Responsible Hospitality:

Theory and Practice

Rebecca Hawkins and Paulina Bohdanowicz

(G) Goodfellow Publishers Ltd

Principle 9: Build trust through transparency

Generating commercial advantage from accountability requires a significant shift in thinking to understand value opportunities. An increasing number of companies are moving beyond seeing accountability as a block to doing business, or even as a worthy sideshow, and are beginning to derive real commercial value from a more accountable way of doing business.

Engen and DiPiazza (2005)

As we have seen in earlier chapters, a series of corporate mishaps have put trust in global corporations at an all time low.[4] Information technology has revolutionised the potential for the discontented, abused or politically motivated to get their voice heard. Regulators are pushing companies to reveal ever more about previously confidential practices from executive pay to corporate governance and disgruntled suppliers.[5] Winning brands recognise that trust is the main ingredient in building customer engagement.[6] As Edelman has recently reported, however, trust is an ingredient that is in short supply when it comes to global businesses. In the words of Dave Balter (founder and CEO of Bzzagent and frequent contributor to the *Harvard Business Review*), 'the prevalent mindset is that companies are guilty until proven innocent'.

In the face of this mistrust, companies face a choice. They can choose to ignore the increased scrutiny that is being placed upon their every move or they can embrace the challenge and seek to win the trust of those they employ, work with and who buy their products. The former strategy may be effective for some (see Text box 52), but for those that are found out or screw up, it can be catastrophic.

The evidence for doing good?

The hard data on 'doing well by doing good' may not be there yet, but there is clear evidence that companies can do very badly by being bad. (Tapscott and Ticoll, 2003).

---

4   See the Edelman barometer at www.edelman.com/trust

5   The fallout of corporate scandals such as the collapse of Enron and Worldcom has meant that some of the principles of transparent disclosure have become enshrined in law in some countries. For example, the Sarbanes Oxley Act (2002) in the USA covers issues including corporate governance, internal control assessment, and enhanced financial disclosure. European Directive 2003/51/EC requires large companies in Europe to report as follows 'to the extent necessary for an understanding of the company's development, performance or position, the analysis [in the annual review] shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters'.

6   See, for example, blogs like (http://blog.peoplemetrics.com/the-two-routes-of-building-customer-trust/)

The corporate response to growing distrust has taken various forms. For a handful of global players – of which Google are probably the most frequently quoted – it has taken the form of building the whole business model around the concept of transparent operational practices.[7] For most it has – in part at least – taken the form of responsible business reports.[8] From Sainsburys to Eurostar and BP to Nestle responsible business reports (and increasingly web sites) seek to persuade critics and supporters alike that the business is operated with management procedures in place that support a fair and functioning society, promote responsible stewardship of the environment and respect and protect human dignity. In the very best cases, these reports demonstrate that these values are core to the company and permeate all aspects of the operation. In these organisations, responsible business reports provide a genuine review of what has been achieved and report on aspects of the programme that could be improved as well as successes. In the worst cases, they provide little more than a few good practice examples and statistics about a small portion of the overall business operations, cloaked in weasel words that seek to convince readers that the commitment to responsible business is more than a side line.

Hospitality businesses are relative newcomers to the practice of formal responsible business reporting.[9] Although the first environmental report from the sector was issued relatively early on (in 1996 by what was then InterContinental Hotels and Resorts), it was some years before any other organisation in the sector issued a report on environmental or social issues. There is a considerable difference between the early report of InterContinental Hotels & Resorts and the generation of reports that have appeared post 2005. These have emerged from across all aspects of the sector, including contract caterers such as Compass, restaurant groups such as McDonald's, pub chains such as Mitchells and Butlers, hotel groups such as Rezidor and IHG (the first hotel company to issue a report using the GRI G3 reporting guidelines).

The purpose of reporting

The Global Reporting Initiative defines sustainability reporting[10] as 'the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. "Sustainability reporting" is a broad term considered synonymous with others used

7   It is not the purpose of this text to provide detailed information on the fascinating subject of transparency in a business context. Those with an interest, however, may wish to read *The Naked Corporation* by Don Tapscott and David Tickell, which provides compelling reading on the topic.

8   Companies call these by a wide variety of names, in some cases omitting any reference to the word responsible from the title. For example, M&S title their report 'How we do business – Doing the Right Thing'. Many businesses refer to these reports as 'sustainability' reports.

9   The history of measurement of environmental impacts in the sector is, however, not new and has been around for decades if not longer. Comprehensive measurement (to guide energy efficiency processes, for example) exist from at least the 1970s if not earlier.

10 The GRI talk about sustainability rather than responsible business reporting

Chapter extract

To buy the full file, and for copyright information, click here

http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&st

oryID=240