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# Strengthening the ‘Social’ in Sustainable Development: Finding the Impact of Social Sustainability in Business Performance of Hospitality Sector of Pakistan

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## 1. Introduction

The relationship between business and society, and the way this is confined by ethics and institutions, has long been a subject of discussion. Adam Smith, the father of modern economics, give emphasis to how economic dealings were premised on a range of ethical postulations and foundations. At least since Smith’s days, ascertaining an institutional context in which business activity, broadly speaking, can augment social outcomes has been a key objective and legitimating foundation for the development of modern states.

Corporate citizenship is not a novel concept rather its history and political economy is quite enthralling, similarly the questions relating the social responsibility of businesses always remain in debates, even if there were not been discussed by making use of ‘sustainable development’ concept, as they are currently. “So is there really a new, socially responsible role for business in sustainable development?” The answer is yes, to the extent that now there is an ever increasing demand and expectations relating to the business experts and leaders in making their contribution to more comprehensively fulfill the broader objectives then they used to, even now many largest companies themselves are very interested in adopting these responsibilities at least rhetorically.

The increasingly mainstream and high-level expectation that business can and should contribute to sustainable development is perhaps more important for the developing nation like Pakistan, Pakistani industries are faced with increased threats of the global warming and social concerns, the measures taken by our industries need to be modified, and require to have proper understanding regarding the concept of sustainability in both manufacturing and service sector.

In Pakistan sustainable development concept justly makes the differentiation. Pakistan is facing both the green and brown environmental problems. Over the precedent decade so

many years a multifaceted interweaving of interconnected issues such as structural changes in the economy declining infrastructure provision, and work force and rapid demographic and social changes have had negative influence on individuals and communities. The collective and longer term influence from these concerns are not yet well understood. However, we are beginning to see the indicators of these changes. Specifically, these are current testimonies of negative social upshots associated with cotemporary advancement pattern.

Pakistan has now started given the significance to environmental tribulations, like Pakistan environmental protection ordinance 1983 was the first endeavor to gear environmental problems methodically. It create a lawful basis for complete environmental policy making, the institution and enforcement of customaries, environmental impact evaluations and the inclusion of environmental deliberation in the development policies. The ministry of Pakistan and Pak-EPA has started preparation of national environmental action plan.

But the concept social sustainable development is unnoticed which is pre-requisite to economic development, a vivacious economy requires having social investment.

As the goal of sustainable development is clearly to secure economic development, social equity and environmental protection. As much as they could work in harmony, these goals sometimes work against each other in our modern world. The rapid development of good living, travel and in general of the consumer society has often resulted in less protection to the environment and to some groups of the world population. Ferocious search for profitability has not co-existed harmoniously with making the world a better place. However there is general consensus that it cannot go on for ever and those who are favored by life now feel responsible for those who have not had the same chance. Economic growth will always remain the basis of human development but it should integrate as well its impact on the people and on the planet. Sustainable development focuses on having a holistic approach to development taking into consideration economic, social and environmental needs while avoiding over utilizing key natural resources. It entices us to change the way we develop and use technologies. It makes us acutely aware that the interest of the developed countries is to help the development of the emerging countries and under-privileged peoples.

## 2. Literature review

Literature is reviewed in order to probe that, how our journey starting from financial performance measures departs at non-financial performance indicators, and then further leading to the novel concept like 'social sustainability', which is taking its place and influencing the business practices. "What is social sustainability and how it relates to current business practices"? is one of our research question which is answered by reviewing the entire process of revolutions that taken place in performance measures, we see that how 1950s' operations turned into the new world view i.e. sustainable efficiency.

All that previous cost associated methods depleted by time, once they were the only measures for assessing and evaluating the performance but now depending on them solely would be a mistake. In 1950s and 1960s development regarding the management of accounting taken place, which is further developed, documented and recognized by the work of Johnson and Kaplan (1983). Then we see that how different other concepts emerge, in 1987 return on investment (ROI) was been emphasized but as a result of criticism leveled

at 'traditional management accountant' (1989) Cooper developed another concept named on 'activity costs' (ABC), which further led to the determination of productivity ratios in 1900s. By the time competition becomes more enhanced, business leader start finding the new areas which they can address and be profitable, names like 'Deming', 'Juran', 'Crosby', 'Ishikawa' and 'Feigenbaum' are very much significant in real, because of their remarkable theories and giving the world, about idea of total quality management (TQM), which is the basic concept, that starts from proper addressing the customer requirements to the customer satisfaction. Then in 1993 and 1994, 'Andersen Consulting' 'IBM consulting' and 'London Business School' made use of benchmarking, which is even today's well known practice. From their businesses focus, the process of improving continually and making the application of continuous improvement is the part of their management. Then further in 2000, statistical processes taken their place and in 2006 one of the statistical process named as six-sigma gave the saving of US\$ 17 billion to Motorola. Afterwards the organizations diverge from the emphasis of just financial performance measures to the different non-financial performance criteria, from their, the awards like Deaming, Malcolm Baldrige quality award (MBQNA) and European National Quality Award (ENQA) introduced which gave more focus to the practices like leadership, people orientation, process orientation and assessing the results in term of society and customer satisfaction.

Now being a part of 21<sup>st</sup> century we required to have changed sort of understanding as there is more customization, and ever changing demand, previously manager just deal with short term solutions don't give importance to the future implications, impact and effects. So this is the reason why we are giving more importance to sustainability, which is based from the triple bottom line concept given by John Elkington (1998),

*"Sustainable business is business that is conducted with both an awareness of, and consideration for, the impact on the physical and social environments, both directly and indirectly, now and in the future. The awareness and consideration are manifest through decisions, policies, actions, and reactions".*

## 2.1 Sustainability and sustainable development

The issue of sustainable development is becoming central to discussions about the future. Sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Bruntland 1987) it is seen now that if the organizations don't give importance in contribution towards sustainable development, then there is quite risk of having losing their shareholders.

Sustainable development is progressively more, been seen as major challenge (white and lee; 2007). According to the 'world commission on environment and development', sustainability became the watch word. More recently sustainability has been the subject of renewed interest and debate (Rao;2000), literature is not that much developed to define the term sustainability (Robbinson 2004) and there are many terms in literature such as 'sustainable development', 'human sustainability', 'social sustainability', 'ecological sustainability', 'environmental sustainability', and 'corporate sustainability' as well as aligned concepts of CSR and 'corporate citizenship'.

In 1960 at an international discourse, concept of sustainable development emerged (Carson, 1962; United Nations Environment Programme, 1972; International Union for Conservation

of Nature, 1980; World Commission on Environment and Development, 1987; United Nations Conference on Environment and Development, 1993), progressing through to more recent international conferences such as the Kyoto Climate Change Conference in 1997 and the World Summit on Sustainable Development at Johannesburg in 2002. Becker et al. 1999, argue that;

“Sustainable development might best be characterized as a contested discursive field which allows for the articulation of political and economic differences between North and South and introduces to environmental issues a concern with social justice and political participation.”

The sustainable development concept is not the dream of some political party that disdains capitalism and considers it to be evil. Nor is it the consequence of the delusion of people who determined that this world would be better of if it we were going back to our natural roots and resources. Sustainable development is definitely geared toward profitability and the future. Without profit it seems obvious that no business would be sustainable.”

Regardless of the substantial scholastic and political attention paid to wide concept of sustainable development, there is some impression that the “social” has been ignored and is not seen to be equivalent to economic or environmental aspects of sustainable development. As a result of this ignorance, social sustainability is the least abstractly formulated concept of the three pillars (Kunz, 2008; Littig and Griebler, 2007; Partridge, 2006). This paper seeks to fill this gap and to strengthen the term ‘social’ in the sustainability which is one of the most important element of today’s highly competitive environment. The purpose of this paper is to systematically develop a broader conceptualization of social sustainability and seeing its impact on the over-all business performance of the hospitality sector of Pakistan.

## 2.2 Social sustainable development origin

Social sustainability concept basically originate from stake holder interest and Interest in stakeholder theory took root in the field of strategic management (e.g., Clarkson, 1995; Freeman, 1984; Frooman, 1999), then grew into organization theory (e.g., Donaldson & Preston, 1995; Jones, 1995; Rowley, 1997) and business ethics (e.g., Phillips & Reichart, 2000; Starik, 1995). Stakeholder theory’s social responsibility element allowed it to blend into social issues in management (e.g., Wood, 1991a, 1991b), and, more recently, it has begun to enter the conversation about sustainable development (e.g., S. Sharma & Henriques, 2005; Steurer, Langer, Konrad, & Martinuzzi, 2005). The theory came into prominence only in the mid-1990s, apparently owing to the attention it received in a special issue of *Academy of Management Review* in 1995, and gathered momentum in the late 90s.

“It is evident that contemporary approaches to development have not provided equitable outcomes for all, and in some situations have contributed to the ‘breakdown’ of community” (Greider, 1997; Saul, 1997). There is clearly a pressing need to develop a stronger conceptual understanding of the social dimension of sustainable development that links to and is grounded in real life policies and practices.

Social capital, social infrastructure, social justice and equity and engaged governance have been identified by exploring literature (e.g. Barron and Gauntlett, 2002; Cuthill and Fien, 2005; Empacher and Wehling, 2002; Greater Vancouver Regional District, 2004; Magis and



Shinn, 2008; Sachs, 1999). At this stage the framework is quite simple (as opposed to simplistic) and is intended to provide a foundation for further empirical testing and critique (Rapoport, 1985).

With the intent of empirical testing of the framework in mind, these four components have been allocated specific roles relating to social sustainability.(Cuthill,2009) These are that;

- Social capital provides a conjectural preparatory point for social sustainability,
- Social infrastructure provides an equipped (operational) viewpoint,
- Social justice and equity principally (ethically) very important and
- engaged governance aim for providing 'working together'.

|   | Constructs                   | Sub-dimensions.   |
|---|------------------------------|---|
| Coleman; 1990,<br>Fukuyama; 1995,<br>Putnam; 1993                         | Social capital               | Social network ,Norms and Trust   |
| World bank; 1998  |                              | Institutions  |
| Michael cuthill; 2005   | Social infrastructure (hard) | Health ; Education ; Rural development; Activity ; Transport-oriented development                   |
| Cuthill and Fien; 2005,<br>Eade; 1997, Graventa; 2000<br>Lyon et al, 2001 | Soft                         | Needs of community; Informed and active citizen(capacity)   |
| Sen; 1999   | Social justice and equity    | Appropriate and affordable; Housing; Food sustenance; Guarantee of individual and community safety. |
| NSW; 2004   |                              | Equality of rights  |
| Epstein et al; 2000,<br>Cuthill; 2002,<br>Saul; 1997                      | Engaged governance           | Involvement in decision making<br>Community engagement.   |

Table 1. Dimensions of sustainable development

3. Conceptual framework

Sustainable development based on three pillars that are economic, environment and social. Economic and environmental issues remain in discourse for so long, but in current practice we are dealing with social discourse, social sustainability is basically originate from stakeholder interest theory given by 'Freeman stake holder legacy'. A unanimously accepted definition for social sustainability is still not available, largely because of lacking harmony on what is meant and understood by the social, in reality what defines the social is properly resolute by underlying premises.

'Social sustainable development' is based on the following premises (Cuthill, 2009)

1. Environmental problems are basically themselves first and foremost social problems.
2. Economics is again something that is related to serving the people rather than people serve economic interests. This is what we call 'equitable distribution of resources.'

These two factors are considered to be a sign of social sustainability framework, which in further explains an inter-reliant and self strengthening relationship between four key components: (1) social capital (2) social infrastructure (3) social justice and equity and (4) engaged governance.

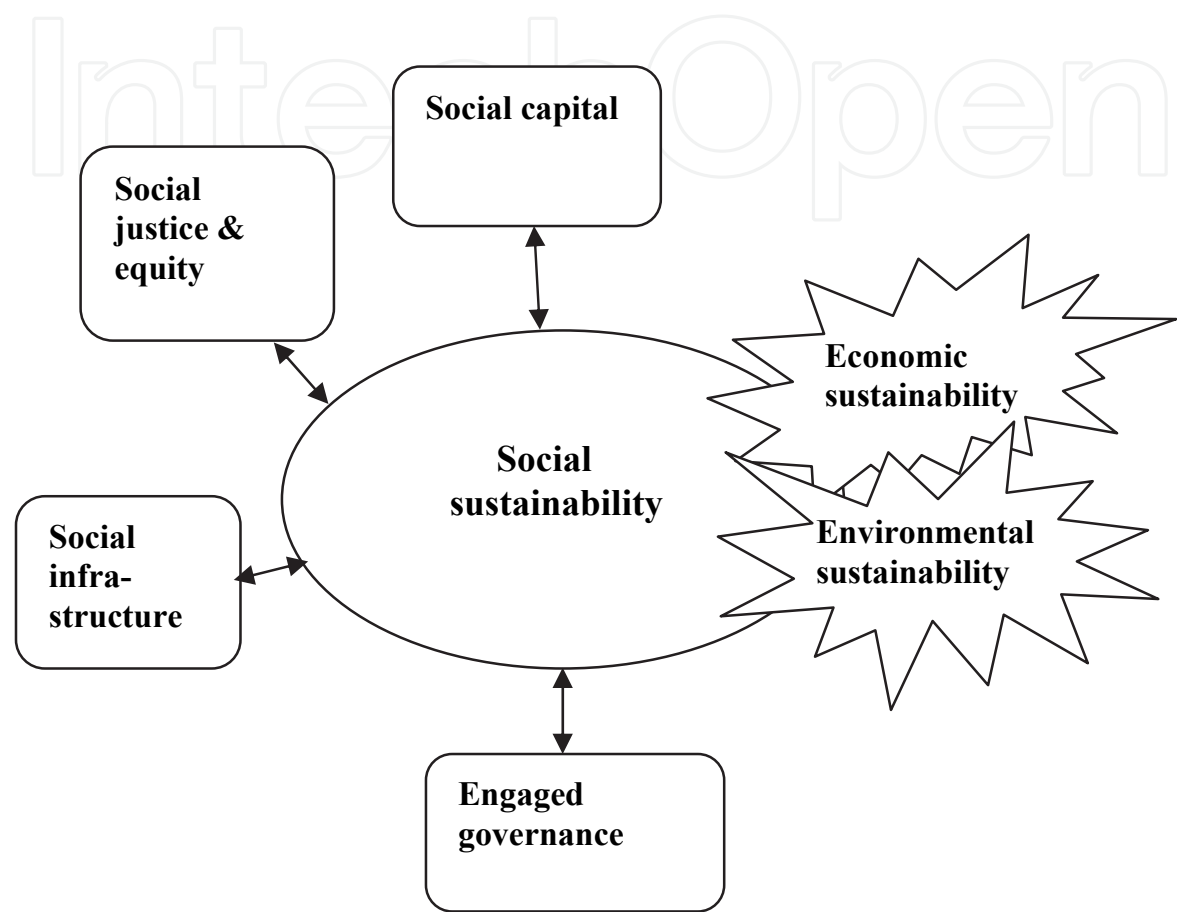


Fig. 1. Conceptualized framework for social sustainability

4. Methodology

This study is to develop a proper understanding of the concept of sustainability by having focus on social segment, it interrogates that how the service sector particularly hospitals and hotels of Pakistan develop their viewpoint towards sustainability. Research is aimed to propose the indices of critical factors, which one firm can adopt and be competitive, profitable, socially responsive and ethical.

The major research question identified for this study is:

Developing a “social sustainable framework” based on social capital, social infra- structure, social justice and equity and engaged governance in the service sector of Pakistan, other questions which are researched in the paper are as follow;

What is social sustainability?

Is there any link of social sustainability with firm's business performance?

Which element of social sustainability is more responsible for corporate stewardship?

What is role of social sustainability in hospitality sector?

Is social sustainability more in hotels and hospitals of Pakistan?

What are the critical success factors of social sustainability?

#### **4.1 Specific design of research study**

In this research study, both qualitative and quantitative techniques are used in order to comprehend better results from the study. With the support of findings from literature review, an empirical study was devised composing a survey investigating the critical business strategy areas in hospitality sector of Pakistan from selected industries. They went through the design of research instrument, initial case studies and survey of firms sampled for the study followed by the analysis of data. The study used a questionnaire to acquire the empirical information as well as companies' annual reports and internet databases containing any information of our interest. Main part of the questionnaire designed required the respondent to give answer using five point Likert Scale ranging from 1=extremely satisfied to 5= extremely dissatisfied.

#### **4.2 Methods of collecting data**

Mainly the three different sources of information have been used: Interviews, observations and document. Interviews were used extensively to collect data from respondents within the organizations. The interviews in the study were open and semi-structured. Often the statements of the interviewees were repeated and concluded in order to avoid misunderstandings. The interviews were done in respondents' normal environment, to benefit from the advantages this brings, a fact that thus has meant various interruptions (Lantz, 1993).

In addition to information provided from interviews, documents were collected when possible during the research study. The objective was to get, yet another source of data to facilitate data triangulation, and thereby strengthen the construct validity of the research. Documents are sometimes hard to come by, and firms had different policies regarding sharing this kind of information with people outside of the firm.

This study based on the descriptive approach in the context of this research involves best organization agreeing to a set of critical success factors specific to their respective industry. Partly, questionnaire design used by Ramirez and Loney (1993) was adapted to measure the response rate of various critical factors important for being socially sustainable. Choice of variables used in questionnaire is the product of in-depth literature review.

#### **4.3 Criteria for site and participant selection**

This study examined different hospitals and hotels committed to lessening the negative impact their activity has on the social environment in which their business operate.



Typically organizations interested in adopting more sustainable practices begin with what has become known as the “low hanging fruit.” while important, this study seeks a deeper understanding regarding initiatives that go beyond the point of entry. Therefore, this study targeted those organizations that have been somehow or other involved in sustainability efforts.

In the research study, some statistical techniques are also used by using Statistical Package SPSS (Statistical Package for Social Sciences) for analyzing the service sector of Pakistan with reference to sustainable practices and its contribution in excellent performance. And other technique used is AHP.

#### 4.4 Research model

AHP is a method that orders the priorities in a given situation, incorporating the element of subjectivity and intuition so that a final decision can be reached by making decisions for part-issues in a consistent way and gradually moves up levels to deal with the given situation having a clear view of what it entails. AHP is relatively simple and logical and given that a certain consistency in the part-decisions is maintained, AHP can help decision makers to deal with complicated issues where often not only tangible but also intangible parameters affect their decision makers affect their decision. It should be noted briefly at this point that AHP is as effective as its design in each individual case and that analysts should exercise care and precision in capturing the true sub-elements and requirements of the case in question. (Al-Harbi,2001).

The analysis of the data is carried out in different steps as explained in detail in the following paragraphs.

- Step 1.** I developed the hierarchical representation of the problem by defining levels of criteria and sub-criteria perceived as most important by respondent.
- Step 2.** In scale of 1 to 7, elements are assigned different degrees of relative importance.
- Step 3.** The EIGEN value is calculated to determine the relative weight of each criterion in relation to the one immediately above in the hierarchy. The priority vector is established by calculating the row averages. At this point, the consistency index is calculated by the following equation  $CR=CI/RI$ . Consistency index (CI) is calculated by the following equation  $CI=\frac{\lambda_{max}-n}{n-1}$ , where n is the number of sub-criteria of each criterion.
- Step 4.** The consistency ratio is used to check whether a criterion can be used for decision-making.
- Step 5.** The sub-criterion priorities are combined to disclose the most important sub-criteria for each criterion in order to develop an overall priority ranking.

Resulted items would be categorized in 4 tiers such as social capital, social infrastructure, social justice and equity and engaged governance according to their priority weights obtained for the sub-factors of each one of the four tiers.

The research model designed in this study is given below. In the current research model, the numbers of items per dimension are established in the qualitative part of the study,

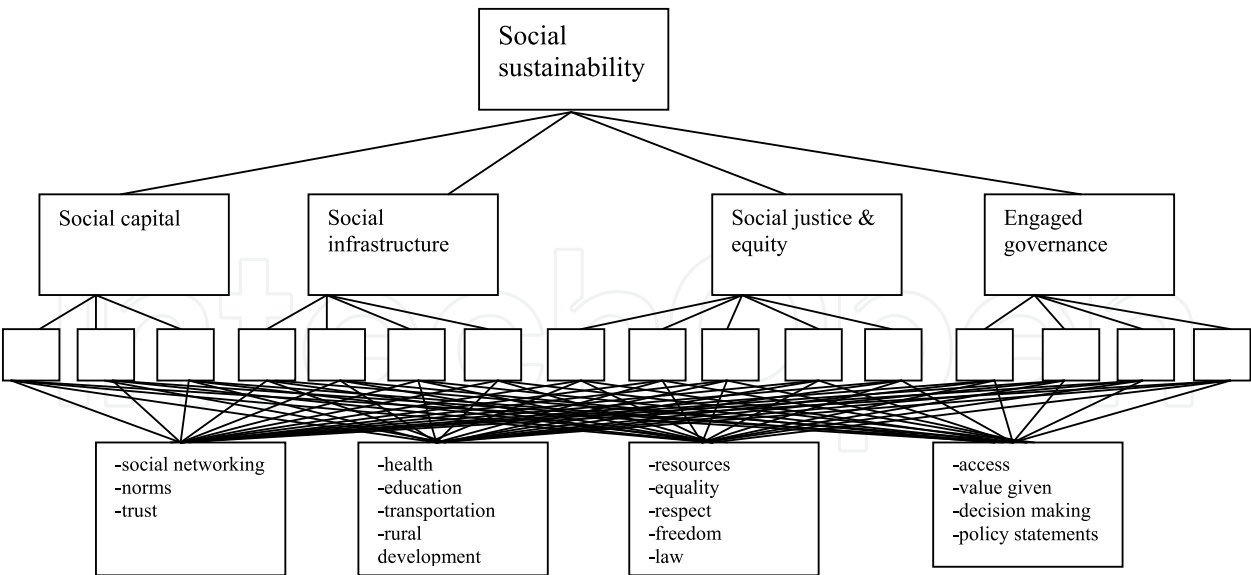


Fig. 2. Research pattern by making use of AHP.

5. Data analysis

5.1 Hotel industry

The hotel and restaurant industry is very popular in Pakistan. It is one of the heavily taxed and almost 75 to 80 percent of total revenue comes from the top hotel chains. Even in the long term it has the greater potential growth. Pakistan approximately attracts 1.5 million tourists every year.

Our empirical findings are quite supportive of the conceptual framework proposed, the four key constructs chosen in model are crucial. In hotel industry we have seen that social justice and equity among the other constructs have higher weightage , it is significantly valued, findings suggest that among all chosen measures of social justice and equity, the great priority is given to rule of law which cover all rights and liberties of employees in organizational practices that enhance performance ,freedom of thought is another element of social justice and equity by which innovative ideas develop and at the same time the social responsibility regarding the employees satisfaction is also increased, then once employees are satisfied we see by results that hotels’ responsibility is diverted to the provision of individual and community safety and facilitation of fair access to resources.

Second construct which is highly prioritized is engaged governance which is measured by choosing different elements gathered from literature , so we find that for the incorporation of social sustainability and enhancement of business performance in hotels it is required that there should the proper involvement of stake and stock holders in decision making, customer demand is to be esteemed and the policy statements then designed accordingly, hotels can be socially sustainable if the transparency maintained by enabling the citizen access to their information and they can easily exert their demands on management for better services.

Other two constructs that is social capital and social infrastructure building lie at the same level, in social capital, findings of hotels suggest that for being socially sustainable they

required to build the trust first with their management team and then with consumers, another element of social capital which is important in hotels is the building of norms, which basically enhance their efficiency and then helps in reduction of transaction cost in hotels perspective, social networking lie at the third level of importance in hotels in contrast to other two chosen dimensions, similarly in social infrastructure findings of the research validate the earlier researches that the hotels are the most earning sector of the society so their foremost responsibility is to develop their community in terms of providing employment opportunities and fulfillment of environmental responsibilities.

| Rank | Social sustainability dimensions | Relative weights |
|------|----------------------------------|------------------|
| 1    | social justice and equity        | 0.315            |
| 2    | Engaged governance               | 0.272            |
| 3    | social capital                   | 0.209            |
| 4    | Social infrastructure            | 0.203            |

Table 2. Social sustainable dimensions and their relative weights

5.1.1 Index of social sustainability for hotels

- i. Critical: Factors those are critical and absolutely essential. Tier-I of Indices of social sustainability for hotels belong to fairness in policy making that comprise of policy statements, rule of law, trust building by policy and involvement in decision making, all these elements are related to the leadership role and top management commitment.
- ii. Supporting: Factors those are important but not absolutely essential. Tier II related to social justice and equity elements, here the elements which come with more priorities in HOTELS are respect given to employees, genuine participation, guarantee of safety, freedom of thought and citizen involvement. And in equity most contributing elements in hotels are employment opportunities, transportation, education in terms of development of their employees and fairness in distribution of resources.
- iii. Maintaining: Factors are of minor importance. Tier III includes norms, trust building and use of social networking for competition deterrence and hiring.

| Tiers   |    | Critical factors of social sustainability in hotels of Pakistan |                        |
|---------|----|---|------------------------|
|         | #  | Label   | Global Priority Weight |
| Tier-1  | 1  | how much value is given to citizens demand                      | 0.072347               |
|         | 2  | involvements in decision making                                 | 0.068079               |
|         | 3  | policy statements   | 0.068079               |
|         | 4  | rights and liberties covered by law                             | 0.066455               |
|         | 5  | safeguards for rural sector                                     | 0.061264               |
|         | 6  | Trust built by policy   | 0.056817               |
| Tier-II |    | respect given   | 0.042678               |
|         | 8  | opportunities for all people                                    | 0.038737               |
|         | 9  | guarantee of safety   | 0.038737               |
|         | 10 | Freedom of thought  | 0.034411               |
|         | 11 | citizen exert demand  | 0.032184               |
|         | 12 | enable citizens to gain greater access to information           | 0.031312               |

| Tiers    | Critical factors of social sustainability in hotels of Pakistan |  |          |
|----------|---|--|----------|
| Tier III | 13  | generates employment opportunities         | 0.028965 |
|          | 14  | Rent hybrid vehicles                       | 0.027185 |
|          | 15  | fair access to economic resources          | 0.026596 |
|          | 16  | fairness in distribution of resources      | 0.022915 |
|          | 17  | subsidize public transportation            | 0.022093 |
|          | 18  | equality of rights                         | 0.022066 |
|          | 19  | efficiency enhancement by norms            | 0.018456 |
|          | 20  | trust by self interested action            | 0.01635  |
|          | 21  | contribution in development of young       | 0.016084 |
|          | 22  | infrastructure support at village level    | 0.014722 |
|          | 23  | rent hybrid vehicles                       | 0.013735 |
|          | 24  | deterrence of competition                  | 0.012915 |
|          | 25  | helps in hiring desired employees          | 0.011606 |
|          | 26  | flexible working hours                     | 0.01062  |
|          | 27  | how much value is given to citizens demand | 0.072347 |
|          | 28  | involvements in decision making            | 0.068079 |

Table 3. Critical factors of social sustainability in hotels of Pakistan

5.1.2 Regression analysis

Then the regression analysis was done in order to find the relationship of social sustainability and business performance dimensions. For this research we select three basic dimensions that are customer satisfaction, which is measured by evaluating the hotels customer retention and customer feedback, second is employee satisfaction which is measured by choosing; cooperation among employees and their influence on personal development as the sub-measures, and top management commitment is chosen as moderating variable.

Following table show the all those business dimensions of hotels which have the significant relationship with social sustainability dimensions.

As in particular hotels it is found that there is significant relation with customer feedback and it has significance of 0.027 which is less than alpha value of 0.05. With each individual sustainability dimension the result shows, customer feedback has positive relation with social infrastructure and capital building in relation to others, this is proven by literature that customers in hotels give more feedback for the proper management of social practices these include; building of norms, trust and networking as well as facilitation of health, education and transportation along with community development which is the major element of social infrastructure & capital.

Another performance dimension showing significant relation is cooperation in hotels, its p value is 0.052. Cooperation is positively correlated with one of the dimension i.e. social infrastructure and capital building and has the significance of 0.095. Social capital as we have already discussed in detail is the element that relates to the development of social networking, norms and trust all of these would be developed only if the cooperation exist among the workers as well as with top management and in hotels this coordination and cooperation matters a lot.

Another dimension which shows significant relation is top management commitment in hotels. Lying at the significance level of 0.01.It is the moderating variable without top management commitment idea of social sustainability cannot be incorporated, henceforth proved in our findings too.

| Dependent variables       | Independent Variables           | Sum of Squares | B     | Df | Beta   | Means Squares | t     | F      | Sig. |
|---------------------------|---------------------------------|----------------|-------|----|--------|---------------|-------|--------|------|
| Customer Feedback         |                                 | 17.020         |       | 3  |        | 5.673         |       | 36.242 | .027 |
|                           | Engaged Governance              |                | 2.473 |    | .779   |               | 2.793 |        | .108 |
|                           | Social justice & equity         |                | -2.63 |    | -1.48  |               | -5.37 |        | .645 |
|                           | Social infrastructure & capital |                | 2.698 |    | .578   |               | .508  |        | .043 |
| Cooperation               |                                 | 8.924          |       | 3  |        | 2.957         |       | 3.115  | .052 |
|                           | Engaged Governance              |                | 1.237 |    | .492   |               | .565  |        | .629 |
|                           | Social justice & equity         |                | -.188 |    | -.134  |               | -.156 |        | .891 |
|                           | Social infrastructure & capital |                | 4.292 |    | 1.023  |               | 3.009 |        | .095 |
| Top management Commitment |                                 | 13.151         |       | 3  |        | 4.384         |       | 3.733  | .018 |
|                           | Engaged Governance              |                | 7.317 |    | 2.434  |               | 3.015 |        | .095 |
|                           | Social justice & equity         |                | -3.18 |    | -1.901 |               | -2.37 |        | .141 |
|                           | Social infrastructure & capital |                | -.013 |    | -.003  |               | -.008 |        | .994 |

Table 4. Hotel’s social sustainability dimensions and business performance:

5.2 Hospital industry

The health system in Pakistan is currently going through several restructuring at the federal, provincial and district levels particularly to advance the delivery of health services to the population. These reforms are part of the overall development framework that endeavors to raise the importance given to the social sectors, particularly the health sector, in the country to address their poor performance (Report of the Health System Review Mission – Pakistan 2007). So in this paper social sustainability framework is measured in number of different hospitals. Empirical findings revealed that the in hospital industry the results are almost the same as that of hotel industry, reason behind this is that both are component of service sector and facing the same situation where the services are directly provided to customers and without customer’s intimate involvement it is quite impossible to deliver. Here the social justice and equity has the highest ranking and with respect to hospital industry it



includes majorly the element of respect given to each individual member of staff starting from ward boy to the specialist doctor, every employee has its own importance, proper formulation of laws are required from the patients as well as management view point.

In hospitals just like hotels second highest construct is engaged governance, in order to properly encounter the social sustainability, hospitals' policy matters a lot to show commitment to promote environmental stewardship, waste management implications are required to be a part of their policy.

Facts about social capital show that trust is the foremost element and in hospitals security particular department in hospital fulfills this challenging job round-the-clock with impeccable proficiency and responsibility. It provides security for the patients' vehicles, belongings and lives, while at the same time maintains close check on hospital property and hospital's overall discipline and decorum. Now a days hospitals premises are constantly monitored through close circuit televisions. Issuance of parking ticket, emergency help line and ever-vigilant security staff are a few steps taken by the Security Departments of different hospitals for ensuring a safe, healthy and peaceful healing environment for out-patients. Then comes norms and finally social networking. Norms are important for proper documentation, proper vision, mission, code of conduct discussed with their staff, properly documented visitor policy, registration policy and administration policy. Fresh hands are molded into skilled professionals by their proper orientation. Job descriptions & hiring by keeping a match of skills and abilities, pre planned and pre scheduled work plan in each single hospital.

Social networking in hospitals is important, a devoted/energetic team for effective and timely distribution of information and instructions, a full fledge Intranet solution/ internal mailing system has been deployed in many of the hospitals to facilitate the departments/ users to communicate electronically. These steps have been taken to become cost effective and environment friendly by minimizing the paper use.

To facilitate the back office administrative activities the hospitals has also successfully implemented hospital wide browse based 'Material Requisition' and 'Management System', 'Procurement system' and the support the Human resource department as fully automated Human Resources Information Management System, with indigenously developed Biometric Time and attendance management systems.

Social infrastructure building in hospitals is important from the perspective of having Working under ISO 9001:2000, ISO Internal Auditor Certification. All type of waste collection / transportation / storage / incineration and final disposal within the hospitals are done by their material management department. Similarly for education, a department for Research & Continuing Medical Education has been established to keep the doctors and medical staff updated with the latest research.

Transport Department in hospitals is a vibrant department that not only provides pick and drop to hundreds of clinical and administrative staff without failing but also meets emergent deadlines of various nature. Provision of ambulance service to inpatients as well as on call basis is also managed by this department. The department owns a varied fleet of busses, coasters, carriage carriers and staff cars. So proper policies regarding the management of transport is very much essential in hospitals.



Over all social sustainability dimensions and their relative weights are given below;

| Rank | Social sustainability dimensions | Relative weights |
|------|----------------------------------|------------------|
| 1    | social justice and equity        | 0.397            |
| 2    | Engaged governance               | 0.278            |
| 3    | social capital                   | 0.233            |
| 4    | Social infrastructure            | 0.092            |

Table 5. Social sustainability dimensions and their relative weights (hospitals)

5.2.1 Index of social sustainability for hospitals

- i. Critical: Tier-I of Indices of social sustainability for hospitals belong to the development of policy statements, as it is identified in literature review one of the most important factor for the proper working..
- ii. Supporting: Tier-II comprises of second most critical set of performance indicators for social sustainability. Factors included in Tier-II belong to engaged governance. Here in hospitals the following elements of engaged governance are having more global priority that is the respect to staff, rule of law, freedom of thought, involvement in decision making, and the value given to citizen demand, so these elements from hospital perspective are more important. And further it is comprised of social justice and equity factors which are equality of rights, fair access and distribution of resources, opportunities and guarantee of safety. Along with this, it also includes the community involvement element specifically which are related to the infrastructure support and citizen involvement in every single aspect as it is service sector so role of direct involvement automatically advances in contrast to other factors.
- iii. Maintaining Tier III related to social capital and infrastructure that is basically given importance to networking, norms, and trust, health and education elements.

| Tiers  |    | Critical factors of social sustainability in hospitals of Pakistan              |                        |  |
|--------|----|---|------------------------|--|
|        | #  | Label   | Global Priority Weight |  |
| Tier-1 | 1  | Policy statements   | 0.084641071            |  |
| TierII | 2  | Respect is given to every single individual of staff                            | 0.063646156            |  |
|        | 3  | Rights and liberties covered by the rule of law                                 | 0.059628894            |  |
|        | 4  | Freedom of thought  | 0.057238943            |  |
|        | 5  | policy statements consists of a commitment to promote environmental stewardship | 0.056359244            |  |
|        | 6  | How much value is given to the citizen’s demand                                 | 0.054242122            |  |
|        |    | Equality of rights established and promoted for all people                      | 0.047875736            |  |
|        | 8  | fair access for all people to economic resources                                | 0.047875736            |  |
|        | 9  | opportunities for all people to genuinely participate                           | 0.047875736            |  |
|        | 10 | Guarantee of individual and community safety.                                   | 0.047875736            |  |
|        | 11 | Infrastructure support  | 0.046979999            |  |
|        | 12 | Enable citizens to gain greater access to information                           | 0.041378782            |  |

| Tiers    | Critical factors of social sustainability in hospitals of Pakistan |   |             |
|----------|--|---|-------------|
| Tier III | 13   | Citizens exert demands on the management for better services. | 0.041378782 |
|          | 14   | Fairness in the distribution of resources                     | 0.024983063 |
|          | 15   | Trust can be built by policy                                  | 0.01666005  |
|          | 16   | Norms reduces the risk of coordination failure                | 0.016153591 |
|          | 17   | Efficiency enhances by following the norms                    | 0.015104051 |
|          | 18   | Trust is important for economic prosperity                    | 0.015067791 |
|          | 19   | Subsidize public transportation for employees                 | 0.0149178   |
|          | 20   | Helps in hiring desired employers                             | 0.014499785 |
|          | 21   | Norms reduce the transaction cost                             | 0.014048194 |
|          | 22   | Norms coordinate expectations                                 | 0.013412748 |
|          | 23   | Generates employment opportunities for rural sector.          | 0.012437524 |
|          | 24   | Rent hybrid vehicles  | 0.0106329   |
|          | 25   | Deterrence of the competition becomes easier                  | 0.010616929 |
|          | 26   | social connections generate valuable ideas                    | 0.01033777  |
|          | 27   | To what extent the workers feel free in sharing information   | 0.010224048 |
|          | 28   | Safeguards for the rural sector.                              | 0.0092184   |

Table 6. Critical factors of social sustainability in hospitals of Pakistan

5.2.2 Regression analysis

Then the regression analysis was done in order to find the relationship of social sustainability and business performance dimensions. As we have already discussed that we have chosen three basic dimensions that are customer satisfaction, employee satisfaction and top management commitment is selected as moderating variable.

Following table show the all those business dimensions of hotels which have the significant relationship with social sustainability dimensions.

Hospitals is the sector where customer interaction is of high mark, they can develop themselves more rapidly if customers give proper feedback and it has already proven by literature as well as in our sampled firm we see that the level of significance is 0.023 which is less than value of alpha (0.05).

Individually if we see the results we can see that customer feedback particularly in hospitals have positive significance in all chosen dimensions. So it's the finding of the research that performance dimension which social sustainability in hospitals enhances is customer feedback, as details given in table.

Another dimension which shows significant relation with the help of statistical analysis is the top management commitment is highly significant to chosen social sustainability factors. Top management commitment has positive relation with engaged governance and social infrastructure and capital. No doubt as from literature we see that for the proper following the social sustainability guideline one requires to have support from top management (Detoni and Tonchia, 2001).

| Dependent variables       | Independent Variables           | Sum of Squares | B     | Df | Beta  | Means Squares | t      | F       | Sig. |
|---------------------------|---------------------------------|----------------|-------|----|-------|---------------|--------|---------|------|
| Customer Feedback         |                                 | 3.999          |       | 3  |       | 1.333         |        | 1064.46 | .023 |
|                           | Engaged Governance              |                | 10.16 |    | 8.292 |               | 10.628 |         | .060 |
|                           | Social justice & equity         |                | 3.946 |    | 4.430 |               | 8.570  |         | .074 |
|                           | Social infrastructure & capital |                | 5.065 |    | 4.817 |               | 15.605 |         | .041 |
| Top management commitment |                                 | 19.061         |       | 3  |       | 6.354         |        | 4.975   | .001 |
|                           | Engaged Governance              |                | 6.073 |    | 2.280 |               | 2.725  |         | .000 |
|                           | Social justice & equity         |                | .953  |    | .603  |               | 1.198  |         | .270 |
|                           | Social infrastructure & capital |                | 2.460 |    | 1.171 |               | 2.093  |         | .075 |

Table 7. Hospital’s social sustainability dimensions and business performance:

6. Findings and discussion

From the gathered data and responses it is clearly seen that in overall hospitality sector ( hotels & hospitals) ‘engaged governance’ and ‘social justice & equity’ lie as at greater importance because in recent times, there are great number of forces which are impacting the human lives. These impacts are both empowering and disempowering the service sector of Pakistan. If we take an example of information revolution, we see that citizens’ (consumers) are highly informative as they have greater access to information and on the basis of that they also exert their great demand on management for getting the better and desired services. And particularly in service sector where consumers are in direct contact there the management of their requirements becomes more sophisticated.

The approach used in this paper basically envisioned and comprised of all those unanimously renowned principles of good governance. so we try to include all those set of factors that basically relate to the concept of having balanced power and getting balanced results in return. These principles are relating to authenticity and voice, which is to gratitude, individuals to have an involvement in making decision. As it leads towards consensus, which intercede contradictory concerns in the best of interest of group and on their procedures and policies.

Another important principle and finding of research is to to have a proper orientation regarding direction that by the top management commitment or we can say that leaders as well as public both share wide and long-term viewpoints for having human development and good supremacy, along with the understanding of cultural, historical and social contexts which are mandatory for such development.

Then further importance in social sustainability lie to the concept of 'accountability', which is very important for 'engaged governance' and 'social justice & equity', it is basically refer to the transparency in their entire operations of hospitals and hotels.

Then organizations should have to give importance to fairness, in term of distribution of resources, equality of rights' establishment and promotion, fair access to economic resources, opportunities for genuine participation, all these elements ultimately results into freedom of thought.

'Social capital' and 'community infrastructure' building is another important constructs of social sustainability in hospitality industry, which by the results we see lie below in comparison to 'engaged governance' and 'social justice & equity' as these are the basic services, which one organization provide and make available in retort to the demands of communities. They enhance the quality of life by building networking, norms, trust, health measures, education, transportation, and rural development. Over all these elements need to be further focused and developed in the selected organizations.

From the research we see that sampled hotels and hospitals lack recognition of these important elements and do mistakes in allocating the right amount of cost to proper project which resulted into the failure in term of building social infrastructure and local communities. This is the reason that many metropolitan and regional areas have been hard hit, only because of failure in encountering changing employment patterns as well as changes associated to demography and society, answer to this is simply having the proper social capital development and adequate provision for social infrastructure as it has exacerbated many problems in the past. Stake holders are more demanding than past so automatically for catering the competition, responsibilities shifted to the business leaders to amalgamate more sophisticated ways of operations in order to satisfy and have sustained relations with their customers. It could be only possible if they fulfill their social responsibilities, because environmental and economic areas have been now addressed a lot, now the need to cover the third segment in such a way that it become a source of providing vivacious economy.

## 7. Managerial implications

Furthermore, measuring the sustainability dimension on performance criteria, the findings of this study validate that social sustainability linked positively with the performance, that hotels and hospitals should improve their performance through the adoption of social sustainability. In addition, as far as the relative impact social sustainability on individual sector is concerned, the findings suggest that engaged governance and social justice & equity among the four constructs of social sustainability that has positive and significant association with customer retention. All four chosen constructs for social sustainability i.e. social capital, infrastructure, engaged governance and justice & equity are positively correlated with cooperation, where as with top management commitment which act as moderating variable shows positive link us with engaged governance, social capital and infrastructure. The implication of this finding is that hotels with a given magnitude of social sustainability would outperform those on customer feedback, cooperation and top management commitment. On the other in hospitals engaged governance, social capital, social justice & equity and social infrastructure has positive impact on customer feedback which is used for the measurement of customer satisfaction.

This study is a valuable source to those companies struggling with the issues of successful implementation of social sustainability techniques and they will be better able to benchmark themselves against the best practices found in the study. Reading of this study helps business professionals and practitioners to realize the critical importance of certain performance management related concepts in order to set an improvement plan for non-performing areas. Finally, this study can be the base for the development of standard criteria for assessing “societal concern progress”.

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