

Article

# Non-Financial Information in Hotel Companies

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**Abstract:** The enactment of EU Directive 2014/95/EU and EU Guidelines 2017/C215/01 for large European public interest entities with more than 500 employees recognised the importance of non-financial information and made its disclosure mandatory. The importance of disclosing non-financial information for the hospitality industry is significant, as it is an industry that is highly sensitive and connected to the environment and social interactions. The aim of this paper is to investigate the content of non-financial information disclosed by Croatian hotel companies that list their shares on the financial market since this became mandatory. For this reason, the following research questions were posed: Is the non-financial information presented in the reports of Croatian hotel companies sufficient? If this information is insufficient, how can its content be improved? To answer these research questions, a content analysis of non-financial information in relation to general information, emissions and pollution prevention, sustainability, other environmental information, and EU Directive requirements from publicly available sources of hotel companies was conducted. The research results show that Croatian hotel companies mainly publish satisfactory levels of non-financial information related to waste management and recycling, as well as energy and water consumption, while the content of other non-financial information should be improved. The research results will be used in defining and improving the content of non-financial information for hotel companies as guidelines for publishing non-financial information specifically tailored to the hospitality industry.



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**Keywords:** non-financial information; EU Directive 2014/95/EU; hospitality industry; content analysis; Croatian hotel companies

## 1. Introduction

Traditional accounting systems and published financial statements do not meet the information needs of stakeholders because they do not provide information about risks or social and environmental aspects that are important for decision-making [1–3]. To overcome this problem, the European Union published EU Directive 2014/95/EU and EU Guidelines 2017/C215/01 to help companies disclose “sufficient, reliable and comparable sustainability related information” [4] (p. 2). With improved disclosures of both financial and non-financial information, stakeholders will have more information not only about the economic, but also the environmental and social aspects of companies. In this sense, stakeholders are better informed about the companies’ climate change risks and opportunities, can better manage corporate risks and are better informed about decision-making and strategic planning. In addition, sustainability-oriented indices and improved credit ratings in bond and bank loan issuance establish a more constructive dialogue with stakeholders, especially investors and shareholders, and improve corporate reputation and maintenance of social licence to operate [4] (p. 3). According to the Non-Financial Reporting Directive, a company is required to disclose information on environmental, social and employee matters, respect for human rights, and bribery and corruption to the extent that such information is necessary for an understanding of the development, performance, position and impact of the company’s operations [5] (Art. 19a).

Disclosure of non-financial information brings the following benefits to companies: increased recognition, trust and credibility; improved transparency and credibility of

financial statements, leading to higher levels of trust from potential investors and access to the most favourable sources of financing; increased business opportunities to become a part of reliable supply chains due to improved capabilities; improved engagement at CEO and management levels; improved communication with stakeholders; and lower risk and higher value creation [6].

Since each industry has its own unique characteristics in terms of operations and environmental impact, it is not possible to inform all stakeholders and meet their needs. Therefore, it is suggested that each industry consider its industry specifics and stakeholder needs, and improve the content of non-financial information within this framework using available relevant resources.

The specifics of the hospitality industry include high competitiveness, substitutable services, labour intensive and perishable products, as well as high fixed costs [7], and the importance of publishing non-financial information for the hospitality industry is significant because it is an industry that is very sensitive and connected to the environment. On the one hand, it depends on sustainability, high quality and diversity as a clean environment is one of the highest rated motives for tourists to visit, and on the other hand, it can have a large negative impact on the environment through high CO<sub>2</sub> emissions, energy and water consumption and waste disposal at the destination.

The current practice of disclosing non-financial information in different, inconsistent ways has resulted not in simplifying the understanding of non-financial information and clarifying the overall picture of a company's impact, but in adding to stakeholder confusion and information overload [8]. Non-financial information, most of which was published using Global Reporting Initiative Standards (GRI), did not provide linked information and failed to provide stakeholders with additional information needed for decision-making [9,10]. To overcome this problem, the International Integrated Reporting Council (IIRC) has published a framework to help companies disclose their non-financial information within financial information in an integrated and comprehensive manner that is understandable to their stakeholders.

This research seeks to answer the following research questions: is the non-financial information presented in hospitality reports sufficient, and if it is insufficient, how can its content be improved? In this sense, and in view of the industry specifics, available resources related to the industry such as the Uniform System of Accounts for the Lodging Industry (USALI) [11] are considered. To answer these research questions, a content analysis of the non-financial information related to general information, emissions and pollution prevention, sustainability, other environmental information and EU Directive requirements from publicly available sources of hotel companies was conducted and guidelines for their improvement are proposed.

This study adds to the existing literature and research on non-financial reporting in hospitality industry after the EU Directive on non-financial information came into force and emphasises the need to support hotel companies in developing their content. Based on the research findings, an improvement of the content of non-financial information is proposed, taking into account the existing EU guidelines, international standards (GRI) and the specifics of the hospitality industry through USALI, in order to provide stakeholders with more concise, relevant, understandable and comparable information about the hospitality business.

Apart from the introductory section, this paper consists of a literature review section that presents the theoretical background of previous research, a research methodology and findings section, a discussion and suggestions section, and a conclusion.

## 2. Literature Review

Stakeholders consider financial information insufficient for evaluating companies and therefore require that companies publish non-financial information. The EU Directive 2014/95/EU and guidelines set the rules for large public interest entities for the mandatory implementation of this information in order to ensure high-quality, relevant, useful, consistent and more comparable information (environmental, social and governance-related) in a

way that fosters resilient sustainable growth and employment, and provides transparency to stakeholders [4] (p. 4). With the release of non-financial information, stakeholders are now concerned about “information overload” because they receive more information than they need and because the information they receive about sustainability is confusing and not homogeneous across companies [12–14].

Factors that led management to disclose environmental information in their annual reports before the EU Directive came into force were the growing awareness and concern of community members [15], pressure from environmental groups [16,17], and the persuasion of individual managers led by economic or political motives [18]. With the entry into force of the EU Directive 2014/95/EU, the same problems remain and the EU Commission has adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD) with the following changes to the existing reporting requirements: extending the scope to all large companies listed on financial markets (excluding micro-entities), auditing the reported information to give it credibility, introducing more detailed reporting requirements and a requirement to report according to mandatory EU sustainability reporting standards, and requiring companies to digitally label the reported information [19].

There is evidence that environmental information reporting has a positive impact on corporate financial performance by increasing its productivity and profitability and reducing information asymmetry between managers and stakeholders, allowing companies to better position themselves in the market [20–22]. There is also high pressure from investors for standardization of non-financial reporting, especially in states where local entities believe they have influence over companies [23], and it is important and necessary for companies to ensure transparent communication and activities related to social issues [24]. The pressure for public reporting on environmental and social issues has been recognised as one of the competitive factors in the EU and has been part of the development strategy based on smart, sustainable and inclusive growth summarised in the European Commission’s objectives [25].

Previous research on non-financial information disclosure has focused on examining the number of companies issuing non-financial reports, their content analysis assessing the readiness of large companies to change and their compliance with EU guidelines, various dimensions in which stakeholders are interested, and internal and external factors that influence disclosure [1,26–28]. Previous research on non-financial information also addresses experiences from different countries [29–34] and is focused on the qualitative and quantitative content analysis of non-financial information included in the published reports of different industrial companies, especially those that are legally required to disclose (public interest companies such as credit institutions and insurance companies, listed companies or largest etc.) or companies that belong to critical industrial sectors (e.g., mining and oil companies) [35–37]. In addition, before the inclusion of the EU Directive, several studies were conducted on the non-financial reporting of the hospitality industry, the results of which showed that their quality was not satisfactory [38–42].

When creating the framework for non-financial information, regulatory framework standards and reputable environmental reporting institutions such as Global Reporting Initiative (GRI), International Reporting Council (IIRC), Sustainability Accounting Standards board (SASB), AccountAbility (AA), UN Global Compact (UNGC) or the Organization for Economic Co-operation and Development (OECD), EFFAS and ISO should be taken into account along with the specifics of the industry to achieve their compatibility. In order to make sustainability information more accessible and meaningful to decision-makers, GRI has launched the Sustainability and Reporting 2025 project, which will define the content or type of information needed for a global discussion on sustainability. This project addresses the future of sustainability reporting and disclosure in the digital world [43].

Companies mostly use the Global Reporting Initiative methodology or the GRI standards for their disclosure [44]. The standards’ guidelines refer to internationally developed reporting documents and help companies report on sustainability, environmental, social and government data revised to meet the information requirements of the 21st Century

reporting. The standards set by the GRI have been revised several times, with the latest, the GRI Standards, published in October 2016 and in use at the end of 2017 along with the EU Directive. As this is an ongoing process, the update to the GRI standards will take effect in the form of new GRI Standards for reports published on or after 1 January 2023, and is expected to ensure better and more consistent sustainability reporting and bring significant changes to sustainability and reporting practices. The GRI standards enabled an increase in credibility and international application, a better anchoring in public policy and thus stronger application of reliable sustainability reporting, an improvement of the individual standards, the availability of the standards for existing and new users, and a higher quality of the reporting structure. The aim of the GRI standards is to ensure further steps in the development process of sustainability reporting with simple changes for new topic and constant requirements for improving reporting with their easier implementation in the reporting process through their modular structure. Standardization enabled easier application for all companies with significant differences in requirements, recommendations and guidelines due to different levels of implementation. The clarity and simplification made these standards user-friendly [45].

The hospitality industry is considered a tertiary industry that provides services and is not one of the industries with the greatest environmental impact (like primary and secondary industries). The hospitality industry is complex and consists of accommodation, food and beverage services complemented by travel, tourism, recreation and other facilities. Its characteristics are associated with high competitiveness, substitutable services, labour intensive and perishable products and high fixed costs, and should be carefully considered when disclosing non-financial information. Disclosure of non-financial information is important for hospitality industry because it is a highly sensitive industry that is connected to the environment not only for guests, but also for the local community and local people. On the one hand, it depends on sustainability, high quality and diversity because a clean environment is one of the highest rated motives for tourists to visit, on the other hand, it can have a great negative impact on the destination's environment. Hoteliers are aware of the importance of their environmental and social concerns and that by being more transparent and accountable about their impacts, they can achieve a better competitive position, achieve cost savings, improve strategic decision-making and benefit the community [46–48]. Apart from studies on non-financial information in the hospitality industry which showed an unsatisfactory level of quality, research has already been conducted on the importance of environmental reporting in the hospitality industry [49], the impact of environmental and social reporting on the financial performance of hotels [50], the design of green hotels, the minimisation of energy consumption and the use of technological innovation to achieve sustainability [51,52], water management [53] or waste management [54,55].

The Croatian Ministry of Finance, as the only legitimate body acting in accordance with the Accounting Act together with the Croatian Institute of Corporate Social Responsibility, the Faculty of Economics, the Croatian Employers' association, Croatian Global Compact and PwC Croatia, has conducted a study on Croatian companies and the non-financial information they publish since it became a legal requirement. Of the 74 non-financial reports analyzed, companies legally required reports contained: key non-financial indicators (87%), the company's social and environmental policy (92%) and policy results (67%). However, most companies did not report on the setting of targets related to social and environmental aspects (74%), nor on the impact of climate and social risks (72%). The content analysis was carried out according to the criteria of the law, the GRI Standards and the EU Guidelines for non-financial information [34] (p. 218).

In light of the above, we intended this research to contribute to the existing literature on non-financial information in hotel companies after the EU Directive came into force and to help in suggesting guidelines for developing a uniform standard for non-financial reporting in the hospitality industry.

### 3. Research Methodology

To answer the research questions, this paper presents the content and nature of publicly available non-financial information in the Croatian hospitality industry and provides comments to suggest improvements in content and make it clearer and more understandable for stakeholders. The content and type of non-financial information were selected based on the methodology used in previous research [56–58] which was additionally developed with the category and variables related to the requirements of the EU Directive.

The research was conducted using publicly available non-financial information on a sample of Croatian hotel companies listing their shares on the financial markets in the accommodation and food service activities [59] after the inclusion of the EU Directive 2014/95/EU. Initially, 23 Croatian hotel companies were included in this research, among which 143 hotels are operating. The parameters considered were collected from reports published on official company websites, financial agency and Zagreb Stock Exchange websites. Non-financial information was collected for the period 2017–2020, as this is the period in which the EU Directive requires the publication of non-financial information. Of the 23 Croatian hotel companies, one was excluded from the analysis because it is an insolvent company and one is registered as a bungalow and camping company (not hotels). Hotel companies that do not publish non-financial information separately or as a part of the financial statements were also excluded from further investigation (7 Croatian hotel companies, under which 38 hotels are operated). The remaining 14 hotel companies belong to hotel chains and include shares of 13 hotel companies, as one hotel company (Plava Laguna) publishes common and preferred shares (PLAG and PLAG2). The final observed sample includes 104 hotels, representing 72.7% of the original sample, that have some form of publicly available non-financial information. The abbreviations of the shares on the stock exchange, together with the name of the hotel company and the hotel chains to which they belong, are shown in Table 1. The number of hotels owned by each hotel company is also given.

**Table 1.** Characteristics of the sample.

The Abbreviation of Hotel Company Share	Hotel Company	Chain	Number of Hotels Owned by the Hotel Company
ARNT	Arena hotels Pula	Arena hospitality group	7
HEFA	Helios faros Hvar	Valamar	2
HIMR	Imperial hotels Rab	Valamar	4
HPDG	Hotels Medora Podgora	Medora Hotels	2
HTPK	Hotels Korcula, Njivice, Novigrad	Aminess	10
HTPO	Hotels Orebic	Aminess	2
ILRA	Ilirija hotels Biograd/nM	Ilirija Hotels	4
JLSA	Jelsa Hotels Hvar	Valamar	3
MAIS	Maistra hotels Rovinj, Vrsar, Zagreb, Dubrovnik	Maistra hotels	17
PLAG/PLAG2	Plava laguna Porec	Plava laguna	20
RIVP	Riviera Porec	Valamar	8
SLRS	Solaris Sibenik	Amadria	12
SUKC	Sunce hotels Bol, Brela, Tucepi, Starigrad Paklenica	Bluesun	13
Number of hotels total:			104

Source: Authors proposal according to [https://zse.hr/hr/sektor/302?sector\\_id=1](https://zse.hr/hr/sektor/302?sector_id=1) (accessed on 24 April 2021) and companies' websites.



For the hotel companies observed, notifications were made to determine from which source non-financial information was collected—websites, annual financial reports or separate company reports. The observations covered a period of four years, from 2017 to 2020. The structure and content of non-financial information did not change in the period from 2017 to 2020, except for the published figures and disclosures, which change from year to year.

The non-financial information was found on companies' websites in 30.8% hotel companies, and it mainly included information about their hotels' certifications, e.g., Sustainable Hotels or Travellife Gold, which is consistent with previous research [60]. The criteria for obtaining them, and information about action plans and employee training related to emissions, energy and water consumption was also presented.

The smallest number of hotel companies (15.4%) publish non-financial information within annual financial statements, and the remaining 53.8% of hotel companies publish non-financial information in a separate report.

Several categories were examined in the non-financial information published: General Information, Emissions and Pollution Prevention, Sustainability and Other (Environmental) Information. EU Directive Requirements were added as separate category and the variables related to these categories were determined as shown in Table 2.

**Table 2.** Categories and variables of non-financial information examined.

Categories	Variables
General Information	Environmental policy, Environmental management system, Regulation
Emissions and Pollution Prevention	CO <sub>2</sub> emission, Waste disposal, Recycling
Sustainability	Energy consumption, Water consumption
Other Information	Local product consumption, Supplier (contractor) responsibility
Directive Requirements	Corruption, Health and safety, Education

Source: authors.

For the category General Information, the variables of Environmental policy, Environmental management system, and Regulation were considered; for the category Emissions and Pollution Prevention, the variables CO<sub>2</sub> emissions, Waste disposal, and Recycling were considered; and for the Sustainability category, the variables Energy and Water consumption were considered; while for the Other Information category, Local product consumption, and Suppliers responsibility were considered. The category Directive Requirements included variables on information about Corruption, Health and safety, and Education.

In answering the research questions, non-financial information was examined following previous research [56–58] and codes were given as follows: 0 if the information is not available (missing), 1 if the information is only mentioned, 2 if information is described, 3 if information is available in units of measurement.

Coding 1 indicates low value of non-financial information of hotel company, coding 2 indicates partial value, while coding 3 indicates high value of non-financial information. After assigning the appropriate codes to the variables, the average of the variables was calculated, and the results are shown in Table 3.

The research results show that general information about environmental policy and environmental management systems is published by 53.85% of hotel companies with an average of 2, while the remaining 46.15% do not publish any information. Regulation is mentioned by 61.54% of hotel companies which means that it results in a low level of this variable. Therefore, the category General Information is considered to have lower level of reporting.

Information about emissions is present in all hotel companies in the following way: most of the hotel companies (46.15%) only mention the presence of CO<sub>2</sub> emissions, 30.77% of hotel companies provide detailed information on this topic, while 23.08% of them provide

detailed information in units of measurement on CO<sub>2</sub> emissions. The average grade of 1.77 indicates that the information quality on CO emissions is still low.

**Table 3.** The extent of detailed non-financial information in hotel companies.

Variables Examined	Valid (%)	Hotels (%) Low Level	Hotels (%) Partial Level	Hotels (%) High Level	Average
Environmental Policy	53.85	-	53.85	-	2.00
Environmental Management System	53.85	-	53.85	-	2.00
Regulation	61.54	61.54	-	-	1.00
CO <sub>2</sub> emission	100	46.15	30.77	23.08	1.77
Waste disposal	100		30.77	69.23	2.69
Recycling	100		46.15	53.85	2.54
Energy Consumption	100	-	76.92	23.08	2.23
Water Consumption	100	-	76.92	23.08	2.23
Local Product Consumption,	100	-	100	-	2.00
Supplier (contractor) Responsibleness	100	-	100	-	2.00
Corruption	69.23	30.77	69.23	-	1.56
Health and Safety	100	38.46	61.54	-	1.62
Education	100	15.38	46.15	38.47	2.23
Total average					1.97

Source: authors.

Pollution prevention is described by waste disposal and recycling variables which is present in all hotel companies and have the highest average grades. Detailed information on waste disposal is reported in 30.77%, while 69.23% hotel companies report in units of measurement, giving the highest average grade of 2.69 indicating a high-quality level of this information. The situation with recycling information is graded with an average of 2.54 which is the second-best average after waste disposal. A total of 46.15% of hotel companies publish detailed information on recycling and 53.85% of them provide information in units of measurement, which also indicates a high level of this type of information. It should be added that some hotel companies provide values for recyclable and non-recyclable waste and even for toxic waste if any, separately in units of measurement.

Sustainability information is also available in all hotel companies, and includes energy and water consumption. Energy and water consumption is present in 76.92% of hotel companies where it is described in detail, while 23.08% of hotels companies present both in units of measurement. The average grade is 2.23, which means that the information on energy and water consumption is generally of higher quality.

One of the most important issues of the hospitality industry is the consumption of local products because it reduces pollution from transportation. Furthermore, cooperation with suppliers creates good relationships with local community members and manufacturers. On these topics, all hotel companies report with an average grade of 2.00 which means that detailed descriptions are available, but no information is disclosed in units of measurement.

According to EU guidelines, non-financial information should include information on corruption, health and safety, and education. The information on corruption is as follows: 30.77% of hotel companies do not report information on corruption while the remaining 69.23% report on corruption. Out of them, 69.23% of hotel enterprises have descriptions on corruption, while 30.77% only mention it. The average grade of 1.56 is quite low. It should be stated that no details or units of measurements are available on this topic.

The picture is better for information on health and safety, although the average grade of 1.62 is only slightly higher than that for the corruption. All hotel companies report on health and safety: 38.46% of hotel companies provide this information, and 61.54% of them describe in detail the procedures that affect guests, but without including units of measurement in this information.

Regarding education, the companies report a higher level of information, with an average grade of 2.23 distributed as follows: 15.38% of hotel companies only mention information about education, 46.15% give a more detailed description of education with information about the programs in which employees have participated, while 38.47% of them provide units of measurement about the number of employees who have participated in education programs and the cost of education.

Regarding the elements of non-financial information submitted by Croatian hotel companies, it can be stated that, on average, the lowest quality of information can be found in relation to the requirements of the directive, followed by general information and other information. The highest quality level of non-financial information is present in the emissions and pollution prevention and sustainability, related to waste, energy and water. The overall average of all elements is 1.97, which still shows that the quality level is considered to be slightly lower for Croatian hotel companies. This answers the research question posed in the introduction, which states that the non-financial information presented in the reports of the hospitality industry is not sufficient after the introduction of the EU Directive.

#### 4. Discussions and Suggestions

The following section explains the research findings and suggests content improvements to non-financial information for hotel companies in order to answer the second research question.

The non-financial information in the general section on environmental policy, environmental management systems and regulations shows that companies describe but do not elaborate on this information.

It should be noted that information on environmental policy and management system should be present in every hotel company, as it provides general information about the company's commitment to environmental protection, which is very important for hotel companies. Managers should keep in mind that without a clear environmental policy, hotel companies' commitment to environmental protection will not be recognised by stakeholders.

Considering the specificity of the content of this information, it is suggested that managers of hotel companies publish their environmental policies and information on environmental management system in a more concise and clear manner, in a descriptive form that provides more details on planned and achieved results for each fiscal year.

The low quality of information on emissions that exists in hotel companies should be improved by adding descriptions of steps taken to reduce emission levels. At the operational level, this means that emissions should also be presented in units of measurement and that managers should present emissions changes to stakeholders on an annual basis. The percentage of decrease or increase and the ratio to emissions should also be calculated and presented, e.g., CO<sub>2</sub> emissions per m<sup>3</sup>. This would provide stakeholders with clear information on emissions. Using this information, managers could plan and monitor various activities to minimise emissions, continuously track improvements, plan investments, and generally better manage the emission segment.

Pollution prevention information related to waste has the highest average grade. This may be related to the fact that the information on the units of measurement is available to hotel companies (invoices from suppliers) and can therefore be presented to stakeholders. In this way, hotel company managers can control and manage waste volumes and influence their costs. Waste management offers hotel companies many opportunities through reuse and recycling processes. Improvements can be made by publishing more detailed information on percentage changes (increase or decrease) in different types of waste, e.g.,



non-recyclable, recyclable, or reused waste, and by calculating ratios, e.g., waste per guest, recyclable waste, and non-recyclable waste percentage.

Sustainability information for energy and water consumption are also classified with a higher quality level. Hotel companies present quantitative values for energy and water, with some reporting on renewable energy sources in descriptive form and in units of measurement that can provide stakeholders with information on their consumption. Reporting on and monitoring these resources using units of measurement underscores the importance of managing and improving energy and water efficiency. This gives managers the opportunity to implement various energy and water management measures to reduce their expenses and achieve cost savings that eventually lead to better performance in line with the previously conducted research [20]. In this matter, it is suggested that hotel companies should be aware of the total expenditures, the percentage changes that lead to an increase or decrease in the units of measurement, and calculation of ratios such as water consumption per guest, and energy consumption per m<sup>2</sup>.

Having detailed information on waste, energy, and water consumption would provide management with valuable information that would allow them to benchmark against other hotels, determine actions to improve operations, and also increase the clarity of information for stakeholders as indicated in [1].

Cooperation with the community in which the hotels operate is very important not only for the company itself, but also for the local population and the local businesses that provide various types of products and services at the destination. The consumption of local products and cooperation with suppliers that all hotel companies report to their stakeholders should not only include detailed descriptions on these issues, as is currently the case. Information on local products should also include lists of local suppliers and products, units of measurement, and the percentage of local products used in the companies' operations. This information would be of particular importance to locals (population, associations, interest groups), as it will contribute to better cooperation with the hotel managers in terms of the satisfaction of their employees, who are from the local community, and will also influence hotel performance through higher labour productivity.

The EU Directive regulates the publication of information on corruption, health and safety, and education. Information on corruption is regulated in the Croatian Act on Anti Money Laundering and Terrorist Financing Law, but this information is still considered to be of low quality. Most hotel companies describe general issues regarding non-tolerance of corruption and application of high ethical standards within the company, which means that this issue is not of very high interest in Croatian hotel companies. Detailed information on what corruption prevention measures have been implemented in hotel companies should be presented to stakeholders.

Health and safety information is graded as almost the same as corruption, but the fact that all hotels report on health and safety suggests that more importance is placed on this issue in hotel companies. Health and safety information is provided through detailed descriptions of the procedures hotels have in place regarding employee health and safety and by emphasizing the measures in place to ensure the safest possible stay for hotel guests. This can be attributed to the high health and safety standards that are constantly observed not only in the context of the current pandemic situation.

Education is considered very important for hotel companies because it is a labour-intensive industry, meaning that employees directly and indirectly provide services to hotel guests. Hotel companies report on education with a higher level of information, including the number of educational activities, their costs, educational programs that emphasise their importance to the employees of the hotel company. Through various educational programs, employees learn useful information to improve the performance of their tasks and develop teamwork. Education develops and improves the personal skills of employees and gives them the opportunity to develop professionally, which affects their job satisfaction. Employee loyalty is crucial in any hotel business, as it can have an impact on

increasing productivity and creating a better working environment, from which managers benefit greatly.

From the discussion above, different conclusions could be drawn. First of all, hotel companies are aware of the importance of their operations to the environment and publish non-financial information and report on waste, resource consumption and pollution mostly in units of measurement, with some of them reporting the percentage of higher or lower consumption. Hotel companies are aware of the new trends in publishing non-financial information, but are still reluctant to provide more details on this matter, and should be guided and supported to improve the content and quality of this information in a concise manner. Although it has been concluded that hotel companies report non-financial information according to the requirements of the EU Directive, the level of published information is low, and improvements should be made.

In terms of the overall situation in hotel companies, it is suggested that they should focus on the content quality of non-financial information without being reluctant. Transparency will improve stakeholder relations, which will translate into a better market position and allow companies to grow and invest in the future.

Hotel companies should be prepared to provide information on non-financial issues by starting with their strategies, in which they demonstrate an awareness of the impact of their processes on environmental and social issues, and then reporting facts and figures in a concise manner on the following topics: water and energy use, focusing on their increase or decrease, but also including information on renewable resources; facts about waste management should be disclosed in totals and percentages; facts and figures on the local products and suppliers should be provided in terms of percentages of these products and other ways to support local producers; and information on energy consumption per guest, water consumption per guest and waste per guest should be disclosed as they allow for comparison within companies.

The sample of Croatian hotel companies can be considered as a limitation, but every country has its specificities, and this type of research is necessary because it shows and opens opportunities for other countries to consider when developing a framework for non-financial information. In this sense, it is suggested that qualitative methods should be used for future research in the identification and application of best practices and that this research can be extended to Mediterranean countries.

## 5. Conclusions

Disclosure of non-financial information became mandatory in Croatia from 2017 with the implementation of EU Directive 2014/95/EU and EU Guideline 2017/C215/01. Hotel companies are aware of the importance of their activities for the environment and publish non-financial information in different ways: on websites, in separate non-financial reports or as part of the financial statements. They mostly disclose detailed non-financial information on waste, energy and water consumption and pollution in units of measurement, some of them indicating the percentage of higher or lower consumption. Other non-financial information on environmental regulation, CO<sub>2</sub> emission, corruption, and health and safety is considered to be of low quality. To improve the overall quality of the content of published non-financial information hotel companies should provide more details to their stakeholders. To this end, guidance and additional support should be provided to them. The non-financial information required by the EU Directive is of a low quality and should be improved. Overall, the quality of the published non-financial information is not satisfactory and should generally be improved by defining standardised content that would improve the understanding of the information. The non-financial information should focus on the company's strategic approach and consider the significant impact that hotel companies have on the environment and society in their operations, and then report on emissions, energy and resource consumption, waste, and other resulting information. The non-financial information presented should be standardised to provide a clear overview of

hotel companies' performance on environmental and social issues and more concise facts and figures should be disclosed to stakeholders in the future.

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