

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:

Los estudiantes son conscientes de la importancia de la sostenibilidad en las empresas familiares. No obstante, la dimensión económica de la sostenibilidad usando declaraciones de rendimiento sigue siendo un campo de estudio con carencias. Se utiliza el caso de la empresa familiar española del sector turístico Meliá Hotels International para introducir a los estudiantes en el análisis de la sostenibilidad a través del estudio de la información sobre sostenibilidad de la compañía. Esto proporciona a los profesores una oportunidad para debatir sobre la actual situación financiera de la empresa y cómo mejorar algunos indicadores, así como mostrar una visión general de la sostenibilidad a largo plazo de una empresa familiar.

La metodología utilizada es cualitativa, basada en el análisis documental del informe de sostenibilidad e información de la página web de la empresa y de los medios de comunicación.

El caso puede ser utilizado en clases de gestión y contabilidad tanto a nivel de bachiller como de máster. Es un tema importante para los usuarios de información financiera, empresarios y otros grupos de interés interesados en este tipo de 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 labour 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 presents 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

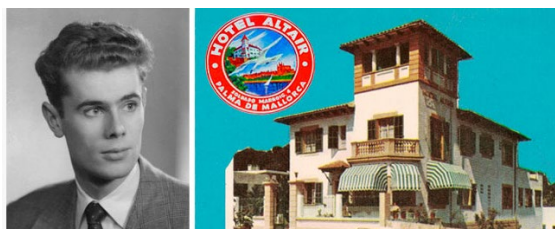
2.1. Overview of the company

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, Inside 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. The founder of Meliá Hotels International, Gabriel Escarrer Julià



Source: <http://www.melia.com/>

2.2. Sustainability police

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 aim 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 economic, 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 1.

Table 1. Sustainability policies of Meliá Hotels International

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 profesional 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.

Source: <http://www.melia.com/>

2.3. 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 sustainability report is 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. These two objectives are linked with the landscape, identity and local culture. These factors are crucial to nowadays consumers and nowadays tourism business cannot 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/>.

Question 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.*

Defining and implementing a sustainability strategy is a challenge for all business organizations. Developing this area involves dialogue with various departments of the company, defining priority areas, identifying indicators and goals for the future. It is therefore essential that companies acquire knowledge and share experiences in order to continue their journey on sustainability issues.

It is important to bear in mind that sustainability is based on three pillars: social, economic and environmental, so promoting environmental education, improving the living and working conditions of employees and not forgetting its target audience, its suppliers and society in general, is the challenge.

All supply (products or services) must be established in a fair competitive relationship with competitors.

Perhaps it has not always been so, because the notion of sustainability and all the problems associated with it is something relatively recent in our day. However, this awareness has emerged and is nowadays inseparable from any company, especially those linked to the tourism sector.

The progression of the environmental problems generated by the disorderly economic growth in the last decades, leads the consumers are increasingly aware of the importance of the defense of the environment and look for products and services of sustainable companies. This is an added value for these companies through practices that contribute to the improvement of the company's image among consumers and the general public, enabling an increase in turnover.

These practices may include the use of systems for the treatment, saving and reuse of water and energy; adequate recycling of solid waste; reuse of leftover raw materials and avoiding food waste. Fundamental, full respect for environmental laws.

Question 2. *What is corporate social responsibility (CSR) reporting? Why do companies provide CSR reports?*

The social responsibility report is a document of great importance for the company that intend to maintain in an increasingly competitive and global market. It represents a commitment based on transparency and business ethics, which highlights the demonstration of the actions and strategies carried out by the company during a certain period of time. It highlights both the rigor and efficiency of practices developed in social, environmental and economic fields. In the background it measures the social responsibility of the company in that period of time, being possible to highlight the ethical position of the company in terms of environmental preservation and respect for the surrounding society to have quality goods, services and products in addition to promoting social welfare.

Companies publish this Report when they understand that it is a strategy capable of increasing and enhancing their development and, consequently, their profits. It results from consumer awareness and the consequent demand for products, goods and services based on environmentally friendly practices and the surrounding society. It binds itself to citizenship and business aspects and is elected as an entity of the company.

Question 3. *Analyze overall of sustainability policies of Meliá. Highlight the main sustainability and innovation policies of the Meliá.*

There is no quick and easy path to sustainability. This transition requires a collective effort at the level of business decision makers as well as employees, since the complexity of decision-making structures equally reflects the complexity of the surrounding environment from the local to the global level.

The most important note at Meliá Hotels International is to consider sustainability as a backbone of the business that develops and simultaneously convey that concept in the relationship to its stakeholders.

In this way, the associated brands carry out socially, environmentally and culturally responsible management and are evidenced by promoting certain sustainable attributes, which elects them as a differentiating element.

Of the range of sustainability policies, it is important to highlight prosperity and sustainable development in the communities where Meliá Hotels International is present, respecting and fostering its culture, traditions and values, with special attention to children and the most vulnerable groups.

The preservation of the environmental and landscape environment, in view of the set of activities developed in parallel with the stakeholders.

The attention that is given and given to its employees, by offering the best opportunities for professional development.

To manage the Company with criteria of transparency, rigor and good governance, to achieve profitability and increase value in the medium and long term, and finally to look at customers, partners and owners by offering the best services, monetizing their investment, managing with professionalism, seriousness and trust of a great brand of international prestige.

Question 4. *Looking for the structure of corporate social responsibility report related by GRI Index (Table 2). Does the structure of the Meliá sustainability report correspond to the structure of the GRI?*

It should be noted that the Group considers and believes that sustainability is the key element that will enable tourism to remain the driving force of the economy in so many countries.

In this line of action, the entire structure of the sustainability report is in perfect alignment with the sustainability strategy developed by the Group and in accordance with the objectives defined by the decision-makers and integrates with established sustainability practices.

It respects in particular the environmental, social and economic criteria.

Question 5. *Identify and evaluate the problems in the social performance of Meliá, taking into account the questions about social performance in Table 1.*

In addition to responsible management from a social, environmental and cultural point of view, the Meliá Group stands out for promoting certain sustainable attributes, making them a differentiating element.

The Group, by incorporating into its policies the social vector, seeks to avoid loss of cultural identity in order to maintain tourist attractiveness when the singularity that makes it unique disappears. Also in the area of poverty pockets in the communities where Meliá is present, the group tries to improve these situations and it is understood that it is an obligation to fulfill, before employees, clients and society.

But this requires planning to be able to respond to needs in a cross-cutting way by creating and implementing projects in areas such as culture, education and entrepreneurship, health and sport, environmental awareness, science and innovation, and solidarity Social. Within this set of possible shortcomings, it is then necessary to establish priorities and dialogue with both the local populations and the competent authorities in order to establish and determine investment priorities.

It is therefore necessary to maintain a sense of active social responsibility and to seek to contribute to the development and improvement of the communities where the Group operates. With this in mind, the social responsibility program to be established internally, may involve aggregating the different initiatives to support the community, as well as internal volunteer actions.

Question 6. *Discuss the improvement in the economic, environmental and social performance of Meliá Hotels International.*

The goal of sustainable development is "to meet the needs of the present without compromising the ability of future generations to meet their own needs." As a key force in society, organizations such as the Meliá Group, for its greatness, have an important role to play in this matter, as in this era of unprecedented economic growth, contributing to the three pillars of sustainability (social, environmental and economic) has become more than a duty. It is a must to achieve this goal, as economies become increasingly globalized, opportunities for prosperity and quality of life arise through sharing, knowledge and access to technology.

Table 2. 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: LABOUR 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

Source: Global Reporting Initiative (2006)

Here, the Meliá Group has remained at the forefront of investing in transparency in relation to the sustainability of organizational activities, taking into account the interest of different target audiences of the company, not forgetting the market, workers, customers, investors, that is, all these groups of stakeholders.

To prepare a sustainability report is to provide an instrument to respond to the need to evaluate the practice of measuring, disclosing and reporting to internal and external stakeholders of organizational performance in order to show the Group's concern for sustainable development in all its aspects.

The sustainability concerns of the Meliá Group are highly comprehensive by actively involving the different stakeholders in assessing and reporting sustainability by allowing a consistent assessment of the organization's performance and enabling continuous improvement of performance in the future.

4. Conclusions

This research discusses 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 Meliá Hotels International 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.

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