

# Assessing the sustainability reporting of selected tourism companies listed on the Johannesburg Stock Exchange (JSE)

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## Abstract

Implementing corporate sustainability reporting as part of companies' annual reports is a requirement in South Africa and throughout the world. The King III code strongly encourages Johannesburg Stock Exchange (JSE) listed companies to integrate their environmental, social and economic practices into their annual reporting. The purpose of this study was to investigate the sustainability reporting practices of three selected tourism companies listed on the JSE namely: Sun International, City Lodge and Wilderness Holdings. Three evaluation frameworks were developed from 1) the Global Reporting Initiative (GRI: G3.1); 2) the JSE: Social Responsible Investment (SRI) Index criteria; and 3) the South African National Standard for Responsible Tourism (SANS 1162) criteria. The three evaluation frameworks were used as a tool to assess the tourism companies' annual reports. Using these frameworks provided a way of assessing the extent of sustainability reporting within annual reports and allowed for comparison across companies and years. Overall, the study provided an understanding of how the selected companies had been producing their annual reports from 2010 to 2012. The study also provided feedback on the companies' previous reporting practices in terms of the sustainability criteria and provided information on how these companies can improve their future sustainability reporting.

**Key words:** Sustainability reporting, corporate social responsibility (CSR), Johannesburg Stock Exchange (JSE): Social Responsible Investment (SRI), Global Reporting Initiative (GRI), South African National Standard for Responsible Tourism (SANS 1162).



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## Introduction

Throughout the world a significant realisation has grown that the Earth's natural resources are scarce. Industrialisation and economic growth provided worldwide prosperity and that there is economic value in the Earth's natural resources. However, although the rise in economic development is beneficial for the economy, it has resulted in social and environmental strains (Gummer & Goldsmith, 2007). The use of natural resources has been intensified with rapid population growth and economic development creating increasing pressures on the natural environment (Schmidt-Traub & Sears, 2005). The increasing evidence of negative impacts caused by climate change gave rise to persistent environmental concerns, particularly caused by the global reliance on fossil fuels and limited energy and water supplies (Gummer & Goldsmith, 2007). There is a vast amount of evidence highlighting the devastating effects humans have had on the environment, including exploitation and depletion of natural resources and environmental degradation – caused by deforestation, water pollution, soil contamination, greenhouse gas emissions and other effects caused by climate change, overgrazing, overfishing, biodiversity loss, increased consumption of water and energy and increased production of wastes and many more (Schmidt-Traub & Sears, 2005). Economic development has also resulted in both positive (emergence of middle classes, better water and electricity supply, better transport systems and education) and severely negative social impacts around the world (high levels of poverty, youth unemployment, shortages of housing and other social resources).

Protests against these negative social issues have risen from practices where there have been negative effects on communities, such as high unemployment, poor healthcare facilities, threatened livelihoods, limited access to safe water and energy, lack of housing, lack of decent education. The rise in institutional and

corporate efforts to address environmental and social concerns led to more organised interventions and incentives for people, companies and governments to change their behaviours and actions that are creating negative social and environmental effects. However, there is still an urgent and continuing need to address the environmental and social changes as humans are dependent upon the natural environment and its resources to achieve human development goals. In turn, all the environmental and social problems will, at some point, have a direct effect on every human being around the world unless steps are taken to mitigate and reverse negative environment impacts. If governments, corporations and the human population do not take action to conserve and protect the natural environment and respond to social issues, these continuous irresponsible behaviours will cause catastrophic disasters and shortages for future generations to meet their needs (Schmidt-Traub & Sears, 2005). Therefore, it is unsustainable to continue 'practice as normal' focussing only on economic gains. It is crucial to look after the environment and society through changes in behaviours, practices, activities and creating positive environmental and social awareness in order to regain a balance between society and the environment. As a result of the imbalances created around the world, a strong call for sustainable development and the triple bottom line has been created (Freemantle, 2005). "The emergence of sustainable development had a profound influence on the way people now perceive themselves as an integrated part of the environment: people are increasingly aware that their activities have a significant impact on the environment" (Mearns, 2012: 7851). A new focus on and awareness of environmental and social impacts associated with business practices have grown in the corporate world. Corporate impropriety resulted in calls for corporate transparency and accountability, which has led to the rising demand for corporate social responsibility, sustainability reporting and sustainable development (Freemantle, 2005; Erlandsson & Olinder,

2009). The triple bottom line, referred to in detail at a later stage, was enforced within the corporate world through several avenues. From an economic point of view, companies are pressurised to make profits and stay competitively fit in the market; from an environmental point of view, companies are expected to consume fewer natural resources, reduce harmful pollutions, protect the environment and abide by the environmental legislation; from a social point of view, companies are pressurised to take care of surrounding communities and the well-being of people as well as follow the country's human rights policies, employment policies such as equal opportunity and Black Economic Empowerment (BEE) and labour laws.

An influential aspect that has practically forced companies to implement the triple bottom line in South Africa is the development of the King Code III on corporate governance. (Professor Meryn King is an expert on corporate governance and sustainability in South Africa. He was the chair of the King Committee and Chair of the International Integrated Reporting Council (IIRC). Prof King has led the latest thinking on sustainability and corporate governance process which led to integrated reporting being a core principle in King III (King, 2013). According to the code, all Johannesburg Stock Exchange (JSE) listed companies are required to comply with the latest King code, incorporating sustainable development into their business practices (King Committee on Governance, 2009). With the pressure placed on companies to enforce the triple bottom line within their business practices, this has challenged companies to create a balance of economic, social and environmental sustainability. In order to work towards sustainable development, the disclosure of economic, environmental and social performance by companies is an important aspect (Epstein, 2008). As a consequence to implementation of sustainability practices, sustainability reporting has become an important phenomenon amongst large corporations and also smaller companies. Corporate social responsibility (CSR) is a focus on corporate governance, especially with regard

to sustainable development and sustainability reporting, also known as triple bottom line reporting (Aras & Crowther, 2008) and has had an influence on the way in which businesses report their activities.

Since the increased focus on the triple bottom line, sustainability reporting has become a mandatory requirement for JSE listed companies to comply with the latest King Code III on corporate governance (integrated reporting- established in 2009) (King Committee on Governance, 2009). Therefore, sustainability reporting is a relatively new practice taking place within JSE listed companies in South Africa. It is important that sustainability reporting continually improves over the years to come; putting pressure on companies to provide even better performance reports with regard to improved sustainability (Kolk, 2004).

### **Research problem and question**

This study aims to assess the sustainability reporting performance of selected tourism companies listed on the JSE. This study will benchmark the information reported on in the tourism companies' annual reports against the sustainability reporting guidelines of the Global Reporting Initiative (GRI) G3.1, JSE: Social Responsible Investment (SRI) Index sustainability criteria and the South African National Standard for Responsible Tourism (SANS 1162) sustainability criteria. The study will also identify gaps that exist between the sustainability reporting guidelines and the manner in which the selected tourism companies are currently reporting. The research problem of the study is: 'a lack of understanding of the extent to which tourism companies are adhering to various sustainability reporting criteria within their annual sustainability reports.'

Therefore, the research question is:

*How well are selected JSE listed tourism companies sustainability reporting practices*

*adhering to the GRI, JSE: SRI and SANS 1162 criteria?*

The aim of the study is to determine the extent to which the sustainability reports of selected JSE listed tourism companies follow the GRI G3.1 guidelines, the JSE: SRI criteria and the SANS 1162 criteria.

### **Business approach to sustainability**

It is broadly acknowledged that it is important to aim towards a balance of environmental, social and economic aspects within society. However, implementation is a major challenge. Sustainability challenges the human population to make responsible decisions that will improve the economy, community and the environment (Hitchcock & Willard, 2009). Agenda 21 shifted the focus on business/ industry as one of the major players globally in the quest to achieve sustainable development (Sheerwood, 2007). The World Business Council for Sustainable Development's (WBCSD) main aim is "to provide business leadership as a catalyst for change towards sustainable development and to promote the role of eco-efficiency, innovation and corporate social responsibility" (WBCSD, 2002: 6). Organisations, corporates and businesses are in integral part of society and have an important contribution to make towards the achievement of sustainability in order to increase economic growth, ecological conservation and social progress for a healthier environment for all (Deshpande, 2010). "As global corporate citizens, international companies not only need to behave responsibly, but also need to be accountable to society, as well as to their employees, customers, shareholders and other stakeholders (Jennings, 2004: 155)." Businesses now recognise the impacts corporate practices have had on the environment and society in the past. Due to global pressure, businesses are now starting to implement sustainability practices in their business and refer to these aspects as the 'triple bottom line' and aim to improve the economic, social and environmental performance of an organisation (Hitchcock & Willard, 2009). In order to achieve sustainable

development, it is important that a balance is maintained between the pillars of sustainability (DEAT, 2008). The three pillars, i.e. environmental, social and economic, are intertwined and interdependent. All three elements of sustainability must be met at the same time for sustainability to be achievable.

"Sustainable development means meeting needs in ways which deliver social progress, protection of the environment, better resource use, economic growth and employment" (DETR, 2000: 10)." If all the domains of sustainability are achieved equally, this will result in sustainable development. However, if one of the sustainability domains is not fully achieved simultaneously with the other domains, then sustainable development is not achieved. For example, if only environmental and economic factors are focused on, then sustainable economic development will occur but a greater focus on the social aspects will need to be achieved in order to attain sustainable development. This means organisations have to focus on obtaining a balance in everything they do to guarantee future prosperity.

"Businesses today are expected to look beyond self-interest and have to recognise that they belong to a larger group, or society, that expects responsible participation" (Ferrell *et al.*, 2010: 5). Sustainability recognises the need for a healthy economy. The natural environment has certain limits which require humans to either live within these limits or suffer the consequences in the near future (Hitchcock & Willard, 2009). Due to these intertwined demands, correct planning in organisations has played a significant role in implementing strategies and plans to move towards sustainable practices and optimising the opportunities of sustainability (Ferrell *et al.*, 2010). KPMG *et al.*, (2010: 82) state that:

*"Business is the main driving force for resource efficiency in the economy, for technology deployment and development, for infrastructure*

*construction and providing financial services. But business can fulfil its role only if the right framework conditions – including those for reporting and disclosure – are in place. Valuing and sustainability reporting must increasingly become a more integral part of economic planning and decision-making by society, government and business”*

Responsible organisations are establishing goals of social, economic and environmental sustainability and are reporting on their responsible movements (Shastri & Banerjee, 2010). Creating awareness within organisations of the importance of having to achieve sustainable and responsible practices will benefit the world in various ways (Soni, 2010). The fact that many organisations have actively pursued sustainability in business practices and reporting, means that organisations are moving in the right direction. Corporate sustainability, business ethics and corporate social responsibility are becoming important topics in the business world.

### **Corporate Social Responsibility in South Africa**

Corporate Social Responsibility (CSR) has been a focus in corporate governance especially with regard to sustainable development and sustainability reporting (Aras & Crowther, 2008). In the 1990s, a dramatic increase of CSR reporting occurred mostly in areas of social and environmental disclosures. One of the main influencing factors, causing a rise in CSR reporting, was the development of integrated sustainability reporting resulting from the King code on corporate governance (KPMG *et al.*, 2010). “A sustainability report conveys disclosures on an organisation’s impacts – be they positive or negative – on the environment, society and the economy” (GRI, 2013: 3). In today’s world, it has become apparent that economically-related activities of human beings have caused negative social and environmental impacts, many of them irreversible, due to certain business operations (Griseri & Seppala, 2010). Applying business ethics, a responsible way of doing business, has since become a growing trend and has had an influence on

business activities and the way in which businesses report their activities. Sustainable business performance has increasingly become a more integrated approach in companies, focusing priorities on economic, social and environmental performance, rather than only focusing on financial performance (Unterlerchner & Malan, 2008). “Corporate social responsibility (CSR) has emerged as a business approach for addressing the social and environmental impacts of company activities” (Frynas, 2009: 1). The concept of CSR is constantly evolving and has been applied and defined in numerous ways (Belal, 2008; Shastri & Banerjee, 2010) that have become central to business reporting (Aras & Crowther, 2008). The concept of CSR has been interpreted in different ways by different groups of people, thereby all having different viewpoints on the meaning of CSR (Frynas, 2009). Due to different interpretations of CSR, there is no single inclusive definition of CSR that everyone follows. Consequently, it is referred to as an inclusive term used for many theories and practices (Aras & Crowther, 2008; Belal, 2008; Frynas, 2009) that identifies the following aspects: “(a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond that of legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g., within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society” (Blowfield & Frynas, 2005: 503). CSR presents a framework that assists organisations in achieving long-term viability, doing so by looking beyond profit maximisation and looking towards their responsibility in society (Werther, Jr. & Chandler, 2011). “CSR therefore embraces the range of economic, legal, ethical and discretionary actions that affect the economic performance of the firm” (Werther, Jr. & Chandler, 2011).

## **Sustainability reporting in South Africa**

South Africa has participated in the move towards sustainability reporting predominantly since the transition to democracy in 1994; particularly regarding the measurement and reporting on social issues (e.g., employment equity and black economic empowerment) due to legislative changes (KPMG *et al.*, 2010). For many years, corporate reporting meant companies were reporting on their financial information presented in their annual reports (Ioannou & Serafeim, 2013). These financial reports are mandatory for large corporations in most countries, and in South Africa it is a requirement for all companies listed on the Johannesburg Stock Exchange (JSE) (JSE, 2013). Financial reports are publicly available and provide stakeholders and shareholders with intricate information on a company's financial procedures and practices taking place within the corporation (Ioannou & Serafeim, 2013). It is crucial for a company to be able to communicate its business practices effectively to its stakeholders to achieve long-term success (KPMG, 2008). "The value of a company is impacted upon by the quality of its relationships with a range of internal and external stakeholders" (KPMG, 2008: 2). Concerns of depletion of the world's natural resources or permanent damage to social conditions has led to the movement of sustainable development in organisations, where organisations are actively reporting on their responsible practices (Hitchcock & Willard, 2009). The two major drivers of increasing sustainability reporting in South Africa emerged due to corporate governance requirements and the Johannesburg Stock Exchange's (JSE) Socially Responsible Investment (SRI) Index (KPMG *et al.*, 2010). Over the past two decades, more companies are disclosing non-financial information in their annual reports; communicating to their stakeholders the company's current practices, policies and performance on aspects of environmental, social and governance (ESG) matters (Ioannou & Serafeim, 2013). "Social responsibility has become one of the key business trends of the past decade" (Shastri & Banerjee, 2010: 1). The pressure has increased for companies to be

transparent to all their stakeholders and there is increasing pressure on companies to demonstrate their responsible business practices through sustainability reporting (KPMG, 2008). "Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development" (GRI, 2011: 3). Sustainability performance has increasingly become a more integrated approach within corporate companies, focusing priorities on economic, social and environmental performance, rather than only focusing on their financial performance (Unterlerchner & Malan, 2008). Sustainability reporting has become an important aspect of annual reporting among corporates. Disclosing social and environmental performance of responsible policies, practices and performance together with financial reporting provides great benefits for companies. There are various sustainability reporting guidelines and standards to direct business how to report precisely on sustainability issues.

## **Sustainability reporting guidelines**

### ***Global Reporting Initiative (GRI)***

The GRI framework is the highest standard for sustainable reporting and the framework is used all around the world (GRI, n.d (b)). According to Griseri and Seppala (2010: 284) "...the Global Reporting Initiative launched the Sustainability Reporting Guidelines to provide standards for collecting, compiling and presenting data on economic, social and environmental impacts of organisational activity." These guidelines are globally the most credible and the initiative is the most influential that discloses the main elements of the triple bottom line in sustainable development. Any organisation of any size, from any sector all around the world can apply the Sustainability Reporting Guidelines (GRI, 2006).

GRI guidelines are considered a key source of guidance for sustainability reporting (Rea,

2012). “The guidelines are cited not only as an emerging transparency trend throughout the world, but also a mechanism for identifying subject matter that might be of material benefit for companies to manage and report upon to stakeholders” (Rea, 2012: 10). The guidelines from the GRI provide certain principles and standard disclosures that any company can implement to report on their environmental, economic and social impacts and performance (GRI, n.d.(a)). The GRI Sustainability Reporting Framework is comprehensive and has been used by organisations all around the world to improve transparency (GRI, 2011). The G3.1 Guidelines launched in 2011 include sustainability disclosures that complete the previous guidelines of the G3 version from 2006. The G3.1 guidelines provide more guidance on local community impacts, human rights and gender, and guidance on how to define the content of a sustainability report (GRI, 2011). The latest G3.1 guidelines have been used in this study as the new G4 guidelines were only issued in May 2014.

### ***Johannesburg Stock Exchange (JSE): Socially Responsible Investment (SRI)***

The King III report on corporate governance introduced the requirements for sustainability reporting whereby “every company should report at least annually on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices” (Unterlerchner & Malan, 2008). The JSE has been influential in promoting sustainability. Sustainability activities of the JSE include: “company regulation (the listings requirements include a requirement to apply the principles of the King Code on Corporate Governance or explain where this has not occurred); investment tools (such as the Socially Responsible Investment (SRI) Index series and other customised products); and sustainability advocacy as well as a growing focus on strategic internal sustainability” (Mazullo, 2012: 1).

The SRI recognises companies which adhere to practices within the triple bottom line approach, this being measuring performance against criteria of environmental sustainability reporting, economic sustainability reporting and social sustainability reporting (Unterlerchner & Malan, 2008). Sonnenberg and Hamann (2006) state that the motivation for JSE: SRI was as follows, “For some time now, South African companies have been considering how to meet the emerging requirements of investors and civil society for companies to demonstrate more socially responsible behaviour and hence for companies to truly embrace the triple bottom line of environmental, economic and social sustainability” (JSE, 2006: 2). Integration of the principles of ESG into existing structures and activities in companies’ practices is measured against the criteria, analysing the companies’ policy and strategy, management, performance and reporting (JSE, 2011). The SRI is recognised as balancing social and financial objectives through an investment strategy (Herringer *et al.*, 2009). JSE listed companies are required to comply with the King reports on corporate governance which have been noted as the most effective summary of the best international practices in corporate governance (Cliffe Dekker Attorneys, 2002). The SRI also provides a tool to align company practices against global corporate responsibility standards. The JSE is the first stock exchange of an emerging market that has established a sustainability index (Mazullo, 2012). According to Mazullo (2012), the SRI index has two purposes: to promote responsibility and transparency of companies; and to encourage stakeholders to consider environmental, social and governance (ESG) issues when evaluating potential investments (Mazullo, 2012). Unterlerchner and Malan (2008) indicate three important trends in relation to guideline principles: firstly the King reports; secondly the JSE: SRI (Socially Responsible Investing) Index; and lastly the international Global Reporting Initiative (GRI). These trends influence businesses to create positive changes in their environmental and social performance activities (Morhardt *et al.*, 2002).

### **South African National Standards: Responsible Tourism (SANS 1162)**

'Responsible Tourism' was identified by the '1996 White Paper on the Development and Promotion of Tourism in South Africa' as the leading principle for tourism development in South Africa. The National Department of Tourism (NDT) adopted the principle of responsible tourism to guide sustainable growth of and in the tourism sector in South Africa (NDT, 2011). The responsible tourism concept was interpreted differently by different organisations. There was no method for consumers and the NDT to assess the responsible tourism performance of organisations (COP 17/ CMP7, 2011). As a result, the South African 'National Minimum Standard for Responsible Tourism (NMSRT)' was developed in 2011, referred to as the SANS 1162. This standard is becoming a crucial factor for tourism companies to adhere to. "The provisional responsible tourism guidelines were designed during 2001 to provide national guidance and indicators to enable the tourism sector to demonstrate progress towards the principles of responsible tourism embodied in the 1996 White Paper on the 'Development and Promotion of Tourism in South Africa'" (DEAT, 2002: 1). The SANS 1162 has been developed to: a) establish a common understanding of the minimum criteria for responsible tourism; b) promote responsible tourism in the tourism sector, including accommodation, hospitality, travel distribution systems, as well as all organs of state and entities, organised labour and communities involved or interested in the tourism sector in South Africa; c) establish the minimum criteria for certification of the sustainability of organisations in the tourism sector; and d) be in line with the *National Guidelines for Responsible Tourism* and the global sustainable tourism criteria (SANS 1162, 2011: 1).

Responsible tourism provides a higher standard of integrated annual reports from tourism companies that will provide benefits, economically, socially and environmentally (Goodwin & Francis, 2003). Responsible tourism and the triple bottom line go hand-in-

hand according to DEAT (2002: 9), "aside from decreasing operating costs, managing tourism enterprises responsibly makes good business sense for at least three reasons: 1) Responsible Tourism is aligned to the international trend towards responsible business practice; 2) Responsible Tourism meets the growing market demand for responsible tourism products; and 3) Responsible Tourism makes customers, staff and investors feel good."

It is important for the responsible tourism criteria to be adhered to by South African tourism operations. Sustainability reporting is a relatively new topic of investigation within South Africa and it is important that sustainability reporting with responsible tourism practices continually improves over the years to come, putting pressure on companies to provide even better performance and better performance reports with regard to improved sustainability (Kolk, 2004). However, annual reports need to be assessed in order to evaluate the environmental standards of tourism business performance. Such assessments can be beneficial for companies to improve their reporting, reduce environmental impacts and gain competitive advantage through sustainable practices, especially in the tourism sector as there is a growing international demand for responsible tourism (Font & Harris, 2004).

### **Research design and methodology**

The research design of the study follows a case study and content analysis approach. Content analysis was the main research design for collecting empirical evidence for this study. Mouton (2001: 165) defines content analysis as "studies that analyse the content of texts or documents (such as letters, speeches and annual reports)." "As a mode of observation, content analysis requires a thoughtful handling of the 'what' that is being communicated. The analysis of data collected in this mode, as in others, addresses the 'why' and with what effect" (Babbie, 2008: 329). A content analysis study was undertaken in order to provide

acceptable answers to the research questions (Mouton, 2001). Content analysis has become a widely used method for evaluating the extent of reporting by listed stock exchange companies in annual reports (Guthrie & Abeysekera, 2006). Selected tourism companies listed under the JSE that are predominantly accommodation-based companies and companies that have produced annual reports for the past three years, were chosen to serve as the specific case studies for the investigation which were as follows; Sun International, City Lodge Group and Wilderness Safaris. The content analysis approach of three consecutive years of annual reports for the selected case studies served as the primary research approach for the study. Three evaluation frameworks were developed using only the core components of the GRI, JSE: SRI and SANS 1162: Responsible Tourism criteria in order to assess the three latest annual reports of the selected tourism companies. Each annual report, for the past three years, from each company was evaluated against the three frameworks developed in order to assess the extent of adherence of sustainability reporting of each tourism company. After completion of the separate case study investigations, a cross-case analysis was undertaken in order to compare and assess the findings of the selected case studies investigated. Cross-case analyses of the companies were used to draw up results of sustainability reporting of the case studies. The cross-case analysis aims to find a series of evidence for the relations studied on the basis of the framework. Studying multiple cases makes it possible to create a logical chain of evidence to compare findings (Miles & Huberman, 1994). The cross-case study approach will help determine recommendations to improve annual reports and to determine what is needed in order to reach the standard of the GRI, JSE: SRI and SANS 1162 guidelines. Primary data was obtained through the case study findings. The study also generates new empirical evidence using the existing secondary data in the research process, being the annual reports of the selected tourism companies. Secondary data was obtained through existing literature and sources relating to the topic of investigation (Babbie, 2008). This study used a

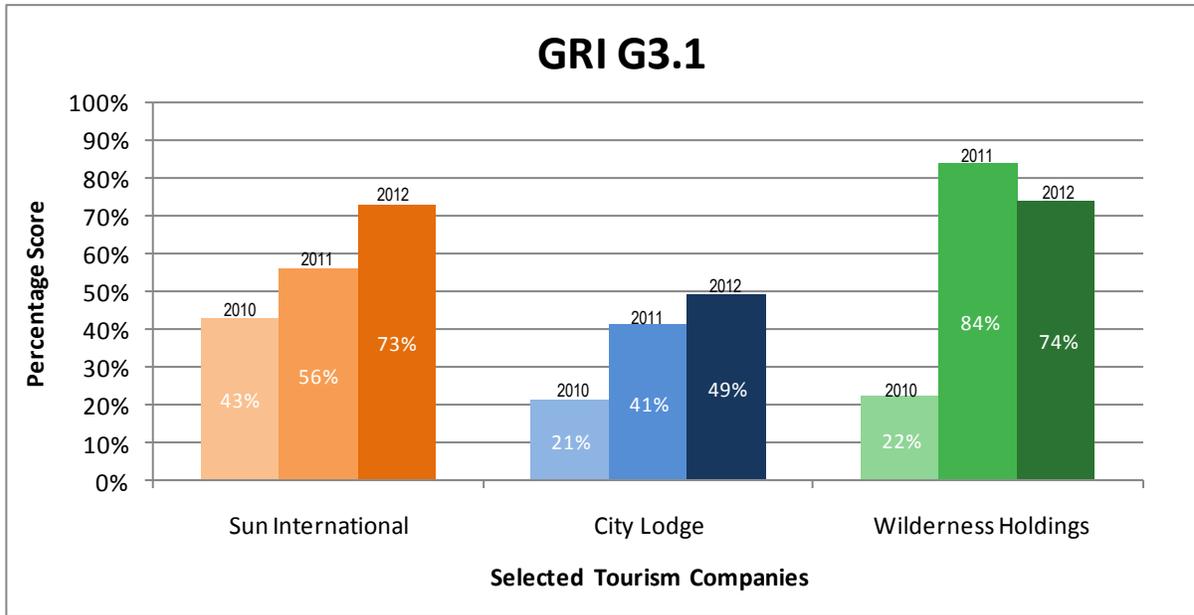
quantitative research process. Quantitative research aims to evaluate objective data consisting of numbers by using a complex structured method process of analysis to determine trends (Creswell, 2009). There is little flexibility within quantitative research, as quantitative research aims to determine facts of the investigation from an outsider's point of view. Quantitative research aims to achieve stability where specific measurement instruments and methods of analysis are used to summarise data through statistical analysis. Reliability is the focus for quantitative data, as the data is consistent with stable measurements (Welman *et al.*, 2005). Quantitative data was obtained through the evaluation frameworks developed for each guideline, comprising numerous indicators which will be used to assess the company's annual reports. These approaches were used to analyse the latest annual reports of the selected companies, based on the framework developed to determine the extent to which the annual reports meet the GRI, JSE: SRI and Responsible Tourism standards. The study is a descriptive study that presents "evidence of interesting and significant patterns in existing or new data, or new trends in existing or new data" (Mouton, 2001: 113).

### **Cross-case analysis of case studies**

This section discusses the cross-case analysis of the case studies. A comparison analysis of the companies' sustainability reporting took place, comparing the companies' reporting from 2010 to 2012 in terms of the GRI guideline, JSE: SRI criteria and the SANS 1162 criteria.

#### *GRI cross-case analysis of case studies*

The annual reports of the selected cases studies from 2010-2012 were assessed with the developed GRI evaluation framework to determine the extent of sustainability reporting taking place within each company. After reviewing the three case studies with the GRI evaluation framework, the overall results are presented in figure 1.



**Figure 1:** Selected case studies of sustainability reporting from 2010-2012 based on the GRI G3.1 framework

The findings retrieved from the GRI analysis on the three tourism companies are clearly demonstrated in Figure 1. When comparing how the case studies have reported in relation to the GRI requirements, it is evident that the extent of reporting has improved for all three companies from year 2010 to 2011. It is also apparent that the Wilderness Holdings sustainability reporting improved the most from 2010 to 2011. It is noticeable in the graph that the latest Sun International and Wilderness Holdings annual report in 2012 were relatively similar in terms with complying with the GRI guideline. City Lodge sustainability reporting - in comparison to Sun International and Wilderness Holdings - achieves only an average score throughout the years. Wilderness Holdings reached the highest score for their sustainability reporting compared to the other two companies in 2011. However, a new trend that emerged for Wilderness Holdings and Sun International, is that throughout their annual reports for 2012, the two companies stated that some of the information required by the indicators could

only be found online and not within the actual hard copy annual report. As this study only reviewed the information that had been provided within the [printed] annual reports and did not consider extra information provided elsewhere (online or websites where companies may have reported on certain aspects, which was not taken into consideration within this investigation), as a result scores for these companies dropped. This explains the drop in sustainability reporting particularly for the Wilderness Holdings 2012 annual report.

***JSE: SRI cross-case analysis of case studies***

This section compares the finding retrieved from the JSE: SRI analysis on the selected case studies. The comparable findings are presented in figure 2 and demonstrate how the three case studies are reporting in terms of the JSE: SRI criteria.



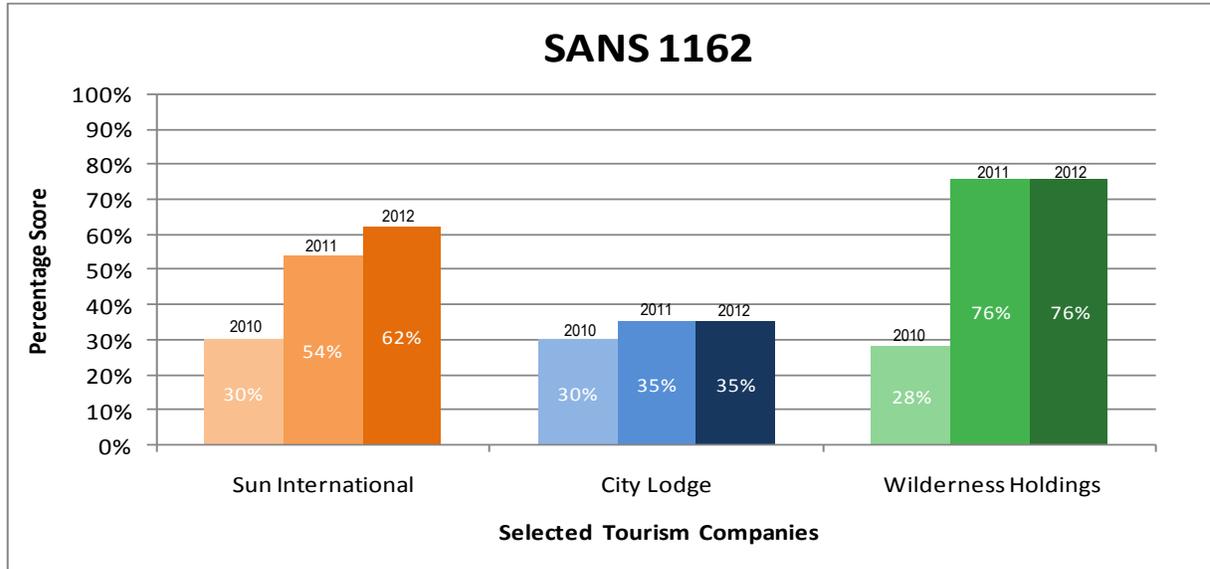
**Figure 2:** Selected case studies sustainability reporting from 2010-2012 based on the JSE: SRI framework

The JSE: SRI evaluation framework was used to review the annual reports of Sun International, City Lodge and Wilderness Holdings. The companies' sustainability reporting results when evaluated to the JSE: SRI criteria are presented in figure 2. It is noticeable from figure 2 that Sun International and City Lodge had a similar trend in their improved sustainability reporting over the years based on the JSE: SRI criteria. However, Sun International and Wilderness Holdings are the two companies that performed the best in 2011 and 2012 in relation to this framework. There is also a major improved score for the

Wilderness Holdings sustainability reporting from 2010 to 2011. City Lodge received the lowest sustainability reporting score which indicates that there is still room for improvement.

***SANS 1162 cross case-analysis of case studies***

A comparison of how the selected case studies were reporting on their sustainability practices in relation to the SANS 1162 criteria is presented in figure 3.



**Figure 3:** Selected case studies on sustainability reporting from 2010-2012 based on the SANS 1162 framework

It is apparent from figure 3 that all three companies' annual reports for 2010 received very similar scores in terms of their sustainability reporting when compared to the SANS 1162 criteria. However, the Wilderness Holdings reporting improved dramatically in 2011 and received the highest score based on the SANS 1162 criteria for 2011 and 2012. This demonstrates that Wilderness Holdings are the most conscientious of the three companies in terms of complying with the responsible tourism guideline. The City Lodge annual reports complies with the SANS 1162 criteria the least when compared to the other two companies. Sun International have gradually improved their sustainability reporting levels over the years based on the SANS 1162 criteria.

**Reflection on the cross-case analysis**

The evaluation frameworks that were utilised to assess the annual reports of the three selected companies identified the current sustainability reporting performance levels taking place within Sun International, City Lodge and Wilderness Holdings annual reports from 2010-2012. Assessments were made to compare overall sustainable reporting performance within these tourism companies which requires

them to report on all three aspects of the triple bottom line, i.e., Environmental, Social and Economic performance. Therefore, it is important to assess each company's annual reports by applying international, national and industry-specific guidelines to determine the extent of their reporting in relation to these standards to further conclude gaps where companies need to improve their reporting [or even actual performance] practices. It was apparent from the cross-case analysis of these three companies, that since the implementation of the King III code, there has been extensive external pressure on companies to comply with the King code on corporate governance and strive for better performance. While implementing these requirements, some of the companies took action to aim towards achieving such sustainability; such as implementing the GRI framework into their practices and appointing an independent external assurance provider. Taking this action also demonstrated a positive acceptance and increasing implementation of further steps to attain improved sustainability reporting from the previous years in order to conform to the changing international corporate governance and sustainability trends. This was apparent in Sun International's and Wilderness Holdings' progress in their sustainability reporting

contained in their annual reports. There was a significant rise in their sustainability reporting overall after taking obvious action to implement the GRI guidelines. The City Lodge annual report for 2012 stated that they were following the GRI guidelines; however, there was no evidence of any GRI Index being applied to monitor their performance or an independent external assurance statement. This could be the reason why City Lodge's sustainability reporting scored significantly lower than those of Sun International and Wilderness Holdings.

## Conclusion

The research study was focused on determining the extent to which the annual reports of the selected JSE listed tourism companies adhere to the GRI G3.1 sustainability reporting guidelines, JSE: SRI criteria and the SANS 1162 criteria. The annual reports of the three selected case studies were benchmarked against three developed evaluation frameworks to assess the companies' performance in terms of its sustainability reporting practices. The use of indicators in the developed evaluation frameworks provided a means of collecting empirical data to determine the sustainability reporting performance of the tourism organisations. Focus on the triple bottom line has increasingly grown over the years. It is noticeable in all three case studies that since sustainability reporting became a requirement for JSE listed companies due to the establishment of the latest King III code on corporate governance in 2009 (it became effective on 1 March 2010), sustainability reporting practices have gradually improved from year to year within all three companies. After reviewing the companies' annual reports with the three sustainability guidelines, the improvement of sustainability reporting over the years is apparent throughout the resultant findings extracted through the use of the evaluation frameworks investigation. Since the implementation of the King III code, companies have taken corrective action towards achieving sustainability in their companies and in their sustainability reporting. The implementation of

the GRI framework into their reporting practices and appointing an independent external assurance provider (as identified with Sun International and Wilderness Holdings) has improved the standard of reporting. "Sustainability reporting can help organisations to measure, understand and communicate their economic, environmental, social and governance performance. Sustainability – the ability for something to last for a long time or indefinitely – is based on performance in these four key areas" (GRI, n.d (a)).

Overall, the study has produced the following findings; 1) it provides an overview on the rate and progress of the selected tourism companies' improvement in their sustainability reporting over the period of 2010 to 2012 (after King III was established in 2009 and implemented in March 2010), based on three different evaluation frameworks; and 2) the study demonstrates how the accommodation-based tourism companies are reporting on sustainability aspects in comparison to one another. There are a number of benefits that can come from assessing sustainability reports of companies which was established throughout the findings of the study; to improve their reporting, reduce environmental impacts and gain a competitive advantage through sustainable practices, especially in the tourism sector where there is growing pressure for responsible tourism practices (Font & Harris, 2004).

Determining sustainability reporting practices of companies can be examined effectively through the use of a series of evaluation frameworks that include numerous core indicators retrieved from sustainability guidelines. After applying the evaluation frameworks to the selected tourism case studies, this has created a path for future research studies in sustainability reporting. There is now a global understanding around the urgency that sustainability, in every possible meaning of the word, is the only way forward.

## Limitations

There were a few limitations that were found throughout the study:

- Firstly, one of the main limitations of the study was that the evaluation process was very subjective to the researcher's interpretation and opinion of the evaluations and study findings. The annual reports of the selected case studies were reviewed using a series of frameworks to provide validity to the study and in order to provide accuracy. Additional reviewing time after the results were obtained was implemented. This was aimed to increase accuracy and verify findings. However, an approach to reduce subjectivity for future studies could be to use a number of reviewers to assess the annual reports of the companies and thereafter use the average results retrieved from assessment in the overall findings.
- Also, a limitation was found in the evaluation framework developed from the JSE: SRI indicators. It was found that many of the JSE indicators were vague or misunderstood due to poor communication, not detailed, and could easily be interpreted subjectively by different people. However, to reduce subjectivity in future studies, it would be necessary to also have external reviewers who could review the evaluation findings retrieved by the researcher, making the study more accurate.
- Another query that was raised throughout the research process was the validity of the annual reports, with the inability to assess how accurately the reports match to the reality of the corporations' business practices. However, the study findings are based on what the companies are claiming – in writing, in their reports - they have done and not based on what is proven that is actually being done by the companies. The study was also limited to the printed hard-copy annual reports and did not extend to the online/website versions and extra published data.
- A limitation of the study was ethical consideration towards the selected tourism companies and not harming their reputation

through the research findings. But a result of the annual reports being available in the public domain these were deemed public information that is freely available for public scrutiny.

- The last limitation experienced through the study was the small sample size of tourism companies selected for the study, limiting the cross-case analysis to a selected sample of the tourism companies listed on the JSE Travel and Leisure sector. Time constraints was the biggest limitation for the study only being able to review three companies and not all of the companies listed under the Travel and Leisure sector in the JSE. This was due to there being in-depth series of evaluation frameworks created for the study and three years of annual reports reviewed for each company. However, for future studies, if there were a sufficient amount of time available, all the companies listed under the Travel and Leisure Index could be investigated.

## Recommendations

It is important to continuously grow the body of knowledge. With this being said, there were a few recommendations for future studies that were identified while conducting this investigation that will be able to add value to the body of knowledge in the field of sustainability reporting. This study only investigated the extent of sustainability reporting within three tourism companies listed on the JSE in the Travel and Leisure sector Index. Further research could add value by expanding the scope of the study and include all the companies within the JSE Travel and leisure sector index. Firstly, expanding the scope and including all the tourism companies listed on the Travel and Leisure index could provide a valuable cross-case analysis to determine the increased acceptance and implementation of responsible tourism practices among tourism companies. Secondly, this investigation could also contribute in determining further gaps in sustainability reporting among the tourism industry in South Africa. This study sets a benchmark for future studies to be conducted, to continuously monitor the performance of

these companies in terms of their sustainability reporting. Similar studies on companies in different sectors listed on the JSE could follow the same research approach and apply the GRI framework, JSE:SRI framework and include an additional framework based on the industry criteria (for example, mining industry-specific criteria). This would contribute to the body of literature on the topic of sustainability reporting practices of JSE listed companies as well as add value and feedback for other companies in different sectors to improve on their sustainability reporting and in turn improve sustainable development. This study fills a modest gap in knowledge and the insights gained from the study will undoubtedly benefit the tourism and related industries.

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