goals of the Paris Agreement in Brazil," *Environmental Development* 33 (February 13, 2020): 100504, <https://doi.org/10.1016/j.envdev.2020.100504>.

¹⁷ Roya Rahimi et al., "Know Your Guests' Preferences Before They Arrive at Your Hotel: Evidence From TripAdvisor," *Consumer Behavior in Tourism and Hospitality* 17, no. 1 (April 23, 2022): 89–106, <https://doi.org/10.1108/cbth-06-2021-0148>.

¹⁸ Stephan Klasen et al., "What Drives Female Labour Force Participation? Comparable Micro-level Evidence From Eight Developing and Emerging Economies," *The Journal of Development Studies* 57, no. 3 (July 19, 2020): 417–42, <https://doi.org/10.1080/00220388.2020.1790533>.

¹⁹ Ozgur Ozdemir, Wenjia Han, and Michael Dalbor, "Economic Policy Uncertainty and Hotel Occupancy: The Mediating Effect of Consumer Sentiment," *Journal of Hospitality and Tourism Insights* 5, no. 2 (January 12, 2021): 253–73, <https://doi.org/10.1108/jhti-08-2020-0149>.

laws play a role in keeping business activities running, so the better the fair laws, the better the hotel performance and the better the improvement of environmental conservation through environmental justice laws and systems.²⁰

Several previous studies have investigated the relationship between legal frameworks, institutional quality, and the sustainability of tourism and hospitality industries. For instance, a study by Canh Phuc Nguyen (2021) highlights that institutional quality significantly influences environmental sustainability across 134 countries, especially in developing economies where robust legal institutions are instrumental in shaping sustainable tourism policies.²¹ Meanwhile, research conducted by Mohamed Khater (2024) underscores the need for harmonized legal frameworks that balance environmental conservation with economic development, emphasizing the importance of legal enforcement and economic incentives in driving sustainable tourism practices in countries like Egypt and the UAE.²² In the Indonesian context, a normative legal study by Anwar and Hidayat (2020) confirms that sustainable tourism development relies heavily on the effectiveness of legal institutions and regulatory compliance, showing that local legal frameworks can enable or hinder environmental goals.²³ These studies collectively affirm the critical role of law in advancing environmental sustainability in tourism. However, unlike previous works, the present study offers a novel contribution by integrating a dynamic panel threshold model to examine how the World Justice Project Index (WJP Index), as a proxy for legal

²⁰ Tek Dangi and James Petrick, "Augmenting the Role of Tourism Governance in Addressing Destination Justice, Ethics, and Equity for Sustainable Community-Based Tourism," *Tourism and Hospitality* 2, no. 1 (January 1, 2021): 15–42, <https://doi.org/10.3390/tourhosp2010002>.

²¹ Canh Phuc Nguyen and Thanh Dinh Su, "Tourism, Institutional Quality, and Environmental Sustainability," *Sustainable Production and Consumption* 28 (October 1, 2021): 786–801, <https://doi.org/10.1016/J.SPC.2021.07.005>.

²² Mohamed Khater et al., "Legal Frameworks for Sustainable Tourism: Balancing Environmental Conservation and Economic Development," *Current Issues in Tourism*, September 16, 2024, 1–22, <https://doi.org/10.1080/13683500.2024.2404181>.

²³ Andi Muhammad Yasin et al., *The Influence of Law in Sustainable Tourism Development in Indonesia* (Atlantis Press International BV, 2023), https://doi.org/10.2991/978-94-6463-296-5_37.

fairness, moderates the relationship between hotel performance, employment participation, and CO₂ emissions across 97 countries over ten years. This approach captures the non-linear effects of justice quality and provides empirical evidence on the threshold value (1.223) beyond which the impact of legal fairness becomes significantly stronger. Therefore, this study not only reinforces the existing literature but also introduces a new methodological perspective to understand the transformative role of law in shaping sustainable hospitality development on a global scale.

Method

This study evaluates 97 countries (attached) from 2012 to 2022. The method used is dynamic analysis with a panel data model that has a dynamic threshold. This study considers total hotel guests, work participation, the World Justice Project Index, and CO2 emissions. Further details about these variables are described in Table 1.

Table 1. Variable Description

Variables		Description	Unit Analysis	Source
Total hotel guests		Total number of guests staying at hotels during the study period.	Percent	www.worldbank.org
Work Participation		Labor participation rates in the economies of the countries studied.	Percent	www.worldbank.org
World Justice Project Index		Measures of the quality of justice and law in the countries.	Percent	worldjusticeproject.org

CO2 emissions	The amount of CO2 emissions produced by economic and industrial activities.	MtCO ₂ per capita	globalcarbonatlas.org
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Pesaran's Cross-Sectional Dependence Test is a valuable tool for analyzing panel data models, especially when dealing with dynamic thresholds. In a panel dataset, this test helps researchers identify and quantify the dependencies between different units (such as countries, firms, or regions). Panel data often exhibit cross-sectional dependencies due to common factors, spatial interactions, or shared shocks. Ignoring these dependencies can result in biased parameter estimates and statistical inference errors. By accounting for cross-sectional dependency, researchers can improve the accuracy and reliability of their econometric models. Pesaran's cross-sectional dependency test statistics are also relevant when analyzing economic relationships between different units over time. In addition, this test is helpful in panel data with dynamic thresholds. Dynamic thresholds refer to situations where the relationship between variables changes based on certain conditions, such as economic cycles, policy changes, or market conditions. By accounting for cross-sectional dependency, researchers can draw more accurate conclusions about economic relationships and avoid bias in parameter estimates. Pesaran's cross-sectional dependency test statistics are as follows:

$$CD = (2T/N(N-1)) \sum_{i=1}^{N-1} \sum_{k=i+1}^N \hat{U}_{ik}$$

The coefficient of correlation A statistical metric known as Γ_{ik} assesses the correlation between the variables of two entities, represented by the indices "i" and "k." "N" and "T" represent the overall number of entities examined and the observed time frame, respectively. In Pesaran's CD test, the null hypothesis (H0) verifies if cross-sectional dependency exists in the dataset. We employ the most recent technique by Im, Pesaran, and Shin when performing the unit root test on panel data. During the evaluation process, this technique takes explicit cross-sectional dependency into account. A complex econometric method is

the panel data model with a dynamic and endogenous threshold variable. This model analyzes data with significant dynamic variation and heterogeneity among subjects. This model allows researchers to identify and model threshold effects that may change over time and among subjects, thus providing deeper insight into the complex interactions among economic variables. The equation for the dynamic threshold panel data model with endogenous threshold variable can be expressed as follows:

$$Y_{it} = \alpha_i + \beta_1 X_{it} + \beta_2 X_{it} \cdot I(Z_{it} > \gamma) + \epsilon_{it}$$

Y_{it} represents the dependent variable for entity (i) at time (t). α_i is the entity-specific intercept. X_{it} denotes the explanatory variables. $I(Z_{it} > \gamma)$ is an indicator function that equals 1 if the endogenous threshold variable Z_{it} exceeds a certain threshold γ , and 0 otherwise. β_1 and β_2 are the coefficients. ϵ_{it} represents the error term.

This study applies a dynamic panel data analysis using a threshold model across 97 countries from 2012 to 2022 to investigate the interrelation between legal justice, environmental sustainability, and hotel industry performance. The variables analyzed include Total Hotel Guests, Work Participation, CO2 Emissions, and the World Justice Project Index. While the methodology incorporates advanced econometric tools such as dynamic thresholds and dependency tests, the primary emphasis is not on technical computation but on how these tools reveal the varying impact of legal quality on environmental and tourism outcomes. The World Justice Project Index is a proxy for assessing the strength of legal institutions, including transparency, human rights protection, and access to justice dimensions central to environmental and administrative law. The jurisprudential foundation of this study lies in the principle of environmental justice, the rule of law, and fair governance, wherein legal certainty and effective law enforcement are viewed as determinants of sustainable tourism. Thus, the statistical approach supports a broader legal analysis, providing empirical evidence to demonstrate how the strength or weakness of legal frameworks shapes real-world outcomes in hospitality and environmental protection.

Result and Discussion

A. Justice, Tourists and the Environment: A Multidimensional Perspective

The discussion section of this study is not solely focused on presenting econometric findings, but also aims to interpret those findings within a broader legal and normative context. Specifically, it provides an integrated analysis of the legal objectives that underpin the relationship between the rule of law, environmental sustainability, and the performance of the hospitality industry. These legal objectives are approached from three interrelated dimensions: juridical, philosophical, and sociological. Juridically, the study examines how formal legal instruments such as environmental regulations, administrative law, and tourism licensing policies shape the accountability of the hospitality sector and the extent to which these laws are effectively implemented across jurisdictions. Philosophically, the analysis is grounded in the principles of justice, legal certainty, and fairness, particularly concerning how strong legal frameworks can foster sustainable tourism without compromising ecological integrity or social equity. Sociologically, the study reflects on how law operates in practice within society, including how legal institutions respond to environmental degradation and how the justice system contributes to shaping citizens' behavior and corporate compliance in the tourism sector. By analyzing the threshold effects of the World Justice Project Index, this study reveals that a more just and transparent legal system enhances tourists' perceptions of safety and fairness and correlates with better environmental outcomes and economic performance. Thus, the discussion moves beyond technical interpretation and positions the empirical findings within a holistic legal reform agenda that addresses the structural role of law in achieving sustainable development in tourism and hospitality governance.

To support this multidimensional legal analysis, it is essential to employ quantitative tools capable of capturing the complexity of cross-national dynamics between legal structures, environmental outcomes, and tourism performance. While the legal objectives provide a normative framework, the empirical rigor of this study is grounded in advanced panel data techniques that allow for the testing of hypotheses regarding

the interdependence and causality among variables across jurisdictions and over time. These statistical instruments do not stand in isolation from legal reasoning; instead, they reinforce it by providing evidence-based validation of how strong legal institutions can influence real-world economic and environmental conditions. In this context, one of the pivotal tools employed is the Pesaran Cross-Sectional Dependence (CD) Test, which is instrumental in detecting the extent to which countries within the panel dataset exhibit interconnected behavior regarding legal effectiveness, tourism growth, and environmental impact.

The Pesaran CD test is vital in analyzing cross-sectional dependence in panel data models. This statistical technique allows researchers to assess how variables in one section are related to variables in other sections. Understanding this dependence is important because it can affect the accuracy of model results and conclusions from data analysis. During its development, the Pesaran CD test uncovers cross-sectional dependence and facilitates model adjustments to accommodate it. This improvement increases the reliability of model estimates. The test results are typically presented in an easy-to-understand tabular format (such as Table 2), making it easier to interpret and apply for further research. The Pesaran CD test is helpful in econometrics, especially with large datasets involving many variables and sections. Researchers can build more robust models that accurately reflect complex economic realities by considering cross-sectional dependence. In addition, Table 2 provides the summary statistics needed to evaluate such dependence and is an integral part of panel data analysis.

Table 2. Pesaran cross-sectional dependence test

Variables	CD test	p-value
Total hotel guests	1.66	0,000
CO2 emissions	2.11	0,000
Work Participation	2.15	0,000
World Justice Project Index	2.43	0,000

The results of the Pesaran test for cross-sectional dependence measure whether there is a relationship between the variables tested at the sectoral level. Total Hotel Guests has a CD test value of 1.66. A very low

P-value (0.000) indicates a cross-sectoral dependence between the total number of hotel guests and other variables tested. CO2 emissions have a CD test value of 2.11. A low P-value (0.000) indicates a cross-sectoral dependence between CO2 emissions and other variables. Work Participation has a CD test value of 2.15. A very low P-value (0.000) indicates a cross-sectoral dependence between work participation and other variables. The World Justice Project Index has a CD test value of 2.43. A very low P-value (0.000) indicates a cross-sectoral dependence between the World Justice Project index and other variables. A low p-value indicates we can reject the null hypothesis (no cross-sectoral dependence). This means that the variables influence each other at the sectoral level. The lower the p-value, the stronger the cross-sectoral dependence. Table 3 presents the results of the Panel Unit Root Test.

Table 3. Panel Unit Root Test

Variables	CIPS test	Hadri and Rao's test
Total hotel guests	-0.87	0.097***
CO2 emissions	-0.44**	0.096***
Work Participation	-0.85	0.093***
World Justice Project Index	0.51**	0.091**

The Panel Unit Root Test results determine whether the examined variables have unit roots or are stationary. The CIPS test value for Total Hotel Guests is -0.87. The test value for Hadri and Rao is 0.097***. The null hypothesis, according to which the total number of hotel visitors has a unit root (stationary), can be rejected at a significance level of 1%. This indicates the stationary nature of the variable. The CIPS test result for CO2 emissions is -0.44**. The test value for Hadri and Rao is 0.096***. We can rule out the null hypothesis that CO2 emissions have a unit root at a significance level of 1%. Additionally, this variable is stationary. The CIPS test result for work participation is -0.85. The test value for Hadri and Rao is 0.093***.

Table 4. Dumitrescu-Hurlin Panel Causality Test

Hypothesis	W-stat	Zbar-stat	Conclusion
World Justice Project Index → Total hotel guests	1.67	1.73	World Justice Project Index ↔ Total hotel guests
Total hotel guests → World Justice Project Index	1.77	1.81	
Total hotel guests → CO2 emissions	1.66	1.23	Total hotel guests ↔ CO2 emissions
CO2 emissions → Total hotel guests	1.44	1.54	
Total hotel guests → Work Participation	1.78	1.62	Total hotel guests ↔ Work Participation
Work Participation → Total hotel guests	1.45	1.18	
World Justice Project Index → CO2 emissions	1.65	1.66	World Justice Project Index ↔ CO2 emissions
CO2 emissions World Justice Project Index	1.43	1.54	
World Justice Project Index → Work Participation	1.59	1.77	World Justice Project Index ↔ Work Participation
Work Participation → World Justice Project Index	1.55	1.74	

The Dumitrescu-Hurlin Panel Causality Test results measure the direction of causality between the tested variables. World Justice Project Index → Total Number of Hotel Guests has a W-stat value 1.67. The Zbar-stat value is 1.73. The conclusion is that there is causality from the World Justice Project Index to the Total Number of Hotel Guests (World Justice Project Index → Total hotel guest).

Total Number of Hotel Guests → World Justice Project Index has a W-stat value 1.77. The Zbar-stat value is 1.81. The conclusion is that there is causality from the Total Number of Hotel Guests to the World Justice Project Index (Total hotel guest → World Justice Project Index).

Total Number of Hotel Guests \rightarrow CO2 Emissions has a W-stat value 1.66. The Zbar-stat value is 1.23. The conclusion is that there is causality between the total number of hotel guests and CO2 emissions (Total hotel guests \rightarrow CO2 emissions).

CO2 Emissions \rightarrow Total Hotel Guests has a W-stat value of 1.44. The Zbar-stat value is 1.54. The conclusion is that there is causality from CO2 Emissions to Total Hotel Guests (CO2 emissions \rightarrow Total hotel guests).

Total Hotel Guests \rightarrow Work Participation has a W-stat value of 1.78. The Zbar-stat value is 1.62. The conclusion is that there is causality between total hotel guests and work participation (total hotel guests \rightarrow work participation).

Work Participation \rightarrow Total Hotel Guests has a W-stat value of 1.45. The Zbar-stat value is 1.18. The conclusion is that there is causality from Work Participation to Total Hotel Guests (Work Participation \rightarrow Total hotel guests).

World Justice Project Index \rightarrow CO2 Emissions has a W-stat value of 1.65. The Zbar-stat value is 1.66. Conclusion: There is causality from the World Justice Project Index to CO2 emissions (World Justice Project Index \rightarrow CO2 emissions). CO2 emissions \rightarrow World Justice Project Index has a W-stat value of 1.43. The Zbar-stat value is 1.54. The conclusion is that there is causality from CO2 emissions to the World Justice Project Index (CO2 emissions \rightarrow World Justice Project Index).

World Justice Project Index \rightarrow Work Participation has a W-stat value of 1.59. The Zbar-stat value is 1.77. The conclusion is that there is causality from the World Justice Project Index to Work Participation (World Justice Project Index \rightarrow Work Participation).

Work Participation \rightarrow World Justice Project Index has a W-stat value of 1.55. The Zbar-stat value is 1.74. The conclusion is that there is causality from Work Participation to the World Justice Project Index (Work Participation \rightarrow World Justice Project Index). Table 5 presents the Estimation of the dynamic threshold panel data model.

Table 5. Estimation of the dynamic threshold panel data model

Dependent Variable	Total hotel guests
Threshold Variable	World Justice Project Index
Threshold Estimate	1,223***
Total hotel guests	1,322**
CO2 emissions	-1,398***
Work Participation	1,434***
World Justice Project Index	1,444***
Constant	1,093***
Wald test	13313.29***
Sargan test	32.11
AR(1)	0,711***
AR(2)	0,493
SupWald Statistics	11.11***
Observations	1067

The panel data model estimation results with a dynamic threshold (dynamic threshold panel data model) show the relationship between the tested variables and the Total Number of Hotel Guests. The threshold value is obtained from the World Justice Project Index variable of 1.223***. Total hotel guests have a coefficient of 1.322. The coefficient of Total Number of Hotel Guests at a level below the threshold (1.223***) shows a weaker positive relationship. The Total Number of Hotel Guests coefficient above the threshold (1.223***) shows a stronger positive relationship. Total hotel guests with a coefficient of 1.322 indicates that every increase in this variable will increase the total hotel guests by 1.322 units. CO2 emissions with a coefficient of 1.398 indicate that every increase in CO2 emissions decreases the total hotel guests by 1.398 units. Work participation with a coefficient of 1.434 indicates that work participation contributes to an increase in the total hotel guests by 1.434 units. The World Justice Project index, with the highest coefficient of 1.444, indicates that any increase in this index significantly impacts total hotel guests. Constant with a coefficient of 1.093 indicates the total value of hotel guests when all independent variables are zero. The Wald test has a value of 13,313.29, indicating that the overall model is significant. The Sargan test has a value of 32.11, indicating the instrument's validity. AR (1) has a coefficient of 0.711, indicating the

presence of first-order autoregression. AR (2) has a coefficient of 0.493, indicating the presence of second-order autoregression. The SupWald statistic has a value of 11.11, indicating the significance of the model. The number of observations is 1067 in the dataset.

The quality of just law has a significant impact on the hotel industry. Countries with strong legal systems and good justice tend to attract more tourists. Tourists believe their rights will be respected, and they will feel safe during their vacation. Therefore, investment in improving the legal system and enforcing justice can directly affect the number of hotel guests. The World Justice Project (WJP) Index is an essential indicator that measures a country's quality of just law. Countries with high World Justice Project scores have transparent legal systems, strong human rights protection, and good civil justice. Tourists tend to choose destinations with high World Justice Project scores because they believe their rights will be respected and they will feel safe during their vacation. As a result, the number of hotel guests in these countries tends to increase.

The threshold value obtained from the World Justice Project (WJP) Index variable is 1.223. The Total Number of Hotel Guests coefficient shows that each increase in this variable will increase the total number of hotel guests by 1.322 units. In addition, other variables such as CO2 Emissions, Labor Participation, and the WJP Index also contribute to the number of hotel guests. This model provides information on the impact of these variables on the total number of hotel guests, depending on whether the threshold value has been reached or not.

The World Justice Project (WJP) Index is an index that measures the quality of legal justice in a country. This index covers several dimensions, such as security, order, civil justice, and protection of human rights. Countries with high World Justice Project Index scores tend to have a safer and more stable environment. This has a positive impact on tourism and hotel performance. Tourists will feel more comfortable staying at hotels in safe countries. The World Justice Project Index also measures legal protection and access to an efficient justice system. If a hotel faces legal problems, a good justice system will help resolve the problem quickly and fairly. Countries with strong and transparent legal systems tend to attract more investment and business. Hotels and

tourism facilities contribute to the local and national economy. A good World Justice Project Index score reflects a country's positive reputation for legal justice. Tourists will be more confident in staying at hotels in countries with a good reputation.

The WJP Index indicates fair law and significantly affects the tourism and hospitality industry. Countries that focus on improving the WJP Index will strengthen the influence of variables on the number of hotel guests. Thus, improving the World Justice Project Index score can help create a conducive environment for the hospitality and tourism industry.

Work participation can increase the number of hotel guests. Work participation creates jobs and increases the income of local people. When more people are working, purchasing power increases. This positively impacts the hospitality sector because more people can afford accommodation services. People who travel for business need a place to stay. The more companies operating in an area, the higher the hotel demand. Active work participation contributes to the growth of the business and tourism sectors. Conferences, seminars, and business events often attract participants from outside the city or country. Hotels become an essential place to stay during these events. High work participation means more business events, impacting hotel demand.

People working in different industry sectors come from different backgrounds. Diverse work participation results in a diversified tourist base. Hotel demand depends on the holiday season and business activities throughout the year. Employment participation plays a crucial role in increasing the number of hotel guests. Efforts to strengthen the employment and business sectors will positively impact the hotel industry.

High CO₂ emissions can affect tourists' perception of a destination. Polluted environments and air pollution can make tourists hesitate to visit a place. Travelers sensitive to environmental issues may avoid areas with high CO₂ emissions. As a result, the number of hotel guests may decrease. CO₂ emissions contribute to poor air quality. Polluted air can affect travelers' health, especially those with respiratory problems. If a destination has serious problems with air pollution, travelers may choose another place to stay. Hotels located in areas with high CO₂ emissions can harm their image and reputation. Travelers tend

to choose hotels that are committed to sustainability and the environment. If hotels do not pay attention to environmental issues, they may lose potential customers. Hotels can reduce CO₂ emissions by using renewable energy, managing waste wisely, and introducing environmentally friendly practices. Hotels that invest in sustainability can attract travelers who care about the environment. CO₂ emissions are not only an environmental issue, but also affect the tourism and hospitality industry. Hotels that pay attention to environmental issues will be more competitive and attract more guests.

For instance, CO₂ emissions display a negative coefficient (-1.398), indicating that an increase in emissions corresponds to a decrease in hotel guest numbers. This confirms that environmental degradation, notably air pollution and carbon intensity, undermines a destination's attractiveness to tourists, especially those concerned with sustainability. From a legal perspective, this finding reinforces the need for robust environmental regulation aligned with global commitments, such as the Paris Agreement, which calls on countries to reduce greenhouse gas emissions and adopt low-carbon development strategies. In fulfilling their obligations under Article 4 of the Paris Agreement, national governments must implement binding domestic policies, including emission caps, green zoning laws, and environmental impact assessments (EIAs) for tourism infrastructure. Additionally, subnational laws such as mandatory energy audits, clean air regulations, or eco-certification for hotels- can effectively ensure that the hospitality industry contributes to climate goals. Failure to enact or enforce such regulations not only breaches international climate commitments but also has tangible economic consequences, as seen in reduced tourist inflows and loss of competitiveness in the global tourism market. Thus, legal reform that targets emission mitigation in the tourism sector is not only environmentally imperative but also economically strategic.

B. Legal Reform in the Regulation of Sustainability in the Hospitality and Tourism Industry: Urgency and Implications

The hospitality and tourism industry is vital to global economic growth, yet it remains one of the leading sectors responsible for environmental degradation. This industry significantly contributes to carbon emissions, overexploitation of natural resources, and pollution. As global sustainability awareness intensifies, legal reform is increasingly recognized as an essential mechanism to balance economic growth with environmental preservation.

In this context, strengthening legal regulations is necessary to compel the hospitality sector to adopt sustainable business practices. This reform should focus on mandatory compliance with green policies, tax incentives for eco-friendly hotels, stricter energy efficiency standards, and legal accountability mechanisms for carbon emissions. However, many countries struggle to integrate sustainability principles into their legal frameworks, making reform in this area an urgent necessity.

One of the fundamental weaknesses in the current sustainability regulations for the hospitality sector is their fragmented nature and lack of enforceability. While many countries have introduced environmental certification programs such as LEED (Leadership in Energy and Environmental Design) and Green Key Certification, these initiatives remain voluntary, leading to inconsistent adoption. This lack of mandatory enforcement allows numerous hotels to continue unsustainable practices, prioritizing short-term profitability over long-term environmental responsibility.

This regulatory inconsistency creates an unfair competitive landscape, where hotels investing in sustainability face higher operational costs than conventional hotels operating without strict environmental standards. A clear example can be seen in Indonesia, where the Environmental Protection and Management Law (Law No. 32 of 2009) mandates environmental permits and proper waste treatment, but in practice, enforcement is inconsistent. Many high-end hotels in eco-sensitive regions like Bali voluntarily comply with green building certifications like Greenship or international standards like LEED,

incurring substantial costs for renewable energy installation, water recycling systems, and waste management. Meanwhile, numerous budget hotels operate with minimal oversight and avoid such investments, benefiting from regulatory leniency and weak enforcement at the local level. This gap undermines legal certainty and discourages widespread adoption of sustainability measures. Consequently, legal reform must establish binding and universally applicable regulations that level the playing field, ensuring that all industry players are equally responsible for minimizing their environmental footprint. A robust regulatory framework should incorporate stringent legal obligations rather than mere recommendations, compelling all hospitality businesses to align with national and international sustainability goals. Additionally, enforcement mechanisms must be enhanced, ensuring compliance through periodic inspections and sanctions for non-compliance.

Legal reform in the hospitality sector must balance regulatory enforcement and economic incentives, ensuring compliance without stifling business growth. Some essential legal mechanisms include:

1. Tax Incentives for Sustainable Hotels

Tax incentives for sustainable hotels are a strategic legal mechanism that encourages the hospitality industry to adopt environmentally responsible practices. Governments can provide targeted fiscal incentives such as tax reductions, exemptions, or direct subsidies for hotels that meet clearly defined sustainability criteria, including using renewable energy sources, implementing efficient waste management systems, and installing water conservation technologies. For example, Germany has integrated sustainability incentives into its tax code and building regulations. Through the German Renewable Energy Sources Act (EEG 2021) and energy-efficiency programs under KfW (Kreditanstalt für Wiederaufbau), hotels that install solar panels or energy-saving heating systems are eligible for low-interest loans and tax deductions. Similarly, Sweden's Environmental Code (Miljöbalken, SFS 1998:808) allows municipalities to grant environmental subsidies and tax benefits to businesses, including hotels, that comply with strict sustainability

standards. Hotels certified under the Nordic Swan Ecolabel, a government-recognized green standard in Sweden, benefit from increased market visibility and often qualify for regional tax incentives or procurement advantages. These legal frameworks demonstrate that fiscal tools can play a vital role in aligning business incentives with environmental objectives. By reducing operational costs in the long term and enhancing competitiveness, tax incentives encourage more hotels to transition toward sustainable models. Moreover, these policies contribute directly to the achievement of broader climate commitments, such as the European Union's Green Deal and the United Nations Sustainable Development Goals (SDGs), particularly Goal 12 (Responsible Consumption and Production) and Goal 13 (Climate Action). Therefore, when grounded in robust legal instruments, tax incentives support business interests and catalyze systemic environmental reform in the hospitality industry.

2. Mandatory Energy Efficiency Standards

Stricter regulations should be imposed to mandate hotels to adhere to energy efficiency benchmarks. For example, countries like France and the Netherlands have introduced legislation requiring hotels to reduce energy consumption by at least 30% over the next decade. These legally binding standards encourage the hospitality sector to innovate and invest in energy-saving solutions, significantly reducing carbon footprints.

3. Legal Accountability for Carbon Emissions

The hospitality industry must be held legally accountable for its contribution to climate change, particularly concerning carbon emissions generated through energy consumption, transportation, and waste. One effective legal strategy is the implementation of carbon offset mechanisms, which require hotels exceeding predefined emission thresholds to compensate by financing climate mitigation initiatives, such as reforestation, renewable energy projects, or community-based environmental programs. For instance, Canada has adopted such an approach through its Output-Based Pricing System

(OBPS) under the Greenhouse Gas Pollution Pricing Act (2018), which mandates that large emitters, including entities in the service sector like hotels, must either reduce emissions or purchase carbon credits to offset their environmental impact. This ensures that environmental damage carries legal and financial consequences. To formalize such accountability, national tourism or environmental laws can codify carbon responsibilities by incorporating mandatory emission reporting, sector-specific emission limits, and penalty-based enforcement mechanisms. For example, a Tourism and Climate Accountability Act could require all hotels above a certain size or occupancy rate to submit annual carbon audits, adopt mitigation strategies, and purchase offsets for excess emissions. Legal definitions of “carbon responsibility” can also be embedded within environmental licensing frameworks, where hotel operation permits are contingent upon meeting climate compliance criteria. At the international level, such accountability could be harmonized through binding regional agreements or integrated into existing global frameworks like the United Nations Framework Convention on Climate Change (UNFCCC). A tourism-specific protocol could mandate hospitality businesses to align with the Paris Agreement objectives by adopting science-based targets for emission reductions. Moreover, soft law instruments such as the Global Code of Ethics for Tourism, adopted by the UN World Tourism Organization, could be updated to include specific obligations on climate accountability, thereby influencing national legislation and voluntary compliance schemes.

4. Implementation of Green Taxes

Many countries have started imposing environmental taxes on tourists to fund conservation projects and sustainable tourism initiatives. For example, Bali has proposed a “Tourism Tax”, where part of the collected funds would be allocated to environmental restoration and pollution control. These measures mitigate tourism-related environmental degradation and encourage conscious and responsible travel behaviors.

5. Legal Penalties for Environmental Violations

Strengthening legal sanctions against environmentally negligent hospitality businesses is essential. Hotels with improper waste disposal, excessive water consumption, or illegal deforestation should face hefty fines and possible operational suspensions. European countries have set a precedent by revoking operating licenses of hotels found guilty of severe environmental violations, setting a deterrent effect across the industry.

Implementing comprehensive legal reform in sustainability regulation directly enhances the World Justice Project (WJP) Index, an indicator measuring legal fairness and transparency. Legal reforms fostering sustainability create a stable and predictable business environment, fostering increased investments in the hospitality sector while ensuring long-term environmental conservation.

1. Enhancing Tourist Trust and Destination Appeal

Countries with strict environmental regulations and fair legal systems tend to appeal more strongly to tourists, as they are considered safer and more responsible travel destinations. In recent years, global tourism trends have shifted towards eco-tourism and sustainable tourism, where travelers prefer destinations that implement strong environmental policies and prioritize sustainability. Tourists from developed countries, such as Western Europe, the United States, and Japan, increasingly consider sustainability factors when choosing travel destinations. Countries like Sweden, New Zealand, and Costa Rica have successfully attracted high-value tourists due to their commitment to environmental preservation and sustainable tourism. For instance, Costa Rica has established strict nature-based tourism policies and has banned environmental exploitation for mass tourism purposes, making it a prime destination for eco-conscious travelers. On the other hand, countries with weak environmental regulations, such as some tourism hotspots in Southeast Asia and the Caribbean, often face criticism for environmental degradation, pollution, and uncontrolled development, which can harm their long-term attractiveness. In addition to enhancing destination

appeal, strict sustainability policies also increase tourists' trust in the safety and comfort of their travel experience. Countries like Switzerland and Canada, known for their strict regulations on waste management, nature conservation, and wildlife protection, frequently rank high in tourism sustainability indices. This contributes to a positive image of these destinations as beautiful, socially and ecologically responsible. Conversely, popular tourist spots that have suffered from environmental degradation due to mass tourism, such as Bali and Phuket, are beginning to face challenges in maintaining their attractiveness due to pollution, overcrowding, and resource exploitation. From an economic perspective, destinations that enforce strict sustainability policies tend to attract high-spending tourists from the luxury market segment. Norway and Iceland, for example, target travelers seeking exclusive nature-based experiences, such as aurora borealis tours and community-based eco-tourism, which generate higher revenue while preserving the environment. In contrast, countries with loose environmental policies often attract budget-conscious tourists who are less concerned about sustainability, leading to accelerated environmental degradation due to the pressures of mass tourism. Therefore, countries seeking to enhance the competitiveness of their tourism sector must consider sustainability as a core strategy for long-term planning. By strengthening environmental regulations, implementing fair tourism policies, and promoting eco-friendly tourism practices, destinations can boost tourist confidence, attract high-quality markets, and preserve their natural attractions for future generations.

2. Boosting Economic Competitiveness

Legal reforms supporting sustainability are crucial in enhancing economic competitiveness, particularly in the hospitality and tourism industry. By implementing strict environmental regulations and encouraging businesses to adopt sustainable practices, governments create an environment conducive to innovation and technological advancements. Hotels, resorts, and tourism-related businesses that comply

with sustainability laws attract greater foreign investments and international partnerships. These businesses are viewed as future-proof and aligned with the growing global trend of responsible tourism. This makes them more appealing to investors, who prioritize environmental, social, and governance (ESG) criteria. Countries like Germany, the Netherlands, and Singapore have successfully integrated sustainability into their tourism and hospitality sectors, promoting energy-efficient buildings, waste management solutions, and water conservation technologies. For example, Singapore's Green Mark certification for eco-friendly hotels has helped attract foreign investors and environmentally conscious travelers, strengthening its position as a global leader in sustainable tourism. In contrast, countries with weak legal enforcement and lax sustainability policies struggle to maintain their economic competitiveness. Destinations that fail to address environmental concerns often suffer from declining tourist interest, reduced investor confidence, and reputational damage. For instance, some popular beach destinations in Southeast Asia and the Caribbean have faced backlash due to excessive pollution, over-tourism, and destruction of natural resources, leading to a decline in tourist arrivals and economic losses. A notable example is Boracay in the Philippines, which had to be temporarily closed due to environmental degradation caused by unregulated tourism activities. The absence of strict sustainability policies discouraged eco-conscious travelers and made it difficult for local businesses to secure long-term investments from global tourism stakeholders. Moreover, legal reforms that mandate sustainable practices encourage technological innovation in the hospitality industry. Countries with progressive environmental laws often witness the development of green infrastructure, innovative energy solutions, and circular economy initiatives that reduce the ecological footprint of tourism operations. In Scandinavia, hotels and resorts have adopted cutting-edge technologies, such as geothermal heating, innovative water recycling systems, and carbon-neutral operations, which comply with strict

environmental laws and serve as selling points for high-value tourism markets. Conversely, businesses struggle to keep up with industry trends in destinations where sustainability is not prioritized, resulting in outdated facilities, high operational costs, and reduced attractiveness in the international market. Additionally, sustainability-driven legal reforms can also enhance the competitiveness of local businesses and tourism operators by providing incentives for green innovation. Countries like Sweden and Canada offer tax benefits, subsidies, and certification programs for businesses that implement eco-friendly practices, allowing them to lower costs, improve efficiency, and differentiate themselves from competitors. This creates a ripple effect across the tourism industry, as more businesses adopt sustainability measures to remain competitive in an evolving market. In contrast, countries with unclear or inconsistent legal frameworks face stagnation, where businesses lack the motivation to invest in sustainability, ultimately making them less appealing to global travelers and investors.

3. Mitigating Environmental Degradation

Legal interventions in the hospitality sector are pivotal in mitigating environmental degradation by curbing excessive resource consumption and pollution, ensuring that economic growth does not come at the expense of ecological stability. The tourism and hospitality industries are among the most significant contributors to carbon emissions, plastic waste, and water consumption, particularly in regions heavily relying on mass tourism. Without proper legal frameworks, unchecked tourism development often leads to deforestation, habitat destruction, pollution of water bodies, and depletion of natural resources, ultimately threatening the very ecosystems that attract visitors in the first place. Countries that lack stringent environmental regulations, such as some coastal regions in Southeast Asia and the Mediterranean, have witnessed the negative consequences of unsustainable tourism, including coral reef destruction, declining air and water quality, and the displacement of local communities due to overdevelopment. By implementing stricter environmental laws, governments

compel businesses in the hospitality sector to adopt sustainable practices, such as waste reduction, energy conservation, and water efficiency measures. Countries like Sweden, Germany, and Japan have successfully integrated sustainability mandates into their tourism policies, requiring hotels and resorts to meet specific environmental standards. For instance, Germany's Green Key certification ensures that hospitality businesses adhere to strict criteria related to waste management, energy efficiency, and carbon footprint reduction, making the country a leader in sustainable tourism development. Similarly, Japan's eco-tourism policies encourage using renewable energy in resorts and promote local sourcing of materials, thereby reducing the environmental impact of tourism operations. These legal measures reduce pollution and resource waste and help position these destinations as eco-friendly, attracting responsible travelers who prioritize sustainability. On the other hand, destinations with lax environmental policies face significant challenges in balancing tourism growth with ecological preservation. Thailand's Maya Bay, for example, was forced to close in 2018 due to severe coral reef damage caused by mass tourism, a direct consequence of weak legal enforcement in regulating visitor numbers and waste disposal. Similarly, Bali has been struggling with an overwhelming waste crisis, as a lack of proper environmental laws and enforcement has led to excessive plastic pollution on its beaches. In contrast, countries like Costa Rica and Iceland have taken proactive legal approaches to tourism management, limiting visitor numbers in ecologically sensitive areas, enforcing strict waste disposal regulations, and requiring tourism businesses to implement green building standards. These measures ensure that tourism contributes to economic growth without undermining natural ecosystems. Legal frameworks that promote sustainability also drive technological innovations in the hospitality industry. For example, in Norway and Denmark, hospitality businesses are legally required to track and report their energy and water consumption, encouraging investments in smart energy management systems, solar panels, and water recycling

technologies. These innovations help reduce environmental impact and lower operational costs, demonstrating that sustainability and profitability can go hand in hand. Conversely, in countries with weak or poorly enforced environmental laws, tourism businesses often prioritize short-term profits over long-term sustainability, leading to degraded landscapes, declining biodiversity, and diminished destination appeal.

Conclusion

The quality of just law plays an important role in preserving the environment, business, and employment. The World Justice Project (WJP) Index measures a country's quality of just law. A threshold value 1.223 indicates that the variables' influence differs before and after reaching a certain threshold (World Justice Project Index). When the World Justice Project Index value is below the threshold, the relationship between Total Hotel Guests and other variables is weaker. However, when the World Justice Project Index value exceeds the threshold, the relationship between Total Hotel Guests and these variables strengthens. A high World Justice Project Index reflects a strong legal system, human rights protection, and good civil justice. Countries with high World Justice Project Index values tend to attract more tourists. Tourists believe their rights will be respected, and they will feel safe while on vacation. The Labor Participation Coefficient of 1.434 indicates that labor participation contributes to increasing hotel guests. A good World Justice Project Index creates a conducive business environment, encourages economic growth, and increases employment opportunities. More jobs mean more people travel and stay in hotels. The CO2 Emission Coefficient of 1.398 indicates that any increase in CO2 emissions will decrease the total number of hotel guests. A low World Justice Project Index can affect environmental quality, including air pollution. A poor environment can reduce the attractiveness of a destination and hinder tourism growth. Fair laws significantly affect the tourism and hospitality industry. Countries that focus on improving the World Justice Project Index will strengthen the influence of variables on the number of hotel guests. Legal reform in sustainability regulation for

the hospitality and tourism industry is crucial to achieving equilibrium between economic expansion and environmental preservation. Governments can foster a legally just and ecologically sustainable tourism sector by enforcing stricter environmental laws, providing incentives for green investments, and imposing penalties for non-compliance.

Furthermore, enhancing the World Justice Project Index through sustainability-focused legal policies ensures a fairer legal framework, attracting responsible tourism and foreign direct investments. Countries that successfully implement legal reforms in hospitality sustainability will protect their natural ecosystems and position themselves as globally competitive, ethical, and future-ready tourism destinations.

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