

Exploratory Studies on the Level of Dissemination of Non-Financial Information in Corporate Reports - Evidence from the Hotel Sector

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Abstract—The dissemination of voluntary information has been increasing in recent years, and it is necessary to improve the non-financial information communicated, as it alters the decision-making process and leads to them being taken with greater sustainable value. Having said that, the dissemination of Corporate Social Responsibility (CSR) reports, as well as integrated reporting (<IR>), has received growing interest both academically and professionally. However, studies analyzing this theme in the tourism and hospitality sector are still scarce, so this research fills this gap, investigating whether there are differences between the same information disclosed through the two types of reporting, in hotel companies based in the USA and South Africa. The results obtained, based on the content analysis made to the corporate reports, suggest that there are differences between the information disseminated through the two types of reports analyzed, noting that the CSR reports present more indicators of water, energy, and waste than the <IR>.

Keywords—Corporate Social Responsibility (CSR), Integrated Reporting, IR, Corporate Reports, Tourism, and Hospitality, TripAdvisor.

I. INTRODUCTION

The growing attention and interest that Corporate Social Responsibility (CSR) has been gaining in the last decade are undeniable, being currently a powerful tool, capable of positively impacting society, improving the quality of life for the population, and fostering the critical spirit for brands (Sharma, 2019). Consequently, a greater concern with environmental causes has emerged in the most varied branches of our society, including academic research dedicated to accounting (Gallego-Álvarez et al., 2018). Unsurprisingly, with the growing importance of this theme and the demands demonstrated by stakeholders, companies were more willing to provide information on the social and environmental impact inherent to the processes developed by them (Cormier & Magnan, 2015). The question currently arises is whether the integrated report provides a better understanding of corporate performance compared to CSR reports (Cucari & Mugova, 2017), and that is exactly what the present study proposes, focusing exclusively on the hotel sector, where research on this subject proves to be unenlightening (Medrado & Jackson, 2016), despite the growing academic interest in this theme and

this sector (Peršić et al., 2013). This discussion becomes even more interesting when the authors find the integrated report as a breath of fresh air in the corporate panorama, and even ask for a deeper understanding of its practice (Dumay et al., 2016). Having said that, this research has as main objectives to analyze similarities and/or differences concerning environmental indicators disseminated by North American and South African companies.

II. LITERATURE REVIEW

Preziosi et al. (2019), found that the growth of the tourism and hospitality industry enhanced greater visibility with regard to the negative impact of hotel operations, while at the same time raising the awareness of guests on this topic, and it is therefore important to carry out this study for that industry. In this sense, the present research has as main objectives: (1) to analyze whether the environmental indicators disclosed in the CSR reports present differences in relation to those disclosed through the integrated report and (2) to understand whether there is alignment between the level of reporting, the CSR reports, and the level of sustainability, acquired through tripadvisor's EcoLíder program, in North American companies. Based on the literature review carried out it was possible to observe that investigations in the area of corporate social responsibility study various sectors, however, the sector tourism and hoteliers is often neglected (Gallego-Álvarez et al., 2018; Murillo-Avalos et al., 2020; Roca & Searcy, 2012). CSRs reports are intended to disseminate social, environmental and economic information (García-Pozo et al., 2019; Romero et al., 2018). Through the results obtained by the Jenkins and Karanikola (2014) investigation, it was observed that only half of the hotel companies disclose environmental information, through a separate report, however, 60% of these entities use corporate responsibility reports to do so. On the other hand, the integrated report aims to disseminate information regarding six different types of capital (Esch et al., 2019a; Vitolla et al., 2019). From the <ir>, companies should make their reports more broad so that they can encompass all the main resources and capital that are used in the realization of their business activities (Hamad et al., 2020). Therefore, the present study aims to answer the following research question:

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Q1: How does the dissemination of information regarding environmental indicators, energy, water and waste differ among the companies in the sample, belonging to the hotel sector?

III. METHODOLOGY

A. Sample selection and data collection

The sample for South Africa contains hotel chains based in that country and which, at the same time, belong to the Johannesburg Stock Exchange (JSE) (Rogerson, 2016). Consequently, it was possible to select the following companies: *Tsogo Sun Holdings Limited*, *Sun International Limited* and *City Lodge Hotels Limited*. Other authors have conducted similar investigations with the same companies, such as Cucari and Mugova (2017). From now on, these companies will be mentioned as *Tsogo Sun*, *Sun International* and *City Lodge*.

For the implementation of the main analysis, the data were collected through the integrated reports (Romero et al., 2018) of the hotel groups based in South Africa, because, as mentioned in the previous section, this type of disclosure is mandatory for the entities of that country. These corporate reports were obtained from the online websites of each of the companies concerned. For the U.S. sample, it includes U.S.-based, publicly traded hotel companies listed on the New York Stock Exchange (NYSE), carefully selected by Medrado and Jackson (2016) and these are *Hilton Worldwide Holdings Inc.*, *Hyatt Corporation*, *Marriott International, Inc.* and *Wyndham Worldwide Corporation*. The last company mentioned, held in 2018 a spin-off with *Wyndham Hotels and Resorts*, going to be called *Wyndham Destinations, Inc.* Thus, this sample includes properties of these two companies, since both share the *Wyndham nomenclature*. From this point on, the abbreviated names of the hotel chains will be used, these being *Hilton*, *Hyatt*, *Marriott* and *Wyndham*. Additionally, *InterContinental Hotels Group PLC* and *Starwood Hotels & Resorts Worldwide* were excluded from the sample due to the first hotel group being based in the United Kingdom (Baicu et al., 2019) and the second to have merged with *the Marriott group* (Iansiti & Lakhani, 2020). For each of the companies based in the USA, corporate social responsibility reports were extracted (Talbot & Barbat, 2020), obtained through its online pages (Medrado & Jackson, 2016), and collected data through them. The choice of this type of reports is associated with the non-disclosure of integrated reports by the American hotel chains that are part of the sample (<IR> U.S. Community, 2020). In order to make a comparative analysis between the information disclosures of the companies of the two countries, three categories were selected to be studied in more detail, these being water, energy and waste. Their choice is that these were the most reported categories by hospitality and tourism companies, based on the research of Medrado and Jackson (2016).

B. Data analysis techniques

After collected the corporate reports of the companies under study, the content of the companies was analyzed using a content analysis (Yi et al., 2018), and both a manual approach was adopted (X. Cheng et al., 2019; Stacchezzini et al., 2016;

Yu et al., 2017) as computerized (Papoutsis & Sodhi, 2020). The first approach was used as a way of collecting and analyzing the indicators disclosed through corporate reports and the second helped the choice of indicators to be studied in more detail, using VOSviewer software.

Content analysis is a widely used technique, not only in investigations related to the theme of CsR and <IR> (Dumay et al., 2016; Wang et al., 2016), but also in studies in the hospitality sector (Yu et al., 2017). Hamad et al. (2020) suggest in their study that the adoption of this type of analysis is the most appropriate, in the sense that it helps the collection and analysis of secondary data obtained manually in corporate reports. However, there has been an increase in the number of researchers taking an alternative approach to analyzing texts, taking advantage of computer-aided programs (M. Cheng & Edwards, 2019). According to Li et al. (2013), this type of analysis consists of a credible technique, which enables the realization of replicable and valid inferences of texts, facilitating the identification and categorization of themes or characteristics in a systematic and objective way. According to Wang et al. (2016), when a content analysis is applied it is necessary to formulate several categories and encode the raw data in those same categories. To this end, the categories previously listed (water, energy and waste) were stipulated, followed by the manual identification of frequencies for each of the three categories under study (X. Cheng et al., 2019).

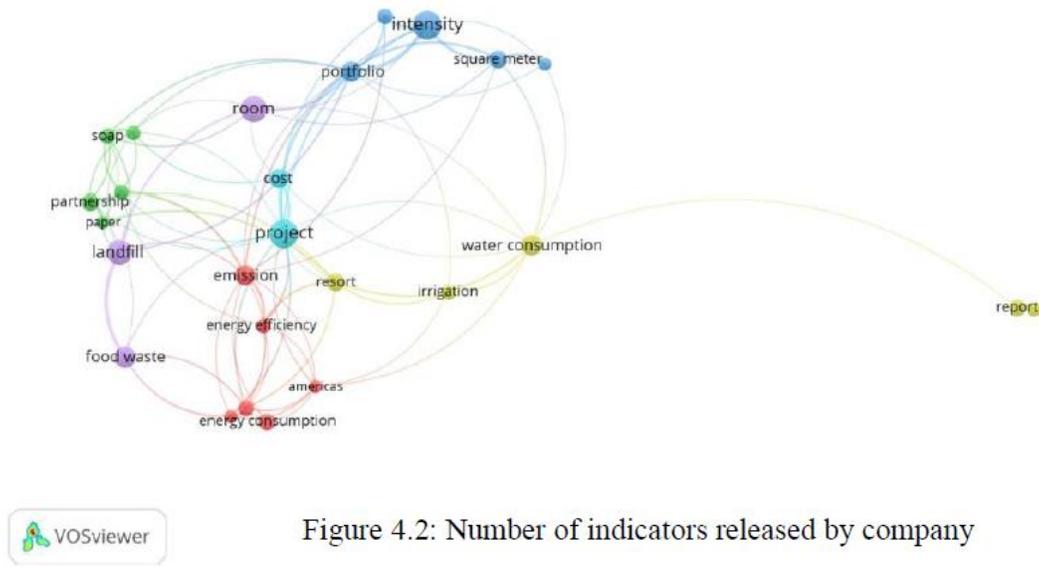
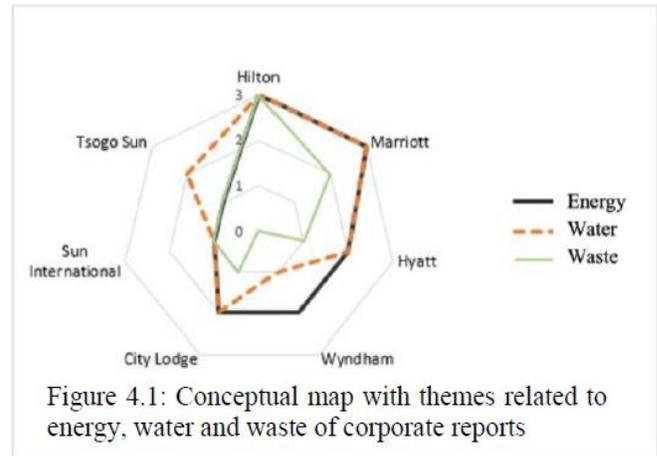
IV. RESULTS AND DISCUSSION

To carry out the main analysis of this research, we analyzed the CsR reports of the U.S.-based companies and the integrated reports of entities based in South Africa. Although the submission of information through integrated reporting is mandatory in South Africa, the same is not true for CSR reports in the USA. Several authors question whether or not there should be a concrete law on the disclosure of non-financial information and whether organisations such as the Financial Accounting Standards Board (FASB) or the International Accounting Standards Board (IASB) should be responsible for extending their financial reporting standards in a way that standards for the submission of non-financial information. However, the internal standards of the organizations themselves, as well as the expectations demonstrated by consumers lead to increasing attention on the part of organizations in the areas of CSR, which was driving the emergence of such reports (George, 2019). Since there is no specific regulation, the CSR reports studied have different nomenclatures, in agreement with previous research. Hilton and Hyatt hotel chains use the Corporate Responsibility Report, the Marriott Group discloses non-financial information through the Social impact and sustainability report, and ultimately, Wyndham uses the Social Responsibility Report for the same purpose. On the other hand, all companies based in South Africa, included in the sample, prepare the integrated reporting as a form of disclosure of financial and non-financial information. In this way, there is no divergence in the nomenclature of these companies, as the presentation of this document is a legal requirement for companies listed on the JSE stock exchange in the country concerned. Regarding size, the reports analyzed are disparate, with greater homogeneity in

the number of pages of the integrated reports compared to CSR reports. Both the Tsogo Sun group and Sun International have 100 pages of Integrated Reporting, City Lodge has a higher number, with its report being composed of 182 pages. As far as U.S. companies are concerned, the hotel chain that presents the most page-based report is Marriott, with 91 pages, and the smallest is Hyatt, with only 6 pages. This value can be justified by the fact that this chain has only disclosed its Highlights rather than its full report. Wyndham and Hilton groups have a total of 84 and 66 pages, respectively.

As set out previously, the selected categories were energy, water and waste. Three indicators were also designated to be analyzed for each of the categories under study, based on the studies by Roca and Searcy (2012) and Medrado and Jackson (2016). Thus, the indicators under analysis are: energy consumption, energy use intensity, water consumption, water consumption intensity, waste total waste, waste diversion from landfill and future strategies for each of the three categories. In order to assess the veracity of the choice of the previously selected indicators, which will serve as the basis for the analysis of non-financial information disclosures, the most addressed concepts related to the categories studied were extracted from the corporate reports of the total sample, through the

VOSviewer software. Figure 4.1 highlights some concepts that meet the indicators chosen, such as landfill that is associated with the landfill diversion indicator, intensity for energy intensity and water consumption intensity indicators, project which relates to the indicator future strategies of the hotel chain and "square meter" and "room" that are used as units of measurement of various indicators.



Additionally, it is possible to observe that two of the selected indicators are also highlighted here, these being "energy consumption" and "water consumption". Based on the analysis of manual content made to the corporate reports of all companies belonging to the sample under study, which summarizes the indicators published by the hotel groups, belonging to the three categories analyzed. Figure 4.2 summarizes the number of indicators published by each hotel group, so that the dispersion of them is noticeable. Thus, the groups that most disseminate the indicators analyzed are Hilton – which discloses all indicators – and Marriott – which does not only disclose one of the indicators. At the opposite end is the Sun International group, which only discloses 3 of the 9 indicators observed.

V. CONCLUSIONS

The evolution of globalization, rapid technological advances and social changes have been driving the emergence of new forms of communication between companies and their stakeholders (Matuszyk & Rymkiewicz, 2018). Thus, the practice of integrated reporting and CSR currently present a new aspect for the communication of responsible and sustainable corporate behaviors (Camilleri, 2018). The adoption of the <IR> provides a long-term vision of top managers, facilitates the dissemination of a sustainable culture within the organization and triggers integrated thinking mechanisms, representing these aspects an innovative approach to business management (Vitolla et al., 2019). On the other hand, the dissemination of CSR is an important management

tool, because it allows the company to improve its reputation, improve the relationship with the society in which it is located, increase the satisfaction of its stakeholders and also increase the motivation of its employees (Murillo- Avalos et al., 2020). Information related to the social and environmental impacts inherent in the processes developed by companies is now considered quite relevant as consumers make their decisions after an analysis critical of the business, seeking to intersperse sustainability and ethical assumptions, with the development of the business itself (Sharma, 2019).

Due to the high consumption of resources necessary to carry out the activity in the hotel industry, its impact is considered harmful to the environment (Hsieh, 2012). In this way, hotel companies have committed to adhere to CSR principles in their strategic management, leading to the dissemination of voluntary information by companies in the sector (Medrado & Jackson, 2016). Having said that, the main objective of the study is to analyze the possible and similar differences between environmental information disclosed through CSR reports and integrated reporting. Based on the manual content analysis, carried out to the corporate reports, it was possible to observe that the CSR reports present a greater number of environmental indicators disclosed, compared to the integrated report. Thus, answering the first question of investigation, there seems to be a difference between the information disclosed by the sample companies, belonging to the hotel sector, in relation to the environmental indicators observed.

The absence of harmonization is still a concern of this type of report, perceived not only in the CSR reports, but also in the integrated report. Although all the companies in the sample referring to South Africa report through integrated reporting, and thus use the reporting structure provided by the IIRC, the indicators disclosed differ from each other. The same was possible to observe in companies that adopt CSD reports, although all are required by gri guidelines, their indicators are also different. The differences analyzed can be explained through the two theories by which this theme is based, since the pressure exerted by stakeholders, as well as the image that the company wants to transmit to society, are factors that may be at the origin of the choice of indicators to be disclosed.

This work contributes to the general knowledge on the theme of corporate social responsibility and integrated reporting, specifically for hotel companies located in the USA and South Africa. In addition, this research contributes to the literature in that it relates accounting aspects with the tourism and hospitality sector, since existing studies covering the two themes are still limited. However, it should also be emphasized the scarcity in the literature on integrated reporting in the tourism and hospitality sector, and it can be said that the study in question will leverage the debate surrounding this theme, triggering further studies in this area.

Without a shadow of a doubt, any academic research provides practical added value to the business ecosystem, in the sense that they present reliable and current information on relevant topics, and this study is not an exception. For companies that are in an embryonic phase of the dissemination of non-financial information, where there is no certainty about

the type of report to be adopted, this work will certainly help in this process by presenting the advantages and cons to be considered in this important decision. In this way, entities can simultaneously align their strategic objectives with the satisfaction of the needs of stakeholders, and consequently reap the results from it. On the other hand, hotel companies wishing to adopt and/or improve their sustainable practices may benefit from the contributions presented here, based on the companies studied that disclose the most, as well as the indicators that are currently reporting.

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