

Responsible Hospitality: Theory and Practice

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5 A Faustian bargain?

The past 20 years have been decisively swept away. Capitalism is not in meltdown but it is at a critical juncture, as William Davies argues in this significant contribution to the debate about the future of the firm and its relationship with society. For many years it has been the received wisdom that the pursuit of 'shareholder value' was the best way to motivate management and maximise value for shareholders. The crisis has exposed the weaknesses of the drive for short-term maximum gain.

Charlie Mayfield, Chairman of the John Lewis Partnership, in Davies (2009)

When it first emerged, there were many who predicted that the new-found concern among businesses about their environmental impacts would be nothing short of a flash in the pan. Some 20 years later it is to the credit of the business community, the trade associations that represent them, the NGO community and other stakeholders that have supported (and occasionally criticised) them that the concept of environmental responsibility within major global businesses has not only survived, but evolved. The concept has moved beyond environmental responsibility to include social and economic dimensions. Of course, there remain many businesses that do not acknowledge their environmental (let alone social) responsibilities – almost certainly the majority of businesses worldwide. There are also some that lay claim to achievements that cannot be substantiated in fact. These factors, however, should not undermine the scale of the responsibility revolution that has swept through the global business community. Nor should it diminish the fact that the responsible business programmes of some global companies are far more ambitious in scope and scale now than those that were evident at the start of the mainstream responsible business movement.

Those businesses that have made the greatest progress in this agenda are not simply seeking to put a green veneer over their activities. They are instead those businesses that have recognised that a failure to embrace responsible business practices now may critically increase the costs and diminish the opportunities for doing business in the long term.

The hospitality sector was a latecomer to the responsible business debate and with the exception of a few companies, still lags behind many other sectors in its achievements. Nevertheless – supported and occasionally harangued by their stakeholders – many (but by no means all) major international companies in the sector are now responding to the agenda. Some of these businesses have come a long way from the days when responsible hospitality meant little more than taking a few cost saving environmental management initiatives and engaging in corporate philanthropy. Over the years, some outstanding examples of good practice have

emerged to illustrate the powerful role the sector can play. Some of these examples have emerged from unexpected places such as large integrated resorts or fast food outlets. In doing so, they have brought into question the conventional wisdom that specific types of business are bad. There is, as a result, an emerging realisation that it is not the nature of a business that counts, but the extent to which it does good or causes harm. It is the extent to which a business believes in and is able to implement responsible business values that dictates the level of impact and harm or good.

Text box 55: The good, the bad and the ugly

There is incontrovertible evidence that while many hospitality business do good, some do cause harm: undermining the societies in which they are based, degrading the environment, failing to respect human dignity and actively exploiting others with whom they do business. On occasion, hospitality businesses that do harm, act out of ignorance. This is especially the case for the millions of small and medium hospitality businesses. Perhaps most damaging among businesses that do harm are those companies that lay claim to responsible business attributes that they do not possess or that cynically position themselves in the marketplace by dint of utilising a few products that are of ethical origin to gain favourable (and eminently newsworthy) reviews while ignoring the main impacts of their operation. Increased public awareness combines with the growth in media-savvy NGOs and certification schemes to make this latter path risky. Nevertheless the appeal of being seen to be responsible will without a doubt mean that some hospitality businesses will continue to pursue this route. Whether or not they succeed will ultimately depend upon the extent to which customers, clients, investors, policy makers and suppliers can recognise and care about responsible business programmes.

Canny businesses have long since recognised that cost savings can accrue from many aspects of the responsible hospitality agenda. Those companies that have pursued initiatives to reduce energy, water and waste costs have already saved millions of pounds not to mention the tonnes of carbon, etc. that would otherwise have been emitted into the atmosphere. There is no shame in using responsible business programmes to deliver cost savings – in fact to fail to do so would be to ignore the economic and environmental aspects of the responsible business agenda and to deprive shareholders and investors of their due rewards. The businesses that engage *only* in responsible business initiatives that deliver these cost savings, however, are playing by the ‘old rules’ of business. For these businesses, initiatives that cannot meet the following criteria are rarely prioritised or implemented: pay back on the initial investment within a defined and short-term timeline (generally five years or less); an immediate and compelling market advantage; easy introduction of initiatives. Moreover, in these businesses responsible considerations are rarely at the forefront (or even rear guard) when opportunities for business expansion arise, when supply chain discussions are taking place or when discussions are in train with policy makers. This ‘old rules of business’ mentality is understandable and has, in some instances, been endorsed by the third sector community through a perpetuation of

Chapter extract

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