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SUSTAINABILITY REPORTING: THE CASE OF MELIÁ

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ABSTRACT:

Students seldom contemplate the importance of sustainability in family businesses. Indeed, the economic dimension of sustainability using performance statements remains a neglected field of study. The case of a Spain family firm in the tourism sector, Meliá Hotels International, is used to introduce students to sustainability analyses through the study of the company's sustainability information. This provides instructors with an opportunity to discuss the actual financial state of the company and how to improve some indicators, as well as to present an overview of the long term sustainability of a family business.

A qualitative methodology is used based on the documental analysis of sustainability reporting and information collected from the company's website and the media.

This case can be used in management and accounting classes at both the bachelor and master levels. It is an important topic for users of financial information, entrepreneurs and other stakeholders concerned with these issues.

RESUMEN:

Estudiantes comprenden la importancia de la sostenibilidad en las familias de negocios. La economía de escala de la sostenibilidad utilizando las declaraciones de rendimiento restan el campo de estudio de campo. El hotel se encuentra en el sector turístico, Meliá Hotels International, se utiliza para introducir a los estudiantes a la perspectiva de los análisis a través del estudio de la información de la compañía de información. Esto proporciona instrucciones con una oportunidad para discutir el estado actual del estado de la compañía y cómo mejorar algunos indicadores, así como presentar una visión general del largo plazo de la familia de negocios. La metodología utilizada se utiliza en el análisis documental de la información y los informes de seguridad de la compañía del sitio web y los medios de comunicación. Esta casilla se puede utilizar en las clases de administración y de contabilidad en ambos niveles de bachillerato y niveles. Se trata de un tema importante para los usuarios de información financiera, los empresarios y otros grupos interesados en estos problemas.

1. INTRODUCTION

The relevance of disclosure both economic, environmental and social information by companies has increased in the last few years. Through sustainability reporting, companies can express and communicate for stakeholders their strategy, specially referring to their environmental, social and governance practices (Ioannou & Serafeim 2014).

One of the issues in disseminating the sustainable development practices of organizations is the need to share concepts, metrics and a coherent language. According to the Global

Reporting Initiative Guidelines (GRI, 2006), preparing sustainability reports is the practice of measuring, disclosing and reporting to internal and external stakeholders on organizational performance for sustainable development.

The reports presented on the basis of these guidelines constitute a reference, demonstration and benchmarking standard across companies. In particular, sustainability reports fall into three key dimensions, which provide information about the management of each organization and its impacts on: (i) Economic Performance: economic conditions of stakeholders at local and global level, enhancing the flow of capital and the main economic impacts of the organization on society; (ii) Environmental Performance: the company's impact on living and non-living natural systems (ecosystems, land, air and water), reporting the consumption of materials, energy and water and the production and emission of waste; (iii) Social Performance: impact of the organization on the social environment, referring to labor practices, human rights, society and product responsibility.

We conducted this case study in the company from the tourism industry due to their relevance and growth in the worldwide economy. Tourism has a truly strategic importance for the Spain economy by virtue of its capacity to create wealth and employment. It is a sector in which we have clear competitive advantages as happens with few others.

This case-study presents the case of Meliá Hotels International. Meliá Hotels International S.A. (until 2011 Sol Meliá) is a hotel company based in Palma de Mallorca (Balearic Islands, Spain). It was founded in 1956 by Gabriel Escarrer Julià, who remains in the position of president. Gabriel Escarrer Jaume holds the position of vice president and chief executive officer.

The aims of this paper were achieved through the use of an instructional case study methodology, to present a case study prepared to use in the management and accounting classrooms to discuss topics such as, sustainability in tourism sector.

In our perspective is important define the learning outcomes of the case study. The learning outcomes considered as statements of what a learner is expected to know, understand and/or be able to demonstrate after completion of a process of learning. So at the end of this case students will be able to:

- Understand the sustainability concept overall e importance of the sustainability to the tourism business.
- Analyse a corporate social responsibility report and related with concepts of Sustainability and Innovation.
- Understand the structure of corporate social responsibility report related by GRI Index.
- Identify and evaluate the problems in the economic, environmental and social performance of Meliá.
- Discuss the improvement in the economic, environmental and social performance of Meliá.

A qualitative methodology is used based on the documental analysis of sustainability reporting according to GRI and information collected from the company's website and the media. This provides instructors with an opportunity to discuss the actual financial state of

the company and how to improve some indicators, as well as to present an overview of the long term sustainability of a family business.

Following this brief introduction, the first section presents the overview of company, sustainability policy and sustainability reporting. The next section present the questions on sustainability based on Meliá's sustainability reporting. Finally, the case-study concludes with a brief discussion on certain policy initiatives that can stimulate the sustainability policy and the entrepreneurial development of the Meliá business.

2. CASE DEVELOPMENT:

OVERVIEW OF COMPANY

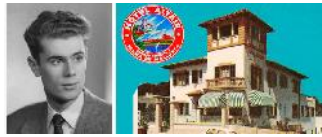
Founded in 1956 in Palma de Mallorca (Spain), Meliá Hotels International is one of the largest hotel companies in the world, as well as the absolute leader in Spain. It currently has more than 370 hotels distributed in 43 countries on 4 continents, which are operated under the brands Gran Meliá Hotels & Resorts, Paradisus Resorts, ME by Meliá, Meliá Hotels & Resorts, Ininside by Meliá, Sol Hotels & Resorts and TRYP by Wyndham. Club Meliá, the only vacation club among Spanish hotels, complements the company's offer of products and services.

Throughout its history, Meliá Hotels International has been involved in different processes of merger and / or acquisition of hotel chains that have allowed it to grow at a dizzying pace. This evolution and the strategic focus on international expansion have enabled the company to position itself today as the leading Spanish hotelier with presence in key markets such as China, the Middle East or the United States, in addition to maintaining its leadership in traditional markets such as Europe, Latin America or the Caribbean.

In 1996, she was the first Spanish hotelier to go public, with the consequent demand for transparency, control and social responsibility. Since then, its focus on maintaining a solid financial situation is reflected in the high loyalty of its partners and investors.

The hotelier is also a benchmark for Sustainability and Social Responsibility in the Spanish tourism sector. With its Global Sustainability Policy, it formalizes its commitment to the environment, cultural and social integration and sustainable and responsible growth. Meliá Hotels International is thus one of the top 100 companies included in the Carbon Disclosure Project (CDP) index, as well as being the first integrated company in the index responsible for the Spanish stock market FTSE4Good, and is a signatory of the United Nations Global Compact. It also maintains a strategic alliance with UNICEF for the protection of children, which has become its priority in the social sphere, and with various organizations and platforms in defense of the integration and employability of young people.

Figure 1. Founder Gabriel Escarrer Julià



SUSTAINABILITY POLICY

At Meliá Hotels International we seek the integration of the values and principles associated with sustainable development in our business processes and in the relationship with all our stakeholders. The group believe that sustainability is the key element that will allow tourism to continue to be the driving force of the economy in so many countries.

Tourism is a sector that is particularly sensitive to the environment in which it is developed. Climatic and extreme weather phenomena such as hurricanes and floods, droughts or lack of snow, affect the development of tourism activity. The loss of the cultural identity of a destination can lead to the reduction of its tourist attractiveness when the uniqueness that makes it unique disappears. In addition, the existence of pockets of poverty in communities where Meliá are present is a reality. The group try to improve these situations is an obligation that we must meet, in front of employees, customers and society.

Sustainability at Meliá Hotels International is conceived as a backbone of the business that, of course, is transferred to our hotels through the different brands under which we operate. Thus, each of our brands, in addition to carrying out a responsible management from a social, environmental and cultural perspective, stand out for promoting certain sustainable attributes, making them a differentiating element.

According to the sustainable approach of Meliá, they aims to create long-term value for the company by developing its activity with respect for the environment, local communities and cultures, employees and customers. Meliá Group, referred that incorporate economical, social and environmental pillars in their policies. The sustainability policies of the group could be arranged according to the four dimensions, as we can see in Table 2.

Table 2. Sustainability policies

Stakeholders	Policies
Clients	Offer our guests their best personalized accommodation experiences, exceeding their expectations with the excellence of our best services.
Society	Actively seek ways to generate prosperity and sustainable development in the communities where we are present, respecting and fostering their culture, traditions and values, with special attention to children and the most vulnerable groups.
Environment	Contribute to preserve the environmental and landscape environment, ensuring the impact of our activities and

	promoting awareness of sustainability in all our stakeholders.
Collaborators	Offer the best opportunities for professional development, from the stability of a family business and the strength of a great international leader, who knows how to equitably recognize commitment, talent and achievements.
Shareholders and investors	Manage the Company with criteria of transparency, rigor and good governance, to achieve profitability and increase in value in the medium and long term.
Owners and partners	Offer the best comprehensive services to make your investment profitable, managing with professionalism, seriousness and the confidence of a great brand of international prestige.

SUSTAINABILITY REPORTING

Meliá's CSR report discusses its sustainability goals, activities, and progress along three dimensions—people, planet, and profits representing Meliá's social, environmental, and fiscal commitments, respectively. Meliá considers the Global Reporting Initiative (GRI)—G4—sustainability reporting guidelines in preparing its CSR report.

The sustainable report are founded on two objectives: profitability and development of the business in the long term, attending to the conservation of natural resources and local heritage with a positive impact on the local community. This two objectives are linked with the landscape, identity and local culture. These factors are crucial to nowadays consumers and nowadays tourism business can not become rentable and sustainable without it.

Sustainability reports, based on the GRI Guidelines (2006), fall into three key dimensions, which provide information about the management of each organization and its impacts on economic performance, environmental performance, and social performance.

Each of the dimensions or performance level of the GRI guidelines is divided into different aspects of business life, which include essential or additional indicators, according to their relevance. In addition to the three dimensions mentioned above there are also indicators of the sector supplement. These indicators, which are considered essential for a given sector, result from specific needs, such as the financial sector, and serve as a complement to the general indicators. Annex 1 presents the essential and additional classification of each indicator according to the GRI guidelines.

3. QUESTIONS FOR DISCUSSION:

Assume you are principal shareholder of the Meliá Group and you are concern about sustainability of Meliá. You need to interpret the information in the sustainability report to prepare your future investments. Prepare responses for the following requirements. The sustainability reporting of Meliá Group is available in: <http://database.globalreporting.org/organizations/7232/>

1. Discuss in the classroom the sentence “Firms always been conscious of sustainability, but it is now a more integral part of the business”. Discuss the question attending to the importance of this strategic concept to the profitability of the business in the long term. Also considering sustainability as a comparative advantage to the businesses in tourism sector.
2. What is corporate social responsibility (CSR) reporting? Why do companies provide CSR reports?
3. Analyze overall of sustainability policies of Meliá. Highlight the main sustainability and innovation policies of the Meliá.
4. Looking for the structure of corporate social responsibility report related by GRI Index (Annex 1). Does the structure of the Meliá sustainability report correspond to the structure of the GRI?
5. Identify and evaluate the problems in the social performance of Meliá, taking into account the questions about social performance in Table 1.
6. Discuss the improvement in the economic, environmental and social performance of Pestana Group.

4. CONCLUSIONS:

This research discuss the relevance of use a case study methodology to teach management and accounting courses. And also provide an example of a case study suitable to be applied and developed in management and accounting classes.

The case also encourages students to critically reflect on the disclosure of information on sustainability reporting. In addition, through the active process of analyzing the disclosed information, students learn to formulate hands-on recommendations for improvement. Overall, the Pestana Group instructional case is a challenging case that provides a comprehensive assessment of sustainability activities. Based on student feedback, the case meets the stated learning objectives and is recommended for future use.

REFERENCES

Global Reporting Initiative. (2006). Diretrizes para Relatório de Sustentabilidade, São Paulo, acessível em <http://www.globalreporting.org/Home> a 27/07/2017.

Ioannou, I., & Serafeim, G. (2014). The Consequences of Mandatory Corporate Sustainability Reporting. Working paper, Harvard Business School.

Annex 1 – GRI Guidelines framework

Corporate Social Responsibility indicators
ECONOMIC
Economic value

Identification of financial implications and other risks and opportunities for the organization's activities due to climate change
Coverage of the defined benefit pension plan obligations that the organization offers
Reference to significant financial assistance received from government
Procedures for local hiring and proportion of senior management recruited from the local community
Development and impact of investments in infrastructure and services offered, mainly for public benefit, through commercial commitment
Identification and description of significant indirect economic impacts, including extent of impacts
ENVIRONMENTAL
Identification of the type of materials used by weight or volume
Indication of the percentage of materials used from recycling
Indication of direct energy consumption by primary sources
Indication of indirect energy consumption by primary sources
Identification of energy saved due to conservation and efficiency improvements
Reference to initiatives to provide products and services based on energy efficiency and renewable energy, and reductions in consumption as a result of these initiatives
Description of the main impacts on biodiversity in terrestrial, water or marine environments
Presentation of habitats protected or restored by the company
Presentation of strategies, measures in force and future plans for managing impacts on biodiversity
Indication of total weight of waste, by type and method of disposal
Identification of no significant spillage
Presentation of initiatives to mitigate the environmental impacts of products and services and the extension of the reduction of these impacts
Total expenditures and investments in environmental protection, by type
SOCIAL
SOCIAL: LABOR PRACTICES
Indication of total workers by type of employment, employment contract and region
Presentation of the total number and turnover rate of employees, by age group, gender and region
Description of corporate governance group and description of employees by category, gender, age, minorities
Indication of the proportion of basic salary between men and women by functional category
SOCIAL: HUMAN RIGHTS
Indication of the percentage of significant investment contracts that include clauses referring to human rights policies
Indication of the percentage of suppliers submitted to human rights assessments and measures taken
Description of the freedom of association policy and its degree of application
Exposure of policies excluding child labor
Description of policies to prevent forced labor and slavery
Indication of the percentage of security personnel trained in human rights policies
Indication of the total number of cases of violation of indigenous peoples' rights and policies taken
SOCIAL: SOCIETY
Presentation of the nature and effectiveness of programs that evaluate operations in the community
Indication of percentage and total number of business units submitted to risk assessments related to corruption
Indication of the percentage of employees trained in anti-corruption policies and procedures
Identification of non-existence of corruption cases and prevention measures
Identification of the position regarding public policies and participation in the elaboration of public policies and lobbies
Identification of non-financial and in-kind contributions to political parties and similar institutions
Indication of non-existence of lawsuits for unfair competition, trust and monopoly practices and their results
Indication of non-existence of significant fines and total number of non-monetary sanctions resulting from non-compliance with laws and regulations
SOCIAL: PRODUCT LIABILITY
Representation of the life cycle phases of products / services in which health and safety impacts are evaluated with a view to
Representation of the life cycle phases of products / services in which health and safety impacts are evaluated with a view to
Presentation of the type of product / service information required on the labels and percentage of products / services that require such labeling

Indication of non-existence of cases of non-compliance with label regulations
Identification of practices related to consumer satisfaction, including results of research or studies
Presentation of programs for adherence to laws, standards and voluntary codes related to communication and marketing
Indication of non-existence of non-compliance with advertising and marketing regulations