

Prioritizing Sustainable Practices of Service Organizations: An Empirical Evidence from Automobile Dealers in UAE

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ABSTRACT

This paper introduces sustainability to the field of service companies, expands the conceptualization of sustainability beyond the triple bottom line to consider key supporting facets which are posited to be requisites to sustainable practices and finally implements the proposed framework in the automobile industry in United Arab Emirates (UAE). This research is designed by decomposing complex and unstructured sustainability issues into a set of components organized in a multilevel hierarchical form. To deal with this complexity of multi criteria decision making process, Analytical Hierarchical Process (AHP) method is used in this research. The authors introduced a framework of sustainability for service organizing- the integration of integration of environmental management, social responsibility, customer management, economic management and health and safety practices. It has been found that automobile service providers in UAE are giving more importance to environmental management and social responsibility. External factors (Government regulations, policies and culture) also affect the sustainable practices of an organization. Hence, future work should incorporate these parameters as well. This is a contribution to the continuing research into sustainability, giving managers and designers a practical way for measuring and implementing sustainability practices across service organizations. The contribution of this research, through successive stages of data collection, measurement analysis and refinement, is a set of reliable and valid framework that can be subsequently used in conceptualization and measuring sustainability in the service industries.

KEYWORDS

AHP, Service Industry, Sustainability, UAE

1. INTRODUCTION

Sustainability has been of great interest in the last decade for academia and the industrial world because of pressures from various stakeholders to embrace a commitment to sustainability practices. Sustainable organizations are a key component of sustainable development in which the environmental and social criteria need to be fulfilled by operations managers, while it is expected that competitiveness would be maintained through meeting customer needs and related economic criteria (Cerin & Karlson, 2002; Wolf, & Mujtaba, 2012). This implies that organizations have to satisfy multiple and conflicting objectives such as maximizing profits while reducing operating costs, minimizing the environmental impacts and maximizing the social well-being (Taticchi et al, 2013). Furthermore, the new global

reality that has emerged from the latest economic crisis calls for organizations to be more lean and cost effective (Zhu & Sarkis, 2004). New regulations increased community legislatures and consumer pressures force companies to effectively integrate environmental concerns and green practices into their regular business (Hussain et al, 2014).

Sustainability is relatively a new concept for service sector. Sustainability in service organizations is increasingly seen as essential to delivering long-term profitable services and products that positively reflect on a society. The challenge is similar to that in manufacturing companies; i.e. reducing environmental and social impacts while improving the triple bottom line. This is particularly important to service organizations in the Arab world and the Middle East where service sector represents the major contributor to local economies especially in the gulf region. Sustainable service organizations focus more on environmental management, customer/supplier management, health and safety management and social responsibility. For example hospitals, banks, and hotels focus more on how customers' perception, their social impacts, corporate green policy and environmental standards.

The sustainability of service based companies in United Arab Emirates (UAE) is getting more attention from regulators, industry and academia. However, there is a lack in studies that assess the extent and the impact of implementing sustainability practices and initiatives in this area. This scarcity is also pronounced by the fact that these companies do not report their green initiatives and social responsibility while this sector accounts for as much as 74 per cent of gross domestic product (GDP) in UAE (<http://www.emirates247.com>). Automobile dealers are among the top service providing companies in UAE and the automobile sector witnessed record sales in 2013 in UAE and is expected to continue the growth momentum in 2014 on positive economic sentiments. The country will remain the fastest growing automobile market with 16.7 per cent year-on-year growth in 2013, with total industry volume of 362,000 compared to 310,304 units sold in 2012 (<http://gulfnews.com/business>). These automobile service providing companies are introducing great measures of sustainability in UAE but there is a clear research gap for measuring the extent and prioritizing the sustainable practices of these service providing companies and this research aims to address this issue.

Furthermore, most of the previous research on sustainability has focused on manufacturing aspect of automobile companies (Armina & Yousof, 2011; Taticchi et al., 2013; Hussain et al., 2016) whereas little research has been carried out to investigate the service aspect at downstream level of supply chains; i.e. to what extent dealers of these luxury automobiles companies are implementing sustainable practices. Singh et al., (2011) also pointed out that different indices of sustainability have been presented but no comprehensive framework exists for integrated sustainability assessment for service providers. This research intends to fulfill this research gap by developing a comprehensive framework of sustainability conducive to service organizations and by implementing proposed framework for prioritizing the sustainable practices of automobile dealers in UAE, who are considered by law as service providers. To this end, extensive literature review has been carried out and a comprehensive research framework has been developed.

Different research methods have been employed in the literature, to investigate different aspects of sustainable practices. An excellent review of these research tools has been presented by Ramachandran (2000), Ness et al., (2007) and Singh et al., (2009). However, this research is designed by composing multi criteria decision making tools of sustainable practices and further decomposing them into sub criteria. To deal with this complexity of multi criteria decision making process, Analytical Hierarchical Process (AHP) method, developed by Saaty (1980) has been used in this research. This approach has the advantage of incorporating both qualitative and quantitative data into the process (Wrisberg et al., 2002). AHP has been extensively used in literature, e.g. (Ramanathan, 2001), (Awasthi & Chauhan, 2011), (Drake et al., 2013). The remainder of this paper is organized as follows. The next section

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