Tourism Management 44 (2014) 149–160

Contents lists available at ScienceDirect

Tourism Management

journal homepage: www.elsevier.com/locate/tourman

Corporate sustainability reporting index and baseline data for the cruise industry

Mª Jesús Bonilla-Priego [a], Xavier Font [b,*], Mª del Rosario Pacheco-Olivares [a]

[a] Departamento de Economía Financiera y Contabilidad I, Facultad de Ciencias Jurídicas y Sociales Universidad Rey Juan Carlos, Madrid, Spain
[b] International Centre for Research in Events, Tourism and Hospitality, School of Events, Tourism & Hospitality, Leeds Metropolitan University, Leeds, UK

HIGHLIGHTS

- We present and test a cruising industry corporate social responsibility index.
- Cruising is a late adopter of reporting – in numbers and content.
- Companies disclose more management than performance data.
- Companies disclosing less information focus on soft, easy to mimic indicators.

ARTICLE INFO

Article history:
Received 7 June 2013
Accepted 7 February 2014

Keywords:
Social
Environmental
Responsibility
Legitimization
Stakeholder
Global reporting initiative

ABSTRACT

Sustainability policies and corporate reports demonstrate the impacts cruise companies acknowledge as their responsibility, and the actions put in place to address them. This paper develops a corporate social responsibility index based on the Global Reporting Initiative, with industry specific additions including labor and human rights, health and safety, and environmental and economic aspects. Companies disclose more management than performance data, which is typical of early stages of development. Companies disclosing less information focus on soft indicators which are easy to mimic and demonstrate posturing. Items disclosed tend to be marginal to the core of the business, have a positive economic impact or pre-empt sector regulation. Reports echo the voice of the corporations and not the demands of stakeholders. Institutional isomorphism has not influenced a homogenization in reporting, with only the largest firms reporting at this stage.

1. Introduction

There is a well-established but growing demand on corporations to perform not only financially but to be good citizens as "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time"(Carroll, 1979:500). As society's stakeholders become more concerned with staff welfare, the impact on the environment and local communities, they will put pressure on the most visible corporations to address the issues. Taking responsibility is therefore the process of accepting the expectations placed by society (Goodwin, 2011), and accountability is the duty of providing an account for meeting those expectations (Gray, Colin, Owen, Evans, & Zadek, 1997). While accounting of financial responsibilities is well established (but not without its loop holes), the requirements for reporting "additional" but real responsibilities develop according to society's expectations. As either issues (e.g. carbon) or sectors (e.g. extractive industries) become recognized for their potential harm, industry leaders develop mechanisms to respond.

Cruising is increasingly being called to scrutiny. The significant growth in the last two decades has been explained by the attractiveness of the affordable fares, product quality and both product and destination diversification (ECC, 2012; ICCA, 2012). Yet larger vessels, corporate visibility and negative media coverage of environmental impacts, limited positive economic impact on destinations, poor labor conditions and the 2012 Costa Concordia accident have raised industry awareness of the need to legitimize how the sector is taking responsibility for society and the environment. This has resulted in increased corporate social reporting and industry wide promotional efforts.

Corporate Social Responsibility (CSR) practices are intended to have many positive effects such as improving social and

* Corresponding author. Tel.: +44 1138125609.
E-mail addresses: xfont01@gmail.com, x.font@leedsmet.ac.uk (X. Font).

http://dx.doi.org/10.1016/j.tourman.2014.03.004
0261-5177/

environmental performance and constituting an instrument to manage stakeholder relations (Kaptein & Wempe, 1998). However, they have not always satisfied this intention as CSR reports do not always represent a genuine attempt to account for negative as well as positive aspects of all material impacts (Adams, 2004). There are different practices that undermine the benefits of transparency and credibility, and a wide range of theories about why and how companies report.

Voluntary disclosure theory claims that firms are willing to disclose good news to differentiate themselves following a resource-based view of the firm (Barney, 1991; Branco & Rodrigues, 2006; Healy & Palepu, 2001), often tested by suggesting a positive relation between financial and sustainability performance (Campbell, 2007; Garay & Font, 2012). In contrast, stakeholder and legitimacy theory see disclosure as a response to social and political pressures and is therefore reactive, predicting a negative relation between environmental performance and voluntary environmental disclosure (Adams, Hill, & Roberts, 1998; Deegan, 2002; Hooghiemstra, 2000). Since legitimacy relies on meeting social systems' expectations, this approach lends itself well to explain Carroll's definition in the first paragraph, although there are those claiming that market-driven stakeholder accountability will produce reports that are in the organization's best interests (Gray et al., 1997).

Reputation risk management and impression management are commonly the intended purpose behind corporate social reporting (Bebbington, Larrinaga, & Moneva, 2008; Hooghiemstra, 2000). Evidence suggests that environmental managers determine the contents of their CSR reports based on their understanding of the relative importance of different stakeholders (Cormier, Gordon, & Magnan, 2004). Firms prefer to disclose major environmental events when they feel threatened by stakeholders, and disclose by defending what has been done about it retrospectively as a means of maintaining or restoring legitimacy (Elijido-Ten, Kloot, & Clarkson, 2010). Deegan (2002) summarizes some of the possible reasons for disclosure as economic rationality, acceptance of accountability responsibilities, and meeting requirements of or preventing pressure from various stakeholders including government, lenders, buyers, suppliers, industry associations, amongst others. Companies disclose more according to their size, ownership – publicly traded or government owned-, low levels of debt, age of fixed assets, environmental footprint and risk (Cormier, Magnan, & Van Velthoven, 2005; Eng & Mak, 2003; Jose & Lee, 2007).

Academics call for fine tuned metrics to capture sustainability disclosure so it better reflects performance (Jose & Lee, 2007; Morhardt, 2010), since CSR reports do not always demonstrate accountability. Companies often use CSR reporting as a public relations exercise to manage impressions and improve their reputation (O'Dwyer, 2003), but also to provide internal sustainability accounting data for management purposes. The breadth of this data will depend on the corporate priorities, often focusing on environmental aspects that lead to operational savings, or in the more advanced cases ranging the triple bottom line of environment, society and economy. Stakeholders need meaningful and comparable information which comprises externally verified data and methodologies which can utilize that data. Triple bottom line reporting requires an index for measuring and reporting corporate performance. However, in cruising we are still at the stage of cataloging and categorizing impacts to form a sector specific list of indicators.

The contribution of this paper is two-fold. First, it proposes an index to measure and report corporate performance by adapting generic reporting systems to the cruise industry characteristics. Second, it conducts primary research on the level of responsibility accepted by the cruise industry by analyzing their CSR reports.

This index results from adapting reporting systems such as the Global Reporting Initiative (GRI), the Carbon Disclosure Program and other international initiatives together with literature specific to the cruise industry to develop a sector specific instrument. These metrics encompass both the setting up of management systems and the development of specific performance indicators. This includes assessing management indicators such as having departments, management positions, committees and stakeholder involvement (Adams, 2008). It also requires independent verification of the credibility of company reports (Laufer, 2003). GRI includes both items and validates the level of disclosure achieved, but fails to require external audits. While these are important elements of the literature review, they apply to all industries and for brevity reasons cannot be described in detail here.

The index will require industry adaptation. For example, as a result of the registration policy, a ship is considered the territory of the country in which it is registered and this is why many vessels are registered in countries without stringent laws or the capacity to monitor safety and working conditions and investigate incidents. When the ship is in international waters, it comes under the jurisdiction of the flag registry plus international laws (covering only some environmental standards, and not socio-economic). Ship Safety Certificates are given out by private classification societies and the worse the conditions of the ship, the more likely they are to choose a less demanding society (Doherty, 2012, see also Tables 1 and 2). Having clarified this industry specific issue, the remainder of the literature review outlines cruise industry impacts and efforts to respond to them, subsequently used in the methodology.

Table 1
Company characteristics and CSR reporting practices (Group 1 – CSR reports and website content).

Parent company	Company	Headquarters	Flag country	n° Ships	Max capacity	Average capacity	Sustainability report	Experience (report number)
Carnival Corporation	Princess Cruises	US	Bermuda	17	45,506	2677	2009	1st
	Holland America Line	US	Netherlands	15	30,292	2019	2009	1st
	Costa Cruises	Italy	Italy	14	37,118	2651	2010	6th
	P&O Australia	Australia	Liberia	4	7500	1875	2010	2nd
	Carnival Cruise Lines	US	Panama	23	74,007	3218	2009	1st
	AIDA	Germany	Italy	8	14,210	1776	2011	3rd
	Yachts of Seabourn	US	Bahamas	4	1074	268	2009	1st
	Carnival UK Cunard UK	UK	Bermuda	3	6960	2320	2010	2nd
	P&O UK	UK	Bermuda	7	16,678	2383		
	TUI Travel	UK	Malta	5	7020	1404	2010	3rd
RCI	Royal Caribbean	US	Bahamas	22	72,074	3276	2010	3rd
	Celebrity Cruises	US	Malta	11	27,166	2470		
	Azamara	US	Malta	2	1388	694		
	Disney Cruise Line	US	Bahamas	4	12,800	3200	2010	3rd

Source: authors.