Sustainable development and stakeholder relations management: Exploring sustainability reporting in the hospitality industry from a SD-SRM approach

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ABSTRACT

This paper explores the sustainability reporting of 170 hospitality companies from a SD-SRM approach. The purpose of the study is to ascertain the information that companies disclose in accordance with the sustainable development (SD) and the stakeholder relations management (SRM) theories and to identify the areas for improvement in the management and reporting practices of sustainability in the hospitality industry. The authors use the content analysis method to identify and describe the sustainability reporting of hotel chains and independently managed hotels in Spain. The findings show that the sustainability information reported by hospitality companies currently meets the basic principles of a SD-SRM approach. Nonetheless, the authors also identify areas for improvement, such as the orientation of the reporting to suppliers or the more equilibrated distribution of information among all corporate stakeholders. Based on these findings, the authors consider that the integration of information following the SD-SRM approach described in this paper could facilitate a better compliance of hospitality companies with the principles of the SD and SRM theories.

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1. Introduction

Tourism is one of the main service industries worldwide. Roughly speaking, it generates $2 trillion and provides employment for 15% of the world's economically active population annually (Martínez et al., 2013). Thus, if used responsibly, tourism can be a force for positive growth and economic success (Dodds and Kuehnel, 2010). It has the capacity to create employment, generate opportunities in many areas where other economic activities may not exist, bring earnings and foreign exchange, provide civil infrastructure, help preserve the local environment, and provide wellbeing to the local community. However, if used irresponsibly, tourism can also be a source for leakage, low fares and seasonal employment, instability and low job status, environmental degradation, displacement of local people, inflation, and the dilution of culture (Agarwal, 2002). In this context, sustainability has gained momentum in the tourism industry, where companies must play a role in the exercise of good governance practices (Martínez et al., 2013).

Sustainability in the tourism industry has been defined from two theoretical approaches. Firstly, some scholars consider that the sustainable development theory (van Marrewijk, 2003; Panwar et al., 2006) provides the most suitable approach to the study of sustainability in tourism industries (Martínez et al., 2013). Under the light of this perspective, sustainability is reinforced as a multidimensional construct that equally emphasises the economic, social, and environmental duties of companies (Panwar et al., 2006). These three dimensions refer to the triple-bottom line of the company. The economic dimension is based on ensuring viable economic activities in the long term so that all stakeholders receive appropriately distributed socioeconomic benefits (Dyllick and Hockerts, 2002). The social dimension refers to a respect for the cultural authenticity of host communities, the preservation of their architectural and living cultural assets and traditional values, and a contribution to intercultural understanding and tolerance (Dyllick and Hockerts, 2002). The environmental dimension refers to the optimal use of environmental resources, which is an essential element of tourism development, protecting essential ecological processes, and helping to conserve natural resources and biodiversity (Dyllick and Hockerts, 2002). Secondly, scholars aligning with the stakeholder relations management theory (stakeholder theory) (Freeman, 1984) consider that emphasising pro-social (economic, social, or environmental) deeds will do little to enhance

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corporate reputation for sustainability if the company is simultaneously perceived to be harming other individuals or stakeholders, or even deceiving the public about such matters (Steurer et al., 2005). Thus, the stakeholder theory defends that sustainability should be evaluated on the basis of those stakeholders who benefit the most from pro-social initiatives because they are the target audiences of each corporate behaviour.

The ideas of sustainable development and stakeholder theories have been combined in numerous definitions of sustainability in the business and academic spheres. For example, the European Commission (2001) defines sustainability as a concept designed to help companies integrate social and ecological concerns into their corporate activities and relationships with stakeholders. Along this line, the World Bank (2004) defines it as the commitment of businesses to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve the quality of life in ways that are good for business and good for development. From an academic perspective, Dahlsrud (2008) provides a review of 37 definitions of corporate social responsibility and sustainability that support the relevance of sustainable development and stakeholder approaches. For example, van Marrewijk (2003) defines sustainability as all company activities demonstrating the inclusion of social and environmental concerns in business operations, and in interactions with stakeholders, also according to the ambition levels of corporate sustainability. Similarly, Dyllick and Hockerts (2002) consider that sustainability is about meeting the needs of a company's direct and indirect stakeholders (such as shareholders, employees, customers, pressure groups, and communities) without compromising its ability to meet the needs of future stakeholders as well. Towards this goal, companies have to maintain and grow their economic, social, and environmental capital base while actively contributing to sustainability in the political domain (Dyllick and Hockerts, 2002). Hopkins (2003) also suggests that sustainability is concerned with treating the stakeholders of the company ethically or in a responsible manner. Ethicality and responsibility mean treating stakeholders in a manner deemed acceptable in civilised societies. According to this definition, this scholar considers that the wider aim of sustainability is to create higher and higher standards of living while preserving the profitability of the company for people both within and outside the company (Hopkins, 2003). Overall, Dahlsrud (2008) gets to the conclusion that the existing definitions of sustainability are to a large degree congruent, and so there should be no confusion in the understanding of this concept (Dahlsrud, 2008).

Nonetheless, and in spite of the general consensus that sustainable development and stakeholders are closely interconnected, when exploring the links of both approaches from an academic perspective, scholars have tended to limit their contributions to the proposition of these comprehensive definitions of sustainability (Dodds and Kuehnel, 2010; Holcomb et al., 2007; Jones et al., 2005; Konrad et al., 2006; Steurer et al., 2005). However, they have not gone any deeper to clarify how the integration of sustainable development and stakeholder relations management can be (or is being) implemented in companies. For example, Jones et al. (2005) subscribe to the comprehensive definitions provided by the European Commission (2001) and the World Bank (2004). However, when describing the online sustainability reporting of UK retailers, these authors base their reasearch on four principal headings that merely align with the stakeholder theory. These headings are named "environment", "marketplace", "workplace", and "community" (Jones et al., 2005). These sustainability categories include sustainable development issues such as environmental concerns (e.g., energy consumption and emissions, raw material usage, water consumption, etc.) or social concerns (e.g., charitable contributions to local and national organisations, etc.),

but nowhere in their paper do the scholars describe how stakeholder management can normatively or instrumentally (Steurer et al., 2005) assist companies in the promotion of sustainable development. Similarly, Holcomb et al. (2007) implement a content analysis of online information to describe the sustainability reporting of international hospitality companies. These scholars present a framework of five sustainability dimensions named "community", "environment", "marketplace", "vision and values", and "workforce" (Holcomb et al., 2007). Following the proposal of Jones et al. (2005), these dimensions also encompass sustainable development concerns such as "charitable donations", "community welfare", "corporate giving", "cultural heritage", and "energy management", among others. Nonetheless, these scholars do not classify the sustainable development issues into the dimensions of the triple-bottom line, and the sustainability structure they propose leads to the same questions that previous studies have failed to answer: how far can sustainable development be achieved through stakeholder management, and how do both approaches relate to each other? Thus, the lack of an integrative approach to the study of sustainability management in companies has always complicated understanding and gauging the degree of sustainability compliance in the business world (Steurer et al., 2005). New research is needed along this line.

Based on these ideas, the aim of the authors in this paper is to present a theoretical framework that integrates the two major approaches that have been used in the academic literature to study sustainability in companies: sustainable development and stakeholder relations management. This new framework, named the SD-SRM approach, allows scholars and practitioners to more easily evaluate the achievement of the various objectives linked to sustainability in the business arena in terms of sustainable development and stakeholder management goals. The theoretical framework for the study of sustainability is also applied to the empirical analysis of the reporting practices of two samples of hospitality companies. The empirical study allows the authors to identify areas of significant improvement in the performance and communication of sustainability in the hospitality industry.

The remainder of the paper is structured as follows. First, the authors review the sustainable development and stakeholder theories to propose the integrative framework suggested for the study of sustainability in the hospitality industry. Furthermore, the authors describe the method they apply to study the reporting practices of hospitality companies based on this theoretical framework. The authors then discuss the results of the paper. Finally, they present their conclusions and discuss the managerial implications, limitations, and future lines of research derived from the study.

2. Sustainable development and stakeholders: the SD-SRM approach applied to the hospitality industry

2.1. Sustainable development

In mid-1980s sustainable development (SD) became a prominent concept known both in academic and professional circles. The UN Report "Our Common Future" defines SD as the development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations. It first referred to issues strictly related to the environment, but in the course of the 1990s the scope of SD was broadened and deepened to also include social and economic issues (Dyllick and Hockerts, 2002). Thus, today SD is a well-known societal guiding model that asks for the integration of economic, social, and environmental issues in all societal spheres and levels in the short- and long-term (Steurer et al., 2005). Nonetheless, some scholars, such as Castro (2004), have criticised different implications of this