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 (Martinez 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...
corporate reputation for sustainability if the company is simulta-
nuously 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 bene-
fit 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 per-
spective, Dahlstrud (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 envi-
ronmental concerns in business operations, and in interactions
with stakeholders, also according to the ambition levels of corpo-
rate sustainability. Similarly, Dylick and Hockerts (2002) consider
that sustainability is about meeting the needs of a company’s direct
and indirect stakeholders (such as shareholders, employees, cus-
tomers, 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 contribut-
ing to sustainability in the political domain (Dylick 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 peo-
ple both within and outside the company (Hopkins, 2003). Overall,
Dahlstrud (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 (Dahlstrud,
2008).

Nonetheless, and in spite of the general consensus that sus-
tainable 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 sustaina-
bility (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 pro-
vided by the European Commission (2001) and the World Bank
(2004). However, when describing the online sustainability repor-
ting of UK retailers, these authors base their research on four
principal headings that merely align with the stakeholder theory.
These headings are named “environment”, “marketplace”, “work-
place”, and “community” (Jones et al., 2005). These sustainability
categories include sustainable development issues such as envi-
ronmental 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 stake-
holder management can normatively or instrumentally (Steurer
et al., 2005) assist companies in the promotion of sustainable de-
development. Similarly, Holcomb et al. (2007) implement a content
analysis of online information to describe the sustainability repor-
ting of international hospitality companies. These scholars present
a framework of five sustainability dimensions named “community”,
“environment”, “marketplace”, “vision and values”, and “work-
force” (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 stake-
holder 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 theo-
ries 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, limita-
tions, 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 promi-
cent 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 aspira-
tions. 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 (Dylick
and Hockerts, 2002). Thus, today SD is a well-known societal guiding
model that asks for the integration of economic, social, and envi-
ronmental 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
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