Disclosure of Non-financial Information in Tourism: Does Tourism Demand Value Non-mandatory Disclosure?

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Abstract. Tourism industry has a highly fragmented value chain. There are very different ranges of companies that operate in tourism industry – from very small to large international chains. They serve wide variety of customers – tourists. Tourists are to be considered as one of the most important primary stakeholders when observed from the perspective of companies operating in tourism. However, it can be argued that many of the companies operating in tourism, particularly in Europe, are still too much product-driven and much less customer-oriented. Stronger focus on customers results in superior financial performance. Corporate citizenship is not to be left behind either.

In order to achieve better financial results, managers should take into account tourists’ wants and needs. Following the mentioned, the changing global trends that affect tourists’ behavior mustn’t be neglected because of the strong impact they pose on the tourism sector in general. Competition in tourism remains fiercer than ever and traditional financial reports are no longer disclosing the adequate information. Additional disclosure is needed. Among the information on non-financial metrics, information on tourist satisfaction with destination’s offer is required to rip the financial benefits in tourism. Due to tourism multiplier effect, companies operating in other sectors will get extra benefits.

In this paper, authors have proved the positive influence tourists’ satisfaction with destination’s offer has on average daily spending of tourists. Regression analysis was used for that purposes. The data on tourists satisfaction with destination offer and the data about average daily spending of tourists were collected in the selected well-know tourism destination in Croatia.

Regression results indicate that tourists’ satisfaction influences tourists daily spending thus, indirectly influencing companies’ performance. In order to achieve better performance companies should focus more to increase tourists satisfaction through improvement of tourism products they offer. As per obtained results, information regarding tourists’ satisfaction should be integrated into existing reports or a supplementary report should be designed. Whilst combining information from existing financial reports and adding additional information on tourist satisfaction, managers can better prepare adequate business strategy and strategic plans for the year ahead of them. Through CSR reporting companies communicate with wider set of stakeholders, including tourists, and it can be used for increasing tourists satisfaction, which leads to higher tourists consumption. In such a way the overall company’s performance could be improved. Information about tourists’ satisfaction will be useful to different stakeholders, especially to tourists who base their decision combining various motivational factors. One such factor is destination’s offer and social responsibility of companies operating in tourism.

Keywords: non-financial disclosure, sustainable tourism management, tourist satisfaction and destination loyalty
1 Introduction

Tourism sector is facing turbulent changes in its environment. Moutinho, Ballantyne and Rate (2011) see the new business environment in tourism as being constantly in flux and conclude upon stating that the process of tourism strategic planning unequivocally presumes dealing with uncertainty. Dealing with uncertainty is a central road to bringing responsible tourism management decisions and adapting organization business processes to the challenging issues in the environment. There are many solutions organizations have – some of them being promising, others challenging. Responsible tourism management decisions reduce the negative impacts organizations have on the environment in general, thus contributing to sustainable tourism development.

Sustainable development means inclusion of all the relevant stakeholders in the communication and decision making processes of an organization in tourism. Tourists are one of the most important stakeholders in tourism. They are becoming more sensible, more awake, more demanding. They are no longer looking to purchase a product solely, but an experience overall. Providing services to today’s more informed and more demanding customers — all of whom want each trip to provide an authentic travel experience requires them to refocus their business models (Wharton University of Pennsylvania, 2010). Achieving and maintaining tourists’ satisfaction becomes challenging. One possible way to maintain high levels of tourist satisfaction is to measure it against various features. Companies have to recognize that transparent communication process is one of the features that can positively influence tourists’ satisfaction. Thus, corporate reports prepared so as to easily be converted and communicated within Web 2.0 and Web 3.0 should be used more intensively by suppliers in the tourism sector.

Corporate reporting represents communication of information on companies’ business to different stakeholders. Financial reporting was always considered as the most prominent and most comprehensive way of reporting to interested stakeholders (predominantly owners/shareholders). Thus, the term corporate reporting usually refers only on financial reporting regardless the recent progresses in this sphere. However, according to one of the biggest four auditor companies - PwC (2015) corporate reporting refers to the presentation and disclosure of the following areas of reporting: integrated reporting, financial reporting, corporate governance, executive remuneration, corporate responsibility and narrative reporting.

The main aim of the paper is to enlighten the importance of turbulent changes happening in the tourism environment and to show how these challenges influence current business models and foster the adaptation of tourism suppliers in order to attract ever so demanding customers (tourists). The purpose is to show how tourist satisfaction influences their willingness to re-purchase the tourism product/service, to present that tourist satisfaction is positively linked with their expenditure in the destination and to argument the importance of corporate communication, particularly referring to the emerging new generation of reports. Authors wanted to stimulate the discussion and seek views as to whether this is an area that needs to be given more attention.

Literature review is provided in the first part. The second part of the paper shows the results of empirical research.

2 Literature review

Sustainability is becoming a priority in strategic planning for organizations operating in tourism. There have been a myriad of definitions of sustainable tourism development due to unequal understanding of the object of sustainability in tourism or even sustainability in general. Sustainable tourism development could be identified with the maintenance of non-declining level of a number of
ecological, social and economic indicators of the sector (seen as a comprehensive approach to sustainable development in: Ruta and Hamilton 2007, 46). Golja and Slivar (2014, 102) comment sustainable tourism development as a right combination of appropriate governance, sustainable management on the micro scale and sustainable marketing activities. An excellent summary of the social and environmental impacts, responses and indicators reviewed for the mainstream tourism sector worldwide was provided by Buckley (2012). UNWP and UNWTO (2005, 11-12) define sustainable tourism as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities". Institute for Tourism of The Republic of Croatia (2015) defines sustainable tourism as “an industry that attempts to make a low impact on the environment and local culture, while helping to generate income, employment, and the conservation of local ecosystems”. Evidently, sustainable tourism development requires sustainable tourism management supporting systems. Otherwise, sustainability remains questionable. Despite the attention that has been given to it, sustainability in tourism remains a vague concept (Swarbrooke 1998,13)

Very many external factors will shape the future of tourism. Demography, technology, ecology and climate change, political and legal factors and global economic conditions are some of the most important aspect that need to be concerned whilst doing business in the 21st century.

Yeoman, Hsu, Smith and Watson (2010) project that current demographic trends will change the demand for tourism and the available workforces, which will fundamentally impact on how the industries are structured, how they operate, and how they develop in a sustainable manner. They particularly address issues such as:

- Population growth, declining fertility rates, increased longevity, and immigration and labor migration;
- Generation Y in the context of Travel Futures, Volunteer tourism and global citizenship;
- International contexts and the need for change strategies in tourism

Mazilu and Mitroi (2010) distinguish this further by emphasizing the age and family life cycle, income, educational level, nationality and religion as the most influential factors of the tourist market segmentation that should be used by tourism professionals in predicting the impacts of demography on tourism. Schröder and Widmann (2007) predict tourism market segments will undergo changes both in a quantitative and qualitative manner. Grimm et al. (2009) categorized the interface of demographic changes and tourism in the following way: (1) influence on domestic demand; (2) influence on employment in tourism industry; (3) impact on tourism supply thus distinguishing direct and indirect interfaces with tourism. Their conclusion is that the nature of the impact on the volume and structure of tourism, booking and travel behavior as well as the quality of the offering and tourism-related services is determined wherever an interface exists (Grimm et al. 2009, 5). Grimm et al. (2009, 6) distinguished several demographic features and specified their interface with the: (1) demand – desire and ability to travel; (2) labor market - workers and jobs and (3) supply – tourism-specific and enhancing infrastructure.

Some typical examples of where the possible changes backed by demographic challenges may arise and how they may be manifested will be mentioned.
Figure 1: Typical examples of direct and indirect interfaces

<table>
<thead>
<tr>
<th>DEMOGRAPHIC FEATURE</th>
<th>INTERFACE</th>
<th>SUPPLY (tourism-specific and enhancing infrastructure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEMAND (desire and ability to travel)</td>
<td>LABOR MARKET (workers and jobs)</td>
<td>Infrastructure utilization</td>
</tr>
<tr>
<td>Number of journeys and people travelling</td>
<td>Number of workers and jobs available</td>
<td></td>
</tr>
<tr>
<td>Travel behavior (choice of destination)</td>
<td>Regional availability of workers and jobs</td>
<td>Regional infrastructure</td>
</tr>
<tr>
<td>Number of journeys and people travelling, travel behavior (e.g. destinations and type of holidays)</td>
<td>Age of workers, type of jobs</td>
<td>Type of tourism-specific infrastructure</td>
</tr>
<tr>
<td>Holiday motivations and activities</td>
<td>Gender of workers, type of jobs</td>
<td>Type of tourism-specific infrastructure</td>
</tr>
<tr>
<td>Number of journeys and people travelling, holiday motivations and activities</td>
<td>Qualifications of workers/availability of skilled workers, type of jobs</td>
<td>Type of tourism-specific infrastructure</td>
</tr>
<tr>
<td>Number of people travelling</td>
<td>Flexibility of workers and employers (working hours, child care etc.), type of jobs</td>
<td>Accommodation (size and type)</td>
</tr>
<tr>
<td>Number of journeys and of people travelling and travel costs</td>
<td>Attractiveness of jobs depending of level of remuneration</td>
<td>Price level</td>
</tr>
</tbody>
</table>

Adapted from Grim et al. (2009, 6)

Technology is changing the nature of the services offered, and the nature of work within the tourism industry (Baines 1998). Werthner and Klein (1999) examined profoundly the interdependence between trends in tourism and developments in information and communication technology addressing topics of tourism in a digital or network economy; technological, strategic, and organizational dimensions of electronic commerce applications; emerging structures and success factors in the electronic market place. A major contribution in the field of eTourism was given by Buhalis and Law (2008) who provided an overview of the research and development efforts that have been endeavored in the field. Web 3.0, based on semantic web definition, has had a strong impact on eTourism. (more in: Eftekhari, Barzegar and Isai 2010). Minić, Njeguš and Tulić Ceballos (2014) examined the impact of Web 3.0 technologies on tourism information systems and concluded with presuming that Web services will enable the new generation of visitors to access personalized services based on their previous preferences in the location where they currently are. This will enable organizations (service providers in tourism) to design and offer products and services based on tourists’ preferences. In the future Internet of Things, seen as enabling seamless travel experience provider and facilitator, will make everyday physical objects connected to the internet and will be able to identify themselves to other devices, while gathering and sharing data. Hence, 88% of travelers see Smartphones as must-have devices when travelling and for 75% of business travelers Smartphones is increasing productivity and is enabling them to more than 6 hours of sleep each night (Amadeus 2015).
Amelung, Nicholls and Viner (2007) explored the implications of climate change for global tourism focusing on seasonality. Their study revealed the locations of climatically ideal tourism conditions are likely to shift poleward under projected climate change. According to the study some attractive summer destinations (i.e. the Mediterranean destinations) may confront shifts in their peak seasons from summer months to current shoulder periods. On the other side, regions in higher latitudes are likely to experience a lengthening of summer seasons. However, the effects of changes depend on the flexibility demonstrated by institutions and tourists as they respond to climate change (mitigate and adapt), with substantial implications for both spatial and temporal redistribution of tourism activities. Following the mentioned examples of climate change impacts on Mediterranean destinations, Perry (2000) underlined that their key sensitiveness is expressed in drought and heatwaves that are likely to increase with projected greenhouse warming. In this way, he suggests the combination of various adaptation measures that must include: lengthening of the present season, taking care to cater for the increasing number of older people in the population of Northern European countries who will demand high environmental and accommodation standards and look for more bespoke holidays than the mass market tourist. Not only sea and sun destinations are exposed to climate change. Climate change has had a strong impact on the physical resources that define the foundation of many tourism and recreation activities. Global climate change influences the nature-based park tourism and related outdoor recreation by affecting the length and quality of tourism and recreation seasons. This may have considerable implications for visitation and related aspects of park management of national parks as concluded in the study of Jones and Scott (2005) on Parks Canada. For Hein, Metzger and Moreno (2009), after reviewing the recent advances in modelling the impact of climate change on tourism sector, concluded that the societal costs of climate change remain difficult to quantify due to uncertainty surrounding future climate change and economic projections, as well as the complexities of linking physical impacts to economic processes. On the other side, tourism poses a huge pressure on the environment as well. It is extremely difficult to foresee and to precisely measure the impacts. A big problem is the difficulty of differentiating changes attributable to pre-existing processes and changes induced by the influx of tourists (Wall and Mathieson 2006). The difficulties of measuring the impact can be explained by the interconnection of primary, secondary and tertiary impacts that generate a myriad of successive repercussions impracticable to trace and monitor (Wall and Mathieson 2006, 6). In line with the above Hasbrouck (2007) states ecotourism and "responsible travel” are growing trends, reflecting rising public awareness of the ill effects and irresponsible of much tourism, and a desire on the part of increasing numbers of travelers genuinely to immerse themselves in the places they visit. Although findings about the tourists’ willingness to pay more for environmentally friendly products or services are still contradictory, their demand for responsible travel has been growing. In the case of environmentally friendly hotel, a summary of the 13 most representative researches on the topic conducted between 2003 and 2014 was provided by Dimara, Manganary and Skuras (2015). The results have shown that consumers were not willing to pay more for that kind of product but are very much interested in participating in environmentally friendly initiatives. Just recently, Center for Responsible Travel (2015) has published excellent supporting evidences based on many of the researches conducted on the global scale. Based on their summary Center for Responsible Travel (2015, 2-3):

- 79% of travellers globally “think that it’s important that accommodation providers have eco-friendly practices,” (2012-2013 TripAdvisor survey);
- a 2013 TripAdvisor.com survey of 1,300 U.S. travellers shows that nearly two-thirds “often” or “always” consider the environment when choosing hotels, transportation and meals;
- 67% of U.S. consumers are now “looking for ‘greener’ products,” (2012 study by MIT Sloan Management Review);
- 50% of global consumers are willing to pay more for goods and services from companies that have implemented programs to give back to society, according to a 2013 Nielsen Global
Tourist choices are increasingly influenced by sustainability considerations,” states the World Tourism Organization’s (UNWTO) 2012 Tourism in the Green Economy Report; the 2010 TUI Travel Sustainability Survey of almost 4000 holidaymakers in seven European countries and the U.S., found that “the most interesting sustainability issues” are: pollution issues (71%), biodiversity and animal protection (64%), climate change and carbon emissions (63%), fair trade and labour standards (62%), and social and community issues (61%);

47% of business travellers prefer staying in a green-certified hotel (Timetric’s Global Business Traveller Survey 2013);

95% of business travellers surveyed believe the hotel industry should be undertaking ‘green’ initiatives, and sustainability will become a defining issue for the hospitality industry in 2015 and beyond (Deloitte’s Hospitality 2015 report);

Growth of conscientious travellers is being driven by a confluence of lifestyle trends that suggest that the demand for responsible tourism is likely to remain strong into the future.

Political and legal issues impact tourism development in two ways: creating advantages and opportunities and creating disadvantages and the loss of competitiveness. Nowadays, safety and security concerns are highly prioritized by tourists. Negative perception towards these factors could lead to increased business failures, demise of certain destinations and loss of expected growth (Bized 2004). Amongst the most important factors in the immediate political environment, Singh (2012) distinguishes: government regulations and laws, political economy, political instability, policy issues, land issues, foreign direct investment issues, government support. Business success and long-run sustainability is directly affected by political decisions that influence the environments – economic, ecological, and social – under which hospitality and tourism functions (Litvin 2012, 18)

Tourism is one of the fastest growing sectors of the economy. According to the latest UNWTO reports (UNWTO 2015, 2), despite occasional shocks, tourism has shown virtually uninterrupted growth. International tourist arrivals have increased from 25 million globally in 1950, to 278 million in 1980, 527 million in 1995, and 1133 million in 2014. Likewise, international tourism receipts earned by destinations worldwide have surged from US$ 2 billion in 1950 to US$ 104 billion in 1980, US$ 415 billion in 1995 and US$ 1245 billion in 2014. International tourist arrivals worldwide are expected to increase by 3.3% a year between 2010 and 2030 to reach 1.8 billion by 2030. The economic importance of tourism is not doubtful. Its direct, indirect and induced impact has been already proved by various scholars (Stynes 1997; Rätz and Puczkó 2002; Dwyer, Forsyth and Spurr, 2004, Galant and Golja 2015). Various models available to evaluate the economic impact of tourism were tested (Bonn and Harrington 2008; Kumar and Hussain 2014). Ernst and Young (2013) study has shown that for every €1 spent by the sector, an additional €1.12 is spent in the supply chain and via employees’ consumption. The contribution of tourism extends beyond the quantitative measure typically quoted – economic impacts and contribution to gross domestic product (GDP). For instance, destinations in less developed countries are seeking to leverage tourism destination branding to enhance exports of other products, strengthening impacts on quality of life of the destination’s residents, and enhancing small business development (Ardahaey 2011, 213).

However, tough economic conditions as well as the influence of above highlighted factors have strongly awakened the tourism industry. The ever so changing global environment has influenced the once-supported business models and altered the ordinary ways of communication between suppliers and customers (tourists). Information and communication technologies were critical in this process. Todays’ organizations in tourism need to anticipate customers’ needs, wants and likes, reorganize their business operations and processes accordingly and convert to new and more acceptable business models. Measuring tourists’ satisfaction with their products and services becomes imperative. Seems
there are many implications for leaders in tourism across this horizon of changes in the immediate tourism environment.

**Satisfaction with the consumed product and/or service is incremental for influencing their decision making process in the process purchasing tourism product or service.** If satisfied, tourist will be willing to re-purchase the product/service or highly recommend it to others (either by traditional means or by exploiting the benefits of Web 2.0 services). The supporting evidence is the Yoon and Uysal (2005) study. They analyzed the influence push and pull motivational factors have on travel satisfaction and destination loyalty. They found a strong relationship between satisfaction and loyalty. Based on valuable contribution provided by Ritchi and Crouch (1999) in their destination competitiveness model and further putting it into context of sustainability (Ritchi and Crouch 2003), destinations seeking to achieve success should create or benefit from two principal types of strategic advantage: (1) comparative – based on resource endowments and (2) competitive advantages – based on the effectiveness and efficiency with which destinations deploys its resource endowments (Ritchie and Crouch 2010). This leaves an open space for discussion which attributes should tourists' satisfaction be measured against. The measurement of tourist satisfaction is complex (Plzam, Neumann and Reichel 1978, Kozak 2001). Some authors propose measurement on an ordinary scale but for Alegre and Garau (2010, 53) this approach is not enough for at least two reasons: (1) ignoring the existence of negative attributes and (2) insufficiency of one-dimensional concept of satisfaction (the presence of certain factors generates satisfaction, yet their absence does not necessarily generate dissatisfaction and reverse).

Scholars analyze tourist satisfaction with different aspects of destination. Campo-Martínez, Garau-Vadell and Pilar Martínez-Ruiz (2010) study showed that overall satisfaction had the biggest influence on the decision of whether to revisit a destination. The least important influence was the tourist’s perceived image. Hultman et al. (2015) findings indicate: (1) destination personality (personality seen as the set of personality traits associated with destination as defined by Ekincy and Hosany 2006) promotes tourist satisfaction, tourist–destination identification, positive word-of-mouth, and revisit intentions; (2) satisfaction encourages identification and word-of-mouth; and (3) identification enhances word-of-mouth and revisit intentions. Ramseook-Munhurrun, Seebalucka and Naidoo’s study (2015) show that both destination image and perceived value are direct determinants of satisfaction. Hasegawa (2010) study findings have shown that satisfaction derived from the scenery and meals had the largest influence on the overall satisfaction. Nield, Kozak and LeGrys’s study (2000) also confirmed that the food service was an important contributor to tourist satisfaction. Results of the structural equation modelling obtained by Yuksel, Yuksel and Bilim (2010) show that positive emotional and cognitive bonds with a place affect an individual’s critical assessment of a destination and his/her loyalty to the place. To extend the understanding of trait/basic-emotion relationships and of basic emotions’ roles in satisfaction formation, the results of the study conducted by Faullant, Matzler and Mooradian (2011) have shown that two basic consumption-related emotions, fear and joy, are influenced by neuroticism and extraversion and in turn and in conjunction with cognitive appraisals influence tourist satisfaction. Pizam, Uriely and Reichel (2000) found that the higher the intensity of social relationship between hosts and tourists, the higher was the satisfaction of these tourists with their stay and experience.

Tourists, as one of the main organizations stakeholders, should be approached cautiously. New business models have opened up a discourse of completely new waves of acceptable communication channels – the so called “3.0 tourism supply-demand communication channels”. For that purpose, service providers in tourism should rely more on corporate reports within which they could provide more extensive information on their business operations and the continuous adaptation and mitigation measures they conduct in order to efficiently satisfy the more demanding tourists. Only if measured, they will be able to manage their operations towards improving tourists’ satisfaction. But, how to
communicate improvements, how to provide more information to tourists? Radu and Dobrescu (2014) proposed a conceptual model aimed at identifying how the advantages/disadvantages existing in the online environment, users’ trust in the environment, and data security are able to influence the level of tourists’ satisfaction with the information provided on the internet. Their findings have shown that the tourists’ trust regarding the activity in the online environment is the most important when evaluating satisfaction. Based on that, authors of this paper propose the stronger use of new generation corporate reports aligned with the “3.0 tourism supply-demand communication”. Corporate reporting represents the most important part of corporate communications, since it is used as the primary mean by which corporations provide details about their performance to various stakeholders. There is not one unique definition of corporate reporting, for its dimensions being different. Mostly, corporate reporting refers to the financial reporting. However, corporate reporting is much wider field then just financial reporting, since it includes also a variety of non-financial information (as seen in PwC 2015). Financial reporting represents the very beginning of corporate reporting. The development of annual reports followed. This includes environmental issues and corporate social responsibility reports. However, integrated reports (annual plus sustainability reports providing better clarity about the relationship between financial and non-financial metrics) will proliferate in the near future (Lusher 2012,13).

Financial reporting is mostly harmonized and standardized. It is compulsory by the law. On the other hand, situation with CSR reporting and integrated reports is quite different. Its disclosure is mostly voluntary. Academic literature highlighted benefits from CSR reporting (Duf and Guo 2010): (1) enhancing and/or maintaining companies’ reputation; (2) a need to be seen as legitimate by stakeholders; (3) to recruit the best staff; (4) to create a consistent framework across a global network; (5) to reduce operating costs. Companies are beginning to recognize the benefits of CSR reporting. This resulted in the increase of the number of disclosed stand-alone CSR reports in the past decade (Dhariwal et al. 2012). The importance of CSR reporting will increase in the future. Currently, there are several initiatives for CSR disclosure standards, like Global Reporting Initiative (GRI), Un Global Compact, AccounAbillity’s AA100 or ISO 26000. On the global scale, GRI guidelines represent the best standard for providing information on CSR and sustainability issues (Tschopp and Nastanski 2014). In addition, some countries, like France, Denmark, Sweden, The Netherlands and Norway, require certain companies to disclose information on CSR issues in their annual reports (Tschopp and Nastanski 2014). European Parliament and the Council of Europe launched a directive (2014/95/EU) on disclosure of non-financial and diversity information by certain large undertakings and groups. This directive requires companies to disclose information on policies, risks and outcomes regarding environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues, and diversity in their board of directors (EU Parliament and Council 2014).

3 Empirical research

3.1 Main hypothesis

Based on literature review the following hypothesis were developed:

- H1: There is a positive connection between tourists’ satisfaction and tourists’ spending
- H2: Tourism satisfaction could be improved with CSR reporting and subsequently,
- H3: Increase in tourists spending will increase companies’ profits
- H4: CSR reporting has indirect positive effect on tourism company’s revenues/profits through tourists’ satisfaction

Tourists’ satisfaction has positive influence on tourists spending meaning that companies’ profits will be positively affected. Since CSR reporting has been representing the way of communicating with
tourists/customers, provision of more accurate information based on the so called “3.0 supply-demand communication”, can result in increased tourists’ satisfaction. Thus, CSR reporting has positive effect on companies profit since it increases tourist satisfaction which leads to increased spending, and finally positively influences their profits (Figure 2).

Figure 2: Proposed theoretical model

3.2 Sample and data collection

For the purposes of testing the defined hypothesis, data were collected using questionnaire on the municipality of Medulin - located at the south of Istrian peninsula (Croatia). Due to its location, natural and cultural wealth tourism is the most important sector of its economy.

Sample included 1,503 tourists (0,5% of total tourists arrivals in 2012 for selected destination) that visited destination Medulin in time period May–September 2012. Considering the total number of arrivals to municipality of Medulin for 2012 (317,907), the representative sample size would comprise responses of 663 tourists with 99% level of confidence (Table 1).

Table 1: Representative sample size

<table>
<thead>
<tr>
<th>Accepted margin of error</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidence level</td>
<td>99%</td>
</tr>
<tr>
<td>Population size</td>
<td>317,907</td>
</tr>
<tr>
<td>Response distribution</td>
<td>50</td>
</tr>
<tr>
<td><strong>Recommended sample size</strong></td>
<td><strong>663</strong></td>
</tr>
</tbody>
</table>

Adapted from Roasoft (2015)

Tourists included in sample came from 33 different countries in the world, including Croatia, but most of responders came from four European countries, which are Slovenia (28%), Germany (22%), Austria (13%) and Italy (11%).

For the purposes of this research respondents (tourists) were asked to evaluate their satisfaction with overall stay in destination on a Likers scale from 1 to 5 (1 = very low level of satisfaction, 5 = very high level of satisfaction). The second variable used into this research is average daily spending of tourist in destination. Tourists were asked to assess their average daily spending. Six ranges of spending were offered: 0 do 10 Euro, 11-20 Euro, 21-30 euro, 30-40 euro, 40-50 euro and more than 50. For the purposes of quantitative analysis middle value of each class was used and 60 euro was taken as a value of last class. The middle value of satisfaction was 3,87 indicating that the level of tourists’ satisfaction with their overall stay in destination is high. The average value of daily tourists spending in destination is 41,82 euro (Table 2).
Table 2: Descriptive statistics of variables used in research

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>1.458</td>
<td>1</td>
<td>5</td>
<td>3,8683</td>
<td>0,7432</td>
</tr>
<tr>
<td>Average daily spending</td>
<td>1.225</td>
<td>5</td>
<td>60</td>
<td>41,82</td>
<td>16,8858</td>
</tr>
<tr>
<td>Valid N</td>
<td>1.206</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3 Methodology and research results

Empirical research was split into two parts. Firstly, regression analysis was conducted to determine the connection between tourists’ satisfaction and their average daily spending. Secondly, the content analysis of corporate reports and companies web pages was performed to determine the level of CSR reporting.

3.3.1 Regression analysis

In first part of empirical research linear regression analysis was used, with average daily spending as dependent variable and tourists satisfaction as independent or predictor (Graf 1). According to obtained results there is statistically significant positive relationship between satisfaction and tourists’ spending (p value=0,044). Although positive, this relationship is poor. Satisfaction could be improved through CSR activities bearing in mind the above mentioned trends in the tourism environment.

Graf 1: Regression results

3.3.2 Corporate reporting content analysis and companies web page analysis

The second part empirical research refers to the corporate reports and companies web page content analysis. In addition, the search of two most important sustainability disclosures database was conducted (GRI and UN Global Compact).

On a national level only 15 companies in Croatia prepare sustainability reports using GRI guideline (GRI database 2015), and only 33 business entities are signatories of the UN Global Compact. Companies that prepare sustainability or CSR reports on their own principles, without implementing
guidelines developed by some organization should also be concerned. The situation in tourism is even worse. No company prepares GRI report and only two companies participate in the UN Global Compact.

In the municipality of Medulin, no company reports on sustainability/CSR using GRI guidelines or UN Global Compact, neither the municipality participates in the UN Global Compact as a non-business participant. To check whether companies in municipality of Medulin report on sustainability/CSR on their own principles or within their annual reports, a content analysis of companies with their headquarters in municipality of Medulin was conducted and companies web pages were checked. In total reports of 76 companies (mostly small sized) were analysed. The results indicate that companies have not recognized the benefits of reporting on sustainability or CSR, since no company reported on this issue.

4 Discussion and conclusion

In managing tourism company and destination, volatility of the environment should be considered due to trends changing rapidly. Managers need to be aware of that. Fast reaction to the changing environment it is crucial for success. Tourists’ satisfaction is a very important element in managing a company in tourism sector.

In this paper the positive influence of tourists satisfaction on their daily spending has been proven, meaning that satisfied tourists will spend more money in destination. Greater spending leads to increased revenues of companies, so companies benefit from increased tourists satisfaction. However, companies need to take actions, mostly CSR activities, in order to increase satisfaction.

CSR activities should be communicated to stakeholders, particularly tourists. CSR reporting should be used for that purposes. In this way, they would be familiar with CSR activities of companies operating in tourism sector. Having in mind the influence Web 2.0 and Web 3.0, as well as Internet of Things, has today and will have in the near future, satisfaction will be improved through transparent communication. The transparent communication improves tourists’ trust in the activities performed by various stakeholders in tourism destination.

In Croatia, reporting, conducted under the banner of sustainability or corporate social responsibility (CSR), is still very weak, much weaker that financial reporting. The main reason for that in that financial reporting is mostly standardized and harmonized, and more importantly obligated by the law previsions. Only one provision of Accounting law can be interpreted as disclosing information on CSR, and this is the following: “Entrepreneurs shall prepare an annual report that includes ... and the information about environment protection and employees if this is necessary for understanding of the development, operating results of the respective entrepreneur and their position’” (Official gazette 2007). CSR reporting is Croatia is still voluntary, so companies decide on their own whether to report on this issue or not. In future, reporting on sustainability and CSR issues will develop. The reason for that is the obligation to incorporate European Union directive (2014/95/EU) on non-financial disclosure by the end of year 2016. Although, the directive obligates only certain companies to disclose it represents important step for development of CSR reporting.

Authors present some recommendations to be followed in order to increase tourists' satisfaction and loyalty through exploiting the benefits of new communication methods.
Table 3: Set of recommendations

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
</tr>
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<tbody>
<tr>
<td>Exploit the benefits of web 2.0 and prepare for web 3.0</td>
</tr>
<tr>
<td>Preparation for the so called „3.0 supply-demand communication“</td>
</tr>
<tr>
<td>Exploit the advantages of Internet of Things</td>
</tr>
<tr>
<td>Use corporate reporting extensively</td>
</tr>
<tr>
<td>Set the primary steps for joining UN Global Compact (business and non-business entities)</td>
</tr>
<tr>
<td>Set the criteria for measuring tourists’ satisfaction on the level of the organization and on the level of the destination</td>
</tr>
</tbody>
</table>

Source: Authors' contribution

References


*Croatian accounting act*, Official gazette 109/07.


Ernst & Young, 2013. ‘The Hospitality Sector in Europe.’ Brussels: The Brewers of Europe


