

Monitoring the Impacts of Corporate Activities on Environment in Tourism and Communicating Through Corporate Reports



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Abstract Tourism, one of the most important economic activities in the world, is deeply interrelated with the environment. It is dependent on it, but it affects it and changes it constantly. Tourism sector must play an important role in addressing climate change by implementing adaptation and mitigation strategies. Sustainable tourism development is the prerequisite of its present and future development. However, if adaptation and mitigation strategies are implemented, the results have to be measured to catch the difference between the set and achieved goals. Only in such a way, improvements may be made.

Communication with stakeholders is important in addressing challenges of climate change and sector's impacts and endeavor in tackling it. Corporate reports are used as one of the most acceptable means of communication with tourism stakeholders. Although, often considered as a synonym for financial reporting, corporate reports emphasize a much wider field. According to PwC (What is corporate reporting? <http://www.pwc.com/gx/en/audit-services/corporate-reporting/frequently-asked-questions/publications/what-is-corporate-reporting.jhtml>, 2016), corporate reporting includes the following reporting areas: integrated reporting, financial reporting, corporate governance, executives' remuneration, corporate responsibility, and narrative reporting. For the purposes of monitoring the impacts of corporate activities on the environment, corporate (social) responsibility reporting, or sustainability reporting, is the most dynamic and acceptable tool. This segment of reporting has been developing very fast in the past years. There are several initiatives (guidelines) for developing reporting on CSR/sustainability. The most important ones are Global Reporting Initiative (GRI), United Nations Global Compact Communication of Progress (COP), and AccountAbility's AA1000.

At this stage, reporting under the banner of CSR/sustainability is still voluntary. Thus, companies decide on their own whether to prepare and publish reports on this issue or not. The decision to use (or not to use) one of the existing guidelines for reporting is also voluntary. In addition, companies may report on social

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responsibility/sustainability issues without using existing guidelines. They can apply their own standards based on mission, vision, and corporate strategies they implement. Very regularly, they align such reports with the abovementioned.

The aim of this paper is to explore the sensitiveness of corporate actions on the environment in travel and tourism sector. In order to identify the level of information disclosure on environmental issues, corporate reports of companies operating in tourism sector will be the subject of content analysis. Further, the implementation of different (global) initiatives for CSR/sustainability reporting will be explored. The sample will be taken out of the tourism companies operating in Croatia.

Based on obtained result, conclusion on further development of reporting on CSR/sustainability issues will be determined, taking into account the specifics of tourism sector companies.

Keywords Corporate reporting • Sustainable tourism development • Croatia

1 Introduction

Tourism, one of the most important economic activities in the world, is deeply interrelated with the environment. It depends on it, but it also affects and changes it constantly. So, it must play an important role in addressing global climate changes and protecting the environment. Sustainable tourism development is the prerequisite for its present and future development. Being responsible toward the planet's natural resources, as one of the most important stakeholders, should be a philosophy that travel and tourism companies need to follow. Travel and tourism companies are responsible for managing their impact on the environment, society, and the economy. Stakeholders should be involved in the process of sustainable tourism development if the process itself would be successful (Byrd 2007). A stakeholder approach emphasizes active management of the business environment, relationships, and the promotion of shared interests (Perić et al. 2014, p. 274). Carroll (1993) defines stakeholders as those individuals or groups that have influence or may be influenced by the activities, decisions, policies, practices, or goals of a company. Freeman (1984, p. 46) defines stakeholders as those groups or individuals who can affect or are affected by the achievement of the company's objective. Travel and tourism industry, being a highly dynamic industry, brings together a variety of different stakeholders such as local, regional, and national government, travel and tourism companies, independent tourism experts and specialists, destination management organizations, suppliers of products and services needed for the development of tourism experience, tourists, local residents, employees in the travel and tourism industry, tourism planners, etc. They can all be classified as primary stakeholders. But, secondary stakeholders are also within the travel and tourism sphere of influence. They can hardly be distinguished for being strongly interconnected with the main tourism product/service/experience offered. The base

for categorizing shareholders is always a main point of observation. If one refers to the travel and tourism sector in general, the distinction of primary and secondary stakeholders would be much different than if observed for one travel and tourism company (i.e., hotel company operating in the destination) separately. Stakeholders work together in the formation of a tourist-friendly destination concept through a combination of space, activities, and products (Anuar et al. 2012, p. 72). Stakeholders' involvement is the building block of contemporary sustainability approach.

A very important part of CSR is communication with stakeholders. For a more related and transparent communication, companies have different communication channels on their disposal, including newspapers, TV spots, media channels, social media, websites, corporate reports, etc. Corporate reports are often used as a synonym for companies' financial reports. However, corporate reports are much wider. Besides including financial data, they consist of information on corporate governance, executives' remuneration, corporate responsibility, and narrative reporting (PwC 2016). Corporate responsibility reporting is the main tool for communicating with wide range of stakeholders. While preparing CSR reports, companies can use different guidelines like the Global Reporting Initiative (GRI), implement principle-based standards of AccountAbility's AA1000, or take part in the United Nations Global Compact platform. Besides those previously mentioned, companies may prepare stand-alone CSR reports based on their independently selected principles and covering variety of social responsibility areas, always depending which areas have companies selected to be more important and more linked to their core business. Sometimes, even the country regulations and efforts in sustainable development area can influence companies. In addition, alongside the financial and nonfinancial information required by the law, annual reports (financial) may contain CSR information as well.

Due to the importance of the environment for travel and tourism companies, the aim of this paper is twofold:

1. To explore the relative sensitivity of companies toward the environment
2. To explore their acceptance of different communication tools while communicating with interested stakeholders.

Using different communications channels (CSR/sustainability reports, annual reports, web pages, etc.), companies may disclose information about their impact on the environment to all interested stakeholders. Aiming to determine the impact of tourism companies' actions on the environment, information and reports on CSR/sustainability issues were subject to content analysis. The sample comprised of 13 companies with headquarters in Croatian region of Istria. The results have revealed that tourism sector companies are not prone to disclose information on CSR/sustainability issue in stand-alone report, neither as a part of their annual report, so it is difficult to determine their impact on the environment. They prefer to use their web pages in communicating with their stakeholders. Due to the characteristics of travel and tourism sector companies, most of disclosed information are intended to clients and employees, followed by natural environment. At the same time, other stakeholders are mostly neglected.

The paper is organized as following. After literature review, indicating the impact of climate change on tourism and the importance of sustainable development/CSR, research methodology is described. Finally, the results of qualitative research are presented. Conclusions and suggestions are given at the end of the paper.

2 Literature Review

2.1 *Tourism and Climate Change*

Tourism is today one of the most important economic activities in the world. It has numerous positive as well as negative impacts on the environment and the social community it operates in.

Tourism is very closely related to climate change due to the fact that climate defines the length and quality of tourism season, it has a big influence on tourist while choosing their destination, it defines quality of destination's environment, etc. Under the definition of climate change, the Intergovernmental Panel on Climate Change (IPCC) refers to "a change in the state of the climate that can be identified (e.g., using statistical tests) by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer. It refers to any change in climate over time, whether due to natural variability or as a result of human activity."

Warming of the climate system is evident from the observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global average sea level. Changes in the atmospheric concentrations of GHG as a result of human activities are the main drivers of climate change. Global greenhouse gas emissions due to human activities have grown since preindustrial times, with an increase of 70% between 1970 and 2004. The largest growth in GHG emission has come from energy supply, transport and industry, agriculture, and forestry. Tourism contributes to human-induced climate change with 4.95% of global CO₂ emission. Transport generated largest proportion of CO₂ emission from global tourism (UNWTO, UNEP, and WMO 2007, p. 14).

Adaptation and mitigation strategies are to be adopted in order to respond to global climate change. Adaptation is vital and beneficial, and it includes adaptation measures which can reduce the adverse impacts of projected climate change and variability and natural and man-made capital assets, social networks and entitlements, human capital and institutions, technology, etc. There are many adaptation strategies that can be implemented, such as diversification of the tourism offer and attractions, creation of new tourism products for the special interest groups that are becoming stronger on the ever so changing tourism market, etc. Tourism destinations as well as tourism companies tend to use "innovation" and "knowledge" as vehicles for developing new product experiences, targeting niche markets and

upgrading the quality of their services, and improving their competitiveness (Golja et al. 2013, p. 24).

Mitigation strategies include reducing the emission of GHG while improving energy supply and distribution efficiency, using more fuel-efficient vehicles and energy-efficient lighting and more efficient electrical appliances and heating and cooling devices, material recycling and distribution, efficient forest management, implementation of smart hotel rooms system, etc. Energy efficiency and conservation have an important role to play in maintaining a healthy environment, particularly when it comes to air quality and climate issues. All of the tourism stakeholders have to adapt their habits and lifestyles to use the limited resources more wisely.

The above-stated strategies should be an integral part of a strategic approach to tourism development.

2.2 Sustainable Tourism Development and Corporate Social Responsibility

The implementation of the concept of sustainable development in tourism development is vital to the industry's future because it will help ensure thriving, attractive, and welcoming destinations that will draw tourists. Socially and environmentally responsible practice can contribute to maintain a high level of tourist satisfaction and ensure meaningful experience to tourists, raising the awareness about sustainability issues and promoting sustainable tourism practices among them.

The World Tourism Organization defines sustainable tourism as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities" (UNWTO 2015). In line with that, UNWTO strongly encourages the maintenance of cultural integrity, essential ecological processes, biological diversity, and life-support systems. Achieving sustainable tourism includes (UNWTO 2015) offering quality services with optimal use of environmental resources, the protection of biodiversity, and respect of the sociocultural authenticity of host communities. Sustainable tourism should ensure viable, long-term economic and socioeconomic benefits to all stakeholders. Active participation of all tourism stakeholders and a strong governance and ethical leadership are required to meet the long-term sustainability goals at the global level. A good environment requires the collective effort from every sector of an economy.

Sustainable tourism development is a continuous and iterative process that requires constant full monitoring of impacts followed by introduction of all the necessary preventive and/or corrective measures in order to maintain the desired level of beneficial outcomes of tourism development. Considering that, the implementation of the concept of sustainable development into the business practice is a challenge to the whole tourism industry. Here we come to the concept of corporate

social responsibility (or the so-called CSR). CSR is the micro-aspect of sustainable development. In order to be sustainable, every company has to be profitable, but beyond that it has to be morally and ethically responsible toward the employees, environment, society, and the global community. It basically has to be responsible toward the wide spectrum of stakeholders. The European Commission just recently revised its definition of corporate social responsibility stating that CSR is the responsibility of enterprises for their impacts on society that can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity (European Commission Enterprise and Industry 2014).

2.3 Monitoring and Reporting on the Impacts

If wishing to contribute to sustainable tourism development, corporations must be able to measure their impacts on the surrounding environment. Only by measuring their impacts will they be able to efficiently manage their activities, define their corporate strategies, and plan for the future. Social responsibility should be implemented in their core corporate strategies, but above all, they should tend to transform their daily activities into more sustainable ones reaching the goals of placing sustainable tourism products and services on the tourism market. World Business Council for Sustainable Development (2008, pp. 4–5) highlights various benefits arising from measuring impacts on the environment such as (1) improved relationship with the community through transparent communication; (2) improved relationship with governmental bodies to underpin the business license to operate; (3) new opportunities for new partnership with various stakeholders; (4) improved relationship with employees that fosters their satisfaction and loyalty and contributes to greater productivity; (5) protection of market share by building brand, reputation, and consumer loyalty; (6) creation of new business opportunities such as product innovations and similar; and (7) ability to anticipate and adapt to changing societal conditions and needs.

Measuring and subsequent reporting on CSR issues are still developing. The main reasons for that could be identified in the fact that CSR information are mostly nonfinancial, and because of that traditional accounting and reporting system (based on financial information) is not appropriate for collecting and disclosing information on CSR.

However, companies are becoming aware of the importance of CSR and its disclosing. Due to that, an increase in the number of issued stand-alone reports on this issue has been reported (Dhaliwal et al. 2012). These reports can be prepared according to guidelines of some international initiative for reporting on this issue or can be company-specific reports. The most important initiatives for purposes of CSR reporting are the following: Global Reporting Initiative (GRI), United Nations Global Compact Communication of Progress (COP), and AccountAbility's AA1000.

Global Reporting Initiative (GRI) is one of the most popular initiative. According to Tschopp and Nastanski (2014), it represents the most suitable and probable candidate for globally accepted standards for reporting on sustainability and corporate social issues. It represents an organization that promotes sustainable development by defining sustainability reporting framework in a form of guidelines for disclosing (GRI 2016). Until now there have been four versions of GRI guidelines (G1, G2, G3, and G4). Each of the following versions represents the revision of the previous aligned with latest developments in the field. The latest version of GRI guidelines (G4) was released in 2013, with the following aim: “help reporters prepare sustainability reports that matter, contain valuable information about the organization’s most critical sustainability-related issues, and make such sustainability reporting standard practice” (GRI, G4 Sustainability Reporting Guidelines 2013, p. 3). Today, there are more than 18,000 GRI reports all around the world (GRI 2016).

The second initiative for CSR disclose is UN Global Compact. UN Global Compact is “a leadership platform for the development, implementation and disclosure of responsible and sustainable corporate policies and practices” (UN Global Compact 2016). Participants, which could be profit and nonprofit organizations, are required to adapt their operations with ten universally accepted principles in areas of human rights, labor, environment, and anticorruption. It has over 8000 participants from more than 140 countries (UN Global Compact 2016). Annual progress made in implementation of principles should be disclosed in document “Communication on progress” and disclosed on UN Global Compact web page and to stakeholders.

The third initiative for CSR reporting is AccountAbility’s AA1000. AccountAbility’s AA1000 includes a series of standards which represents “the principles-based standards to help organization become more accountable, responsible and sustainable” (AccountAbility 2016). The series of standards include (AccountAbility 2016):

- The AA1000 AccountAbility Principles Standard (a framework for an organization to identify priorities and respond to its sustainability challenges)
- The AA1000 Assurance Standard (a methodology for assurance practitioners to evaluate the nature and extent to which an organization adheres to the principles)
- The AA1000 Stakeholder Engagement Standard (a framework to help organizations ensure stakeholder engagement processes are purpose driven and robust and deliver results).

The AccountAbility’s standards include guidelines to better understand and implement the standards. The concept is based on three principles: inclusivity (people should have a say in the decisions that impact on them), materiality (decision-makers should identify and be clear about the issues that matter), and responsiveness (organizations should be transparent about their actions).

More recently we are witnessing the proliferation of integrated reports. Integrated reports combine financial with CSR reports. The main purpose is to combine reporting on intangible resources with financial reporting.

Despite the existence of available guidelines for reporting on CSR issues, not all companies choose to implement them. They may, and often do, report on CSR issues using their own concept and report information that they consider relevant for company managers and for their stakeholders. The main problem with single company-based reports is the comparison inadequacy.

Sustainability reporting adds value in a number of areas for business companies (GRI 2017a, b): building trust, improving processes and systems, progressing vision and strategy, and reducing compliance costs and competitive advantage.

CSR reporting adds to the company's credibility, enforces its reputation, and keeps employees, clients, and other stakeholders informed of what the company is doing in the field of sustainability. This is of high importance today because people, particularly generation Y and generation Z, like to be informed and like to contribute with purchasing products/services that care for the environment and respect social values.

3 Research Methodology

In an attempt to discover the impacts of corporate activities on the environment in the travel and tourism sector, the research was conducted on a sample that comprised of companies operating in the Croatian region of Istria.

3.1 *Situational Analysis*

With the Croatian accession to the EU (1 July 2013) and more precisely by accepting the EU *acquis*, the process of financial reporting harmonization with the requirement of EU has been completed. It has been a long, challenging, and complex process for the Croatian legislation but also for companies that had to adapt their accounting practices, accordingly.

The process of financial reporting harmonization and standardization has just finished, and there has been no time to deal with the harmonization and standardization of other reporting segments, including CSR reporting. Only one provision of the Croatian Accounting Act can be linked with CSR reporting. Namely, according to provisions of the Croatian Accounting Act, entrepreneurs shall prepare an annual report and a management report containing (among other) nonfinancial information on environmental protection and employees, if this information is important for understanding the development and operating results of the respective entrepreneur and their position (Official Gazette, 109/07, 78/15). Due to multidimensionality of CSR (Carrol 1979), this provision, taking into account only few dimensions of CSR

(environment and employees), cannot be considered complete either aligned with the purpose of CSR reporting.

Additionally, this provision does not obligate companies to disclose on CSR. They still freely decide whether they want to disclose such information or consider it unimportant.

Some European countries like France, Denmark, Sweden, the Netherlands, and Norway require disclosure of CSR reports from certain, mostly listed, companies (Tschopp and Nastanski 2014). These provisions of the law are in line with the European Parliament and the Council directive (2014/95/EU) on disclosure of nonfinancial and diversity information by certain large undertakings and groups. This directive requires certain large companies to disclose in their management report information on policies, risks, and outcomes related to environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues, and diversity in their board of directors (EU Parliament and Council 2014). The directive should be implemented into laws, regulations, and administrative provisions by all member states until 6 December 2016. From 1 January 2017, the directive should come into full force. Up to now, Croatia has not implemented provisions of this directive into its own legislation.

The importance of CSR and its disclosure is expected to grow significantly on the global scale. It is expected that the process of harmonization and standardization of CSR reporting will continue in the future even more intensely not only on the global level but in Croatia as well.

The travel and tourism sector is strongly contributing to Croatia's economy. The share of tourism in Croatian GDP is 18%. Being such a strong sector, tourism must accommodate to current circumstances (global environmental trends) and current and future needs of the traveler. Due to the large number of stakeholders, it is also very important to adequately inform all stakeholders about the relevant information on doing business in a tourism destination.

3.2 Research Design

Istria is the most developed tourist destination in Croatia. With its surface area of 2813 km² (5% of total Croatian area) and population of 208,055 in 2011 (4.9% of total Croatian population), the Istria region achieved 21 mil overnights (31.8% of total Croatian overnights) and 3.4 mil arrivals (26.7% of total Croatian arrivals) in 2015 (Ministry of tourism 2016; Croatian Bureau of Statistics 2016). For being the most important Croatian destination, authors found it relevant to investigate the level of reporting and communication with stakeholders on the sample of tourism companies having their headquarters in Istria.

This focus will be on middle and large companies, since they are more likely to engage in CSR activities (Smith 2013) and report on it. From 108 medium-sized

and large Croatian companies,¹ with their main activity in the sector of accommodation and food service activities (Sector I²), 13 of them have headquarters in Istrian region (Biznet 2016). Two companies were excluded from the sample. One makes part of another company already included in the sample, and the second one has no direct connections with tourism. Additionally, travel agencies, tour operators, and other intermediaries (Sector N79³) were included in the sample. Out of 11 Croatian companies operating in sector N79, 2 of them have headquarters in Istria region. The final sample comprised of 13 companies with headquarters in the Istria region (11 from Sector I and 2 from sector N79). The 13 companies, more precisely, their corporate information and reports, were subject to content analysis in order to determine whether they publicly disclose CSR information, in which form they disclose it, and what kind of information they include.

Different CSR/sustainability databases were searched (GRI database, UN Global Compact database), company websites and other sources of corporate reports (Zagreb Stock Exchange 2016, Croatian Financial Agency 2016). Thus, the research was conducted on three stages:

1. Exploration of CSR/sustainability reporting databases
2. Exploration of stand-alone CSR/sustainability reports and company web pages
3. Exploration of company annual reports.

3.3 Research Results

The first stage of research referred to GRI database and UN Global Compact database check. No reports from Croatian companies operating in tourism/leisure sector were found in the GRI database search (GRI 2016). In the UN Global Compact participants search (UN global Compact 2016), four Croatian companies operating in the Travel & Leisure sector were detected (only one from Istria region). Out of them, only two are considered active participants⁴ (companies from Istrian region were not among them). *Based on results of the first stage of*

¹Company classification by size was made according to the provision of the Croatian Accounting Law in the force for the fiscal year 2014. According to its provision, middle companies are the one which exceed at least two of the following conditions: total employee number of 50, total asset value of 32.5 mil kunas (approx. 4.3 mil EUR), and total annual revenues of 65 mil kunas (approx. 8.6 mil EUR). But they do not exceed two of these conditions: total employee number of 250, total asset of 130 mil kunas (approx. 17.3 mil EUR), and total annual revenues of 260 mil kunas (approx. 34.7 mil EUR). Large companies are the ones that exceed at least two of the conditions for middle companies.

²As defined by National Classification of Activities.

³Op cit.

⁴Active participants of UN Global Compact are companies that regularly (once a year) issue a report on Communication on Progress (COP). Inactive participants are the ones that joined the initiative but do not regularly issue COP.

research, it can be concluded that companies operating in travel and tourism sector with headquarters in Istrian region are either not familiar with existing guidelines for CSR reporting or not interested to follow these guidelines. Despite the two active participants in UN Global Compact, the same conclusion applies for all other Croatian companies operating in tourism sector for not being listed in the database and not publishing reports according to the provided guidelines. The GRI guidelines are available at GRI web pages free of charge, and the latest issue of guidelines (G4) is available on English and 14 different languages, including Croatian.

The second stage of research included the search for CSR stand-alone reports issued by Istrian companies operating in travel and tourism sector. For this purpose, company websites were explored. Based on their website search, no company from the targeted sample discloses stand-alone reports on CSR/sustainability. What can be identified from tourism companies' websites is that their clients are the most important stakeholders for them. The online communication with clients is of high importance for this sector, and because of that, the majority of information provided through their website is mostly directed to the clients. In addition, six companies disclose some information on employees' issues and four companies on natural resources (environment). The employees' issues mostly cover benefits that companies provide to their employees (like education, training, and development). However, some companies go beyond this and disclose information on their academy initiative for their employees, collaboration with educational institutions (i.e., trainings), and the scholarship opportunities they offer to students of catering and hospitality schools. The information on natural resources (environment) refers to the environmental policy, ISO standards companies have been certified with, donations for programs of environmental protection, and the implementation of green recycling program (reduce-reuse-recycle program). *Based on results of the second research stage, it can be concluded that travel and tourism companies are fully aware of customers being one of their most important stakeholders. They are only partially aware of the importance of natural environment for their business and tourism product attractiveness. Very modest information on their engagement in environmental protection can be found. Employees are considered important internal stakeholders for analyzed travel and tourism companies in Istria, but not much information on them is disseminated.* No information on other stakeholders was found on the website.

The third stage of research included the exploration of companies' annual reports. Often companies use their annual reports to disclose information beyond the ones required by the law. The law requires presentation of financial statements and audit report (if company reports are subject to audit). The subjects to the content analysis were annual reports for the year 2014. The majority of companies' reports include only information required by the law, and these are dominantly financial information. The information regarding employees is mostly limited to the cost of their salary and accompanying income tax costs. This information is usually supplemented by the number of employees (seasonal and permanent). One company from the sample reported on the policy of permanent seasonal employment,

while one emphasized their focus on importance of continuous improvement of human resources. The information on environmental protection is very poor and limited. It mostly relates to the information on developing and implementing the energy-efficient projects and greater use of renewable energy source and selection of waste materials. However, one company from the sample stands out for disclosing more concrete information on its CSR activities. CSR activities are disclosed in separate section of their annual report. This section contains information on company CSR activities, including providing more than 1000 overnights in their facilities for children without parental care, children with lower income, and children with health problems or with special needs. In addition, this company has been disclosing information on donations for projects aiming at coastal and sea protection and cultural projects. *Based on overall results of this third stage research, it can be concluded that travel and tourism sector companies do not disclose information on CSR issues in their annual reports. It seems they still have not reached a desired level of sustainability awareness. However, there is an exception which should be standard for all others (company that has its own academy for human resources development, provides help to the most needed members of society, actively engaged in protection of the natural environment, supports cultural activities in the society, and publicly discloses on the performed activities).*

The summarized results of all three stages of research are summarized in Table 1.

Table 1 Summarized results of content analysis

Company	CSR databases		Stand-alone CSR report ^a	Web pages	Annual reports
	GRI	UN Global Compact			
1	–	–	–	+	+
2	–	–	–	+	–
3	–	–	–	–/+	–
4	–	–	–	+	–
5	–	–	–	+	–/+
6	–	–	–	–	–
7	–	–	–	–/+	–
8	–	–	–	–	–/+
9	–	–	–	–	–
10	–	–	–	–	–/+
11	–	–	–	–	–
12	–	–	–	–	–/+
13	–	–	–	–	–

Source: Authors' research

^aStand-alone CSR reports not prepared using GRI guidelines or as a result of participating in UN Global Compact platform

Based on Table 1, it can be summarized that companies operating in tourism sector are not aware of benefits that CSR reporting can result with. The most commonly used channels for corporate communication are websites, followed by annual reports.

4 Conclusions

The main purpose of the research was to investigate the companies' sensitiveness toward the environment and their level of communication with various stakeholders. Although aware of the main limitations of the research—sample size—authors conclude that the communication process is still evolving and much of the stakeholders have still not been recognized as important for travel and tourism companies to thrive and develop their business model based on the main sustainability principles. Natural resources, upon which company's products/services and their attractiveness rely on, are very rarely considered important in communication with stakeholders. Companies' initiatives in protection of the natural resources and environment cannot be precisely argued due to the lack of important information on such initiatives. Authors strongly believe that some of the analyzed companies apply certain ecological initiatives in their ordinary business practices, but they hardly mention them while communicating with interested stakeholders. For instance, although the Republic of Croatia has been strongly focusing on supporting projects that value cultural heritage, energy efficiency, development of ecological tourism products for the special interest tourism market, and investments in renewable energy, none of these initiatives are mentioned either online, on their website (most commonly used media for communicating with interested stakeholders), or within reports they publish. This conclusion may have several implications: (1) companies do not foster sustainable environmental development; (2) companies do not strongly believe that investments in ecological efficiency make their products/services more attractive on the ever so challenging tourism market; (3) companies have little intentions to innovate in innovative products/services that will likely be very competitive on the tourism market in the future and most probably much strongly accepted by the new generation of travelers; and (4) companies find such investments expensive and are not willing to put extra profits for environmentally responsible behavior.

Companies miss to communicate their initiatives in the local community, like philanthropic activities (such as volunteering or donations). They are not reporting stories of their ordinary business practices within the local community. Although the global community of sustainable businesses and socially responsible companies is growing and thus it is putting pressure on companies to communicate much frequently on their sustainability issues, Croatian companies are still far behind the global trend. There is much to be improved. They have still not realized the importance of managing stakeholders successfully. Managing stakeholders is the only way of managing successful businesses today. Managing stakeholders requires

transparent and responsive communication. Clients are demanding more. Investors are more focused on environmental, social, and governance performance of a company. The local community is expecting stronger involvement of the companies in their development. Investing in employees is the only way a company can pursue quality and excellence. Future generations of travelers will be looking for higher-quality products and services and will be ready to pay extra for socially responsible products/services in tourism. Only destinations that will effectively manage their stakeholders will be able to compete on the global scale.

Thus, research should be expanded to all Croatian middle and large companies operating in the tourism sector. This would contribute to the generalizability of obtained research.

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