



LA FONDATION POUR LA FORMATION HÔTELIÈRE

14<sup>th</sup> Annual Conference, July 6<sup>th</sup>-11<sup>th</sup> 2014

CULTURAL DIMENSIONS OF HOSPITALITY, TOURISM and EVENTS

# Accounting information for the cross-cultural business communication in the hospitality industry

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## Content of presentation

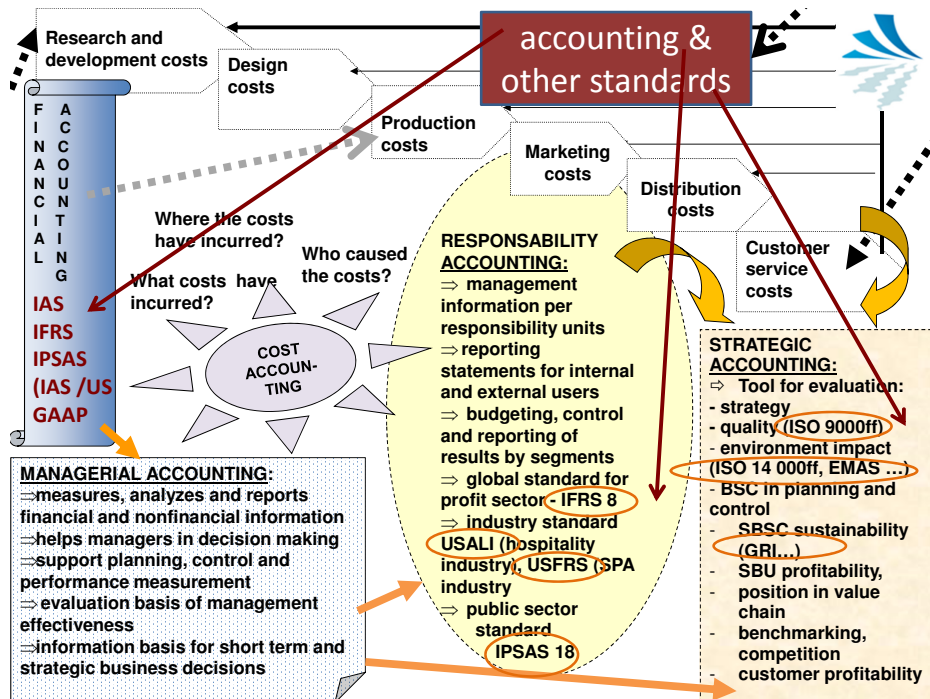
INTRODUCTION

CROSS-CULTURAL  
COMMUNICATION AND  
ACCOUNTING STANDARDS

SEGMENT REPORTING  
(IFRS, IPSAS, USALI,  
USFRS)

SUSTAINABILITY APPROACH  
OF REPORTING SYSTEM

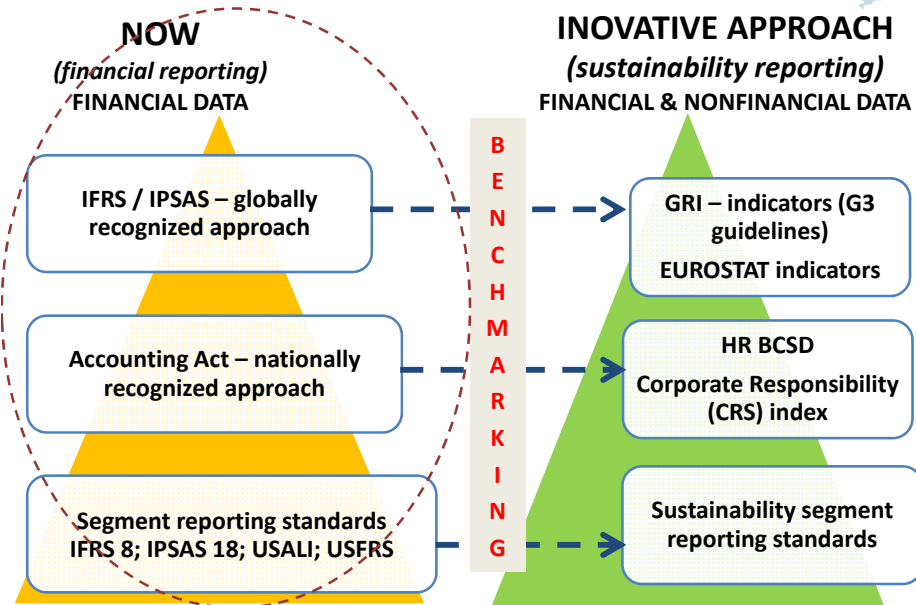
KEY FINDINGS -  
RECOMMENDATIONS



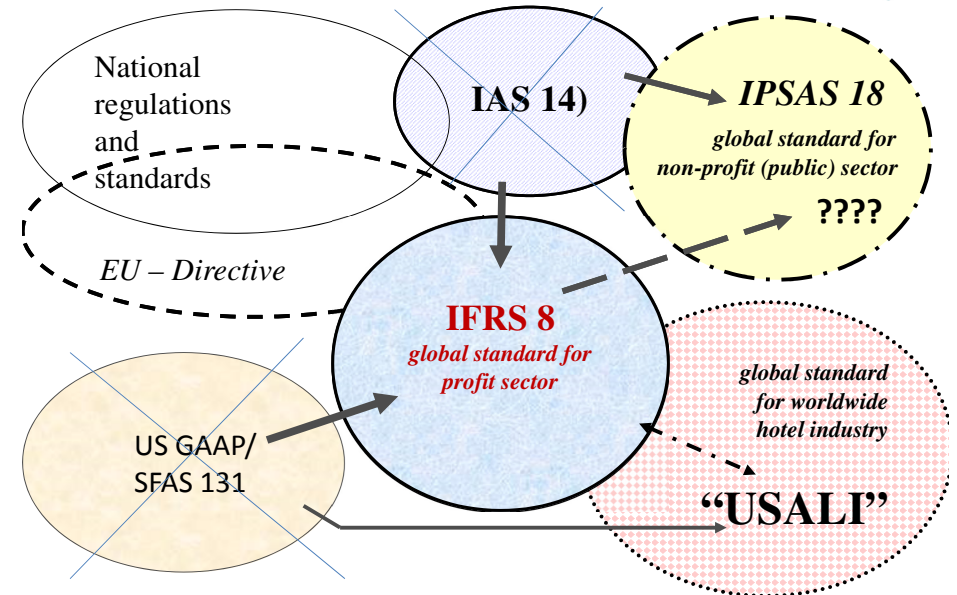
## Cross-cultural business communication



## financial v.s. sustainability reporting

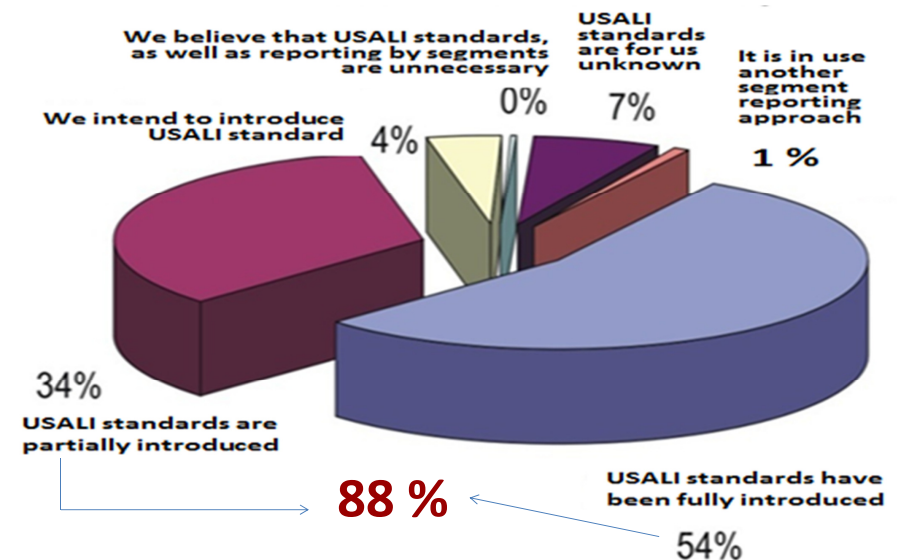


## Accounting standards for segment reporting in the global harmonization process

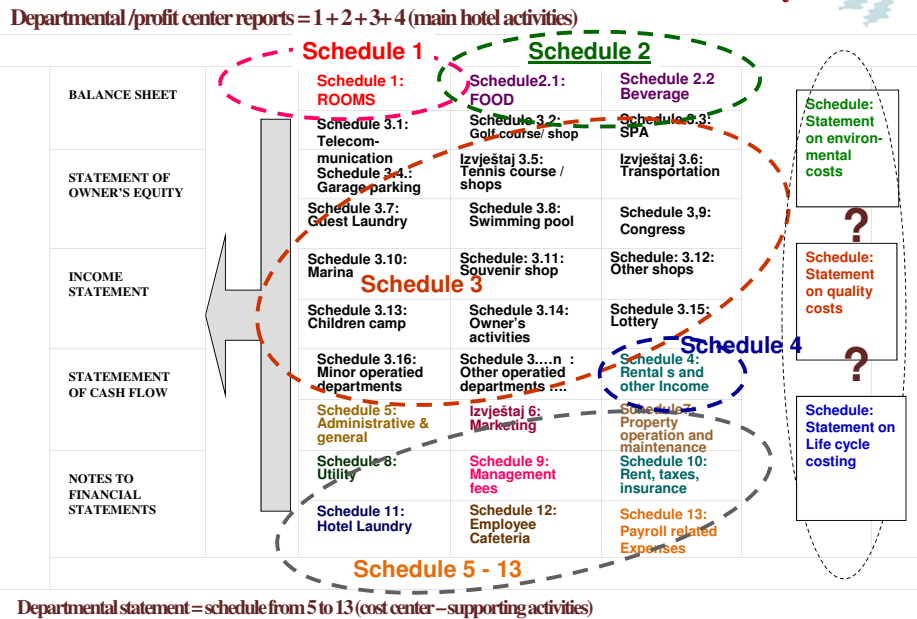


Industries According to The Global Industry Classification Standard and National Classification Sector Companies that listed their shares on the ZSE (Zagreb Stock Exchange)	Examined listed companies	Companies which presented segmental information	% of total
	1	2	3
55. Accommodation / Food & Beverage	41	13	31,7
40. / 65. Finance & Insurance	33	12	36,4
30. Food, Beverages & Tobacco Products	22	5	22,7
15. - 21. / 24 - 36. Production of wood and paper products; coke, and refined petroleum products; chemicals and chemical products; pharmaceutical products and preparations; computer, printer, electronic and optical products; textiles, apparel, leather, rubber, plastics products, non-metallic mineral product; metals products; machinery and transport equipment	30	5	16,7
All other activities	29	5	12,8
74. Business services (legal, accounting, architecture, engineering, technical testing, analysis ...)	10	4	40,0
31. / 32. Manufacture of electrical equipment	9	2	22,2
20. / 61. - 63. Transportation and storage	12	1	16,7
42. Construction	10	1	10,0
<b>Total</b>	<b>206</b>	<b>49</b>	<b>23,8</b>

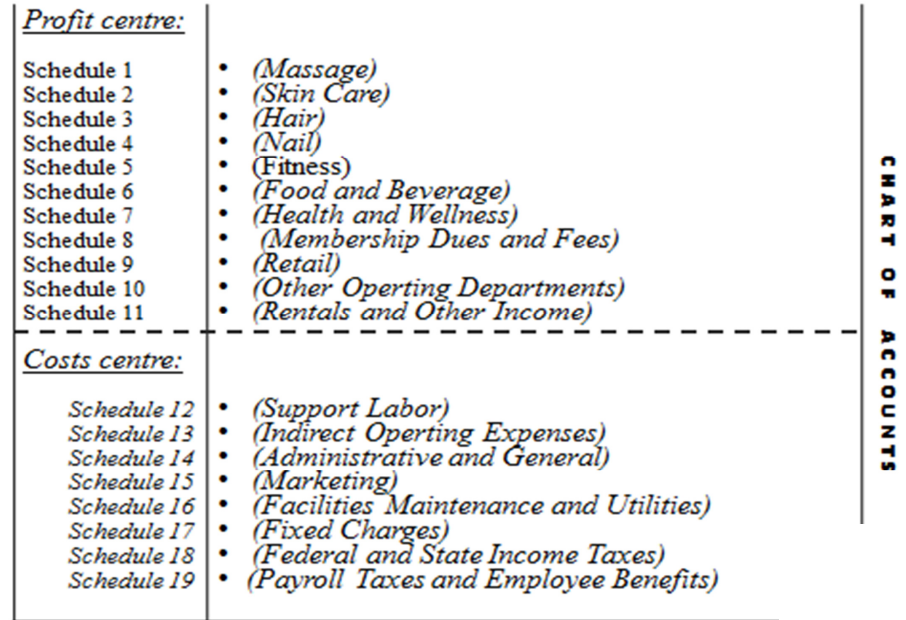
## Implementation of USALI standards in Croatian hotels



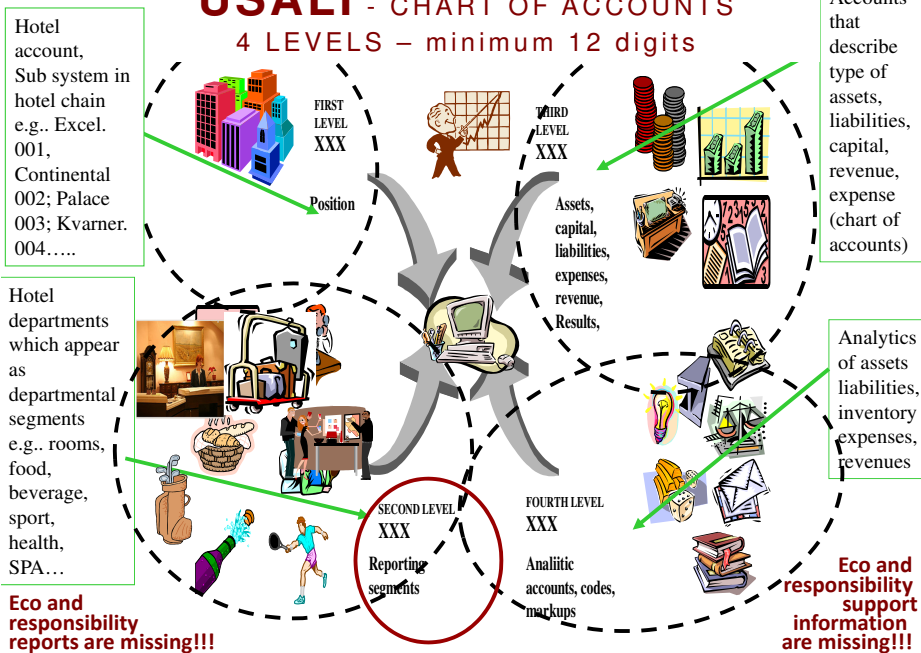
# USALI (X<sup>th</sup> edition) – segment reporting standards for the worldwide hotel industry



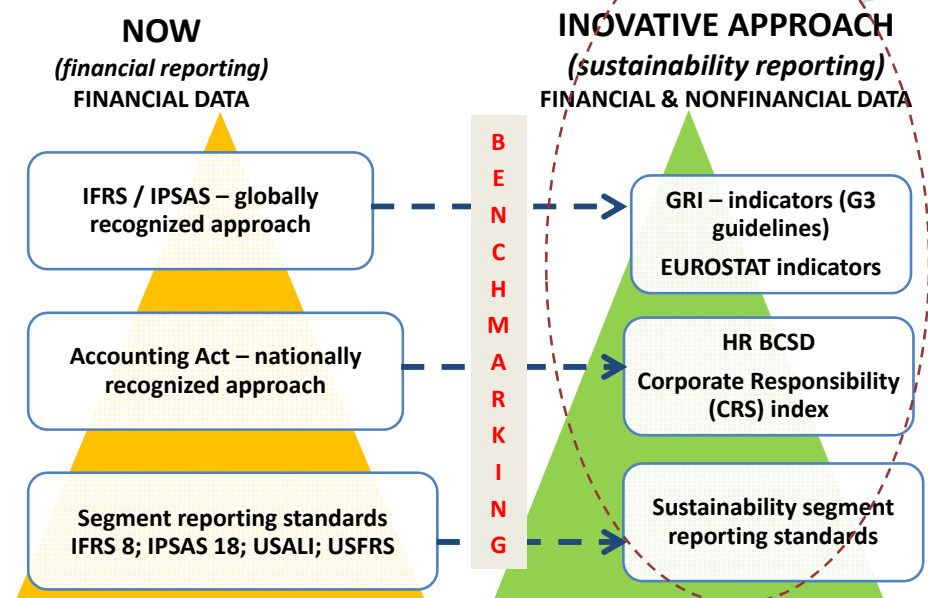
# Departmental statements -USFRS standards



# USALI - CHART OF ACCOUNTS 4 LEVELS – minimum 12 digits



# financial v.s. sustainability reporting



# The Accounting Act (2007)



## Chapter VIII: ANNUAL REPORT

### Article 18

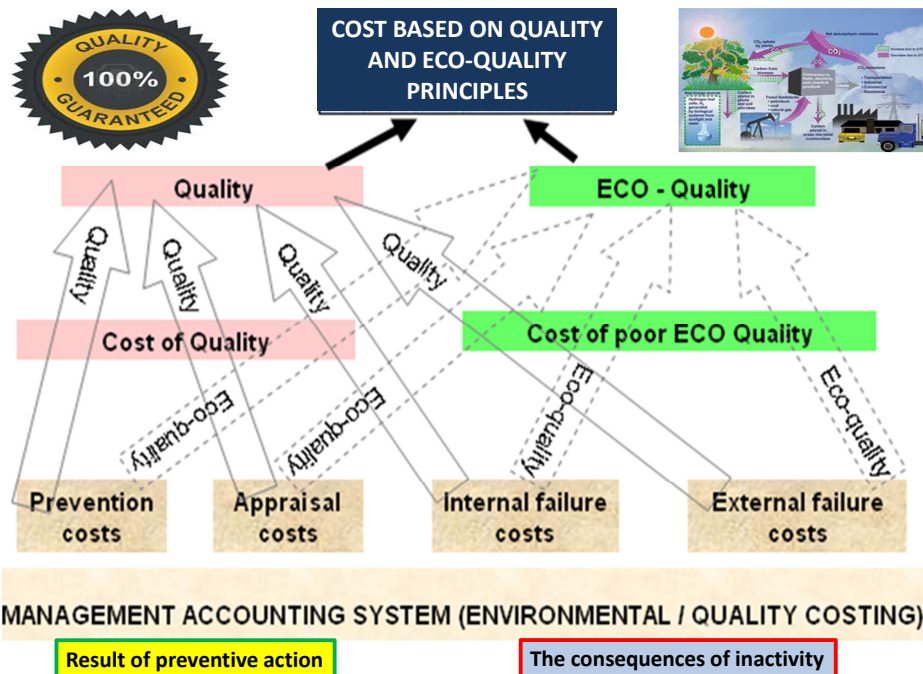
An entrepreneur is obliged to prepare an annual report that includes an objective review of the development and results of entrepreneurial operations and its position, jointly with a description of the major risks and uncertainties, it is faced with as well as **information about the environment** and employees if it is necessary in order to understand the development, business performance and market position.



## The significance of information about **environmental costs** and **quality costs** in the Croatian hospitality industry



Adjusting to the <b>customer</b> needs and wishes	91%
<b>Stimulating employees to achieve</b> higher levels of quality in environmental protection, ensuring continuous improvement, locating and <b>eliminating the causes of constraints</b>	82%
Creating preconditions for managing according to the <b>principles of sustainable development</b> and raising <b>competitiveness</b> on the target market	73%
Establishing the criteria for evaluating the quality of management <b>decision-making</b>	55%
Providing guidance for <b>legislation compliance</b>	36%
Providing guidance for <b>standards compliance</b> (HACCAP, ISO 9001; ISO 14001...)	27%
Assessing the <b>strategies</b> and their implementation, improving accounting <b>reporting systems</b> of hotel companies, preconditions for evaluating the success of <b>TQEM-a</b> and some business programs, identifying and <b>punishing</b> those, who are responsible for poor eco-quality	18%
Ensuring conditions for eco processes in the entire <b>product life cycle</b>	9%



Tools and sources of environmental costs assessment	Accommodation (lodging service)	Food and beverage preparation on service	Food and beverage sales service	Other hotel services	Non-commercial and administrative services
	%	%	%	%	%
Records of waste separation	64	82	64	-	-
Questionnaire	73	73	64	27	9
Budget	73	73	64	27	9
Reports / statements	73	73	64	64	9
Check list of the different departments	69	73	64	27	9
Statistics	36	73	64	64	9
Environmental protection program	73	73	27	55	9
Waste grease disposal program	-	73	-	-	-
Information of safety	-	45	64	-	-
Research of suppliers	-	36	-	-	-
Service-express	18	27	18	18	9
Procedures (room service, mini bar..)	-	-	73	18	9
Programs for guests (animation...)	-	-	55	36	9
Surveys conducted by travel agencies	73	-	-	-	-
Eco - use of bed linens	73	-	-	-	-
Hotel journal	64	-	-	-	-
Procedures for hotel operations	-	-	-	-	-



We regularly inform our employees about achievements in the promotion and protection of the environment, popularize information on biological diversity, and stimulate the use of public transport

We have introduced a program to save water and energy

We have introduced a program of waste separation and noise reduction

We are implementing a program of environment lifelong learning, and motivate employees to respect the procedures defined in our own "Practical Guide to environmental protection and improvement"

We include all hotel guests in the program of environment protection

We made an action plan for promoting and protecting the environment, and have introduced a system of internal competition in energy savings

We introduced the program of waste reduction

We organize eco-workshops for children, offer eco-souvenirs, and are actively involved in the process of proposing new and modifying existing environmental regulations

92%

82%

81%

73%

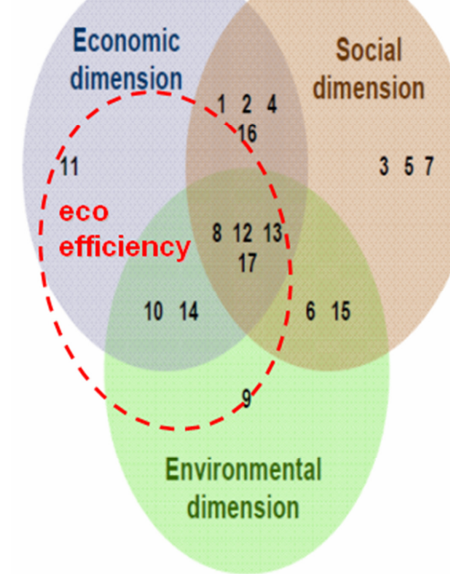
18%

55%

64%

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## Sustainable development

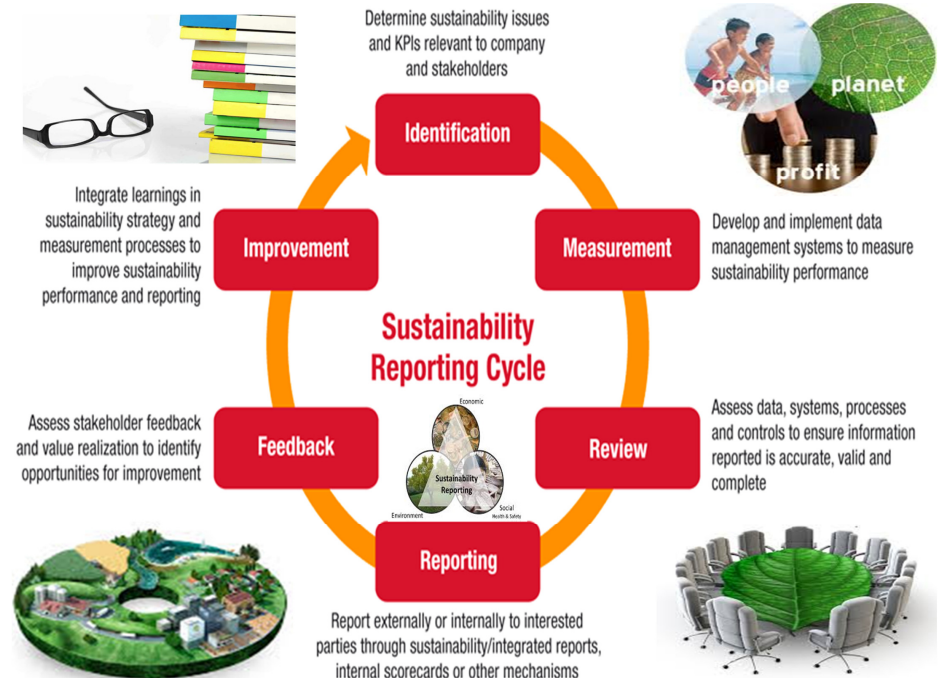


1. Gini Index of income inequality
2. Unemployment rate
3. Life expectancy at birth
4. **Education**
5. Number of recorded crimes
6. Population change
7. Life satisfaction
8. **CO2 emissions**
9. **Forests**
10. **Water quality**
11. **Income**
12. Material consumption
13. Energy consumption
14. **Renewable sources of energy supply**
15. **Wastes**
16. Expenditure in R&D
17. **Appropriation of NPP** (net primary production)

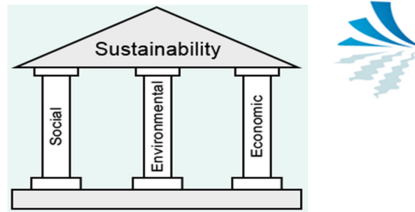
based on EUROSTAT model of indicators

## GLOBAL APPROACH

- Sustainability reporting is largely **voluntary** worldwide.
- Most industrialized countries have long-standing **environmental laws that restrict environmental-impact** activities and require some form of environmental regulatory reporting.
- Sustainability reporting is **better develop in Europe than in US**
- GRI** - The Global Reporting Initiative is the globally accepted **norm for preparing sustainability reports** to be compared among large companies (**GRI – G4 Guidelines**)
- Sustainability reporting can help a **company managers** and employees to **drive internal change** in numerous ways
  - assess if any **sustainability gaps** exist;
  - show for a **cause or an action**;
  - in **benchmarking** process or in comparison to **the best-in-class** company;
  - open communication** to the share- and **stakeholders ...**



## Environmental and social responsibility of Croatian companies



## HR BCSD:

### *The Croatian Business Council for Sustainable Development*

- was founded in 1997 as an independent non-profit association
- most of member companies are from the **industrial sector (19)**
- second important groups are representatives of **service industries as tourism, banking and utilities**
- others are in **small businesses, consulting agencies, expert institutions, environmental NGO, media, private business school ...**

(source: <http://www.hrpsor.hr>)

## Sustainability reporting of Croatian companies



- **39 (19%)** Croatian listed companies are **member of HR BCSD**
- **23 (11%)** member of HR BCSD **disclosed information about sustainability and / or environmental care**, in special reports (available on the HRBCS website)
- **11 (5%) of them** were **disclosed their sustainability report** on the **web sites of HR BCSD** in the last three years
- **Volume, manner and character of presented information are not at the level of high quality**
- Presented information are **not prepared** according to the **same criteria** and **not provide comparison** between companies
- Presented information **are primarily oriented to satisfy formality**, and **not to be really involved in process of achieving the goals of sustainable development** (do not follow the goals National Sustainable Development Strategy)

## Recommendations



- Research results indicate that improvements in ensuring **source of information for sustainability performance measurement**, can be expected especially through:
  - performance measurement should be based on using **SBSC (Sustainability Balanced Scorecard) method**
  - to rank companies based on their non-financial impacts can be provided through **CSR Index (The Corporate Responsibility Index)**
- Some activities of HR BCSD indicate that **improvements in sustainability reporting can be expected** especially through:
  - existing accounting standards for segment reporting (*IFRS 8, IPSAS 18, USALI, USFRS ..*), should be **supplemented with new segment reports, in which will be included information of sustainable development**
  - develop some kind of **national sustainability reporting standards**, based on the model of **GRI G4** and **EMAS standards** (taking into account the functional principle and specific of industry)
  - provide input to the **sustainability legislation** throughout the business sector

A new type of thinking is essential if mankind is to survive and move toward higher levels. ~ Albert Einstein

THANK YOU !

ANY

