

Sorina CORMAN,
Cristina T N SESCOU
Lucian Blaga University of Sibiu, Romania

THE COMPETITIVE VALUES APPROACH THROUGH THE ORGANIZATIONAL MANAGEMENT

Theoretical
articles

Keywords

Competing values
Sustainable development
Organizational management

JEL Classification

M10, M14

Abstract

Based on the values of sustainability, progress and intergenerational equity, the sustainable development is a determinant of eco-social development. The role to implement these values is the responsibility of the organizations working in the area, organizations which come with their own specific design and structures but also with their own organizational values. This paper proposes an analysis of organizational values and principles reflected in the Romanian Sustainable Development Strategies (eight strategies / regional sustainable development plans and the national sustainable development strategy) in relation to the sustainable development values, using the logical framework matrix as a tool to address competitive values. This tool suggests a multidimensional integrative analysis of organizational management approaches on the one hand and sustainable management on the other hand, drawing an objective and holistic picture of sustainable development.

1. Introduction

This paper proposes a multidimensional integrative analysis of organizational management approaches on the one hand and sustainable management on the other hand, drawing an objective and holistic picture of sustainable development, as a crisis response. In the current socio-economical context, marked by the economic crises, the organizations come with their own specific design and structures but also with their own organizational values. The present and the future will be characterized by a different social context, the economic crisis with negative effects on incomes decreasing and the demand for social protection (unemployment benefits, guaranteed minimum income, social housing, social services etc.) increasing.

2. Organizational effectiveness in terms of sustainable development

The crucial recognition is the fact that must be a hierarchy of the assets and capitals which a corporation manages or aims to build up. Natural and social capital are preconditions for the creation of the other assets, information, physical and financial assets. There can be no sustained, successful value creation which ignores this fact. Nature and people are the very foundation upon which sustained corporate value creation rests.

There were theoreticians who believed that organizational effectiveness is an organization's ability to adapt to the demands and peculiarities of the external environment (Katz and Kahn, 1966). The "open system" approach emphasizes the importance of organizational processes of adaptation to external constraints (Edwards, Faerman, McGrath, 1986). The views opposing this approach criticized the lack of consistency in the selection of the criteria of effectiveness (Steers, 1977; Campbell, 1977).

The approach focused on the human relationships within an organization equates the efficacy with the satisfaction of individuals who belong to an organization (McGregor, 1960; Blake & Mouton, 1969; Harris, 2000). Supporters of this approach believed that organizational performance can be improved by improving the satisfaction and morale of individuals, the cohesion between the members of the organization. In contrast, critics "are asking whether the individual's morale or the satisfaction is a good indicator of the organizational productivity or a sufficient criterion for organizational effectiveness" (Edwards, Faerman, McGrath, 1986:3).

Effective implementation of strategy is a key driver of financial performance. Organizations that fail to fully engage their workforce in the business strategy will fail to produce reliable, sustainable business results. The link between employee engagement factors and successful strategy execution is vital. Effectiveness oriented companies

are concerned with output, sales, quality, creation of value added, innovation, cost reduction. It measures the degree to which a business achieves its goals or the way outputs interact with the economic and social environment. Usually effectiveness determines the policy objectives of the organization or the degree to which an organization realizes its own goals (Zheng, 2010).

The organizational effectiveness also has been equated with "the internal health of an organization" (Argyris, 1964; Brook, 1973). Emphasis can be put in this case on the quality of internal communication system, the effectiveness of organizational procedures but also on the internal monitoring procedures on the behavior of members of the organization. The critics that were made to this approach (internal process) were related to the difficulties in identifying, measuring and reporting of these processes (Haberstroh, 1965; Edwards, Faerman, McGrath, 1986) or replacement of the purposes by the means, avoiding a selection of the criterions for achieving success (Scott, 1977).

Given that the managers were faced with the multidimensional social reality and these approaches and organizational models present the efficacy in a one-dimensional perspective or as a single solution, there was a need for a multidimensional approach to organizational effectiveness (an integrative framework) that can assist the administrators in the diagnosis or the evaluation of the agency that they lead at any point in time, using a variety of criteria of effectiveness (Edwards, Faerman, McGrath, 1986:3).

According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

The true fact is that companies increasingly rely on intangibles (e.g. R&D, brands, customer relationships, organisational flexibility) as the source of competitive advantage. Yet, managing these as assets becomes more challenging when the overarching concept of sustainability is integrated into the organisation. This solution requires a new perspective on what is meant with integrating sustainability and a new understanding of how sustainability generates value throughout the entire organisation.

3. Business models redesign

Business model redesign may be a key to radically improve sustainable performance to create greater environmental and social value while delivering economic sustainability. Sustainable business

models seek to go beyond delivering economic value and include a consideration of other forms of value for a broader range of stakeholders. They have been defined as business models that create competitive advantage through superior customer value while contributing to sustainable development of the company and society (Lüdeke-Freund, 2010).

Well before Elkington introduced the sustainability concept as "triple bottom line," environmentalists wrestled with measures of, and frameworks for, sustainability. Academic disciplines organized around sustainability have multiplied over the last 30 years. *Triple bottom line* (abbreviated as TBL or 3BL) is an accounting framework with three parts: social, environmental (or ecological) and financial. These three divisions are also called the three Ps: people, planet and profit, or the "three pillars of sustainability". Interest in triple bottom line accounting has been growing in both for-profit, nonprofit and government sectors. Many organizations have adopted the TBL framework to evaluate their performance in a broader context. The term was coined by John Elkington in 1994.

The *Competing Values Framework* (CVF), now widely adopted by both researchers and practitioners, was used to better understand the relationship between company and sustainability initiative success.

Sustainable Value Management(SVM) is a comprehensive, capital based approach to sustainability mapping costs/ benefits of a company's activities accruing to the corporate, the individual and society throughout the value chain. SVM develops full-scope strategic insights and, through linkage to financial performance, easily integrates into strategic planning, risk management and investment analysis. SVM measures the performance impact of sustainable and unsustainable practices. The performance impact includes both external costs / benefits (such as the health costs associated with air borne pollutants or the economic benefits of supply chain diversity initiatives) and indirect internal costs (such as the fill costs of employee disengagement or commodity inflation from over reliance on certain technologies).

SVM aligns the goals of business value creation and sustainability and leads to a sustainable business footing through the promotion of innovation – in strategy, in process and in technology.

4. Research

This paper proposes an analysis of organizational values and principles reflected in the Romanian Sustainable Development Strategies (eight strategies / regional sustainable development plans and the national sustainable development strategy) in relation to the sustainable development values,

using the logical framework matrix as a tool to address competitive values.

4.1. Collection and processing of data

Each strategy of sustainable development was considered an official document, and it was accessed from the official site of each County Council.

4.2. Data analysis

In processing and data analysis have been completed stages of content analysis: were inventoried all visions and objectives of the eight regional sustainable development strategies; these information have been standardized; they were then classified as units of analysis and set out the main categories of analysis; the final stage consisted of coding and final analysis of the data. The analysis is represented by the total of these strategic documents taking into account the European policies on sustainable development.

4.3. The results of the research

Information gathered from the documents developed under strategic coordination of all of the 41 district councils in the country, plus city of Bucharest have been grouped into six categories:

- those that reflect principles and values underlying quality of life through the context of economic development, environmental protection and employment;
- those that reflect principles and values underlying social to inclusion, judging by healthcare, education citizens and social assistance.

Principles identified as a result of this analysis are: the principle of sustainability; the principle of competitiveness; people's welfare principle; Principle of human rights, the principle of active participation; the principle of the flexibility of workforce; the principle of the labor efficiency; the principle compliance with human dignity and the principle of non-discrimination; Principle of transparency and non-discrimination in providing medical services; principle of education - promoter of sustainable development; principle of universality and the principle of social solidarity social; the principle of active involvement of the beneficiaries in providing social services.

5. Some conclusions

The ideas resulted from this research set up aspects of organizational management in the context of sustainable development:

- Strategic and organizational management are closely related to economic development based on knowledge and innovation;
- The principle of sustainable development implies an effective management in terms of resource use, competitiveness and competitive advantage value;

- Companies can make sustainability a strategic asset when it is considered as corporate sustainability, when it is acknowledged for its valuable effect, and when it is strategically integrated to build effectiveness in all business areas.
 - The principles which underlie the active policies of employment are capable of switching from social inclusion in economic, social cohesion;
 - Individual companies, industries and our overall economic system are interconnected with, and nested within, larger social and environmental systems. Based on this truth, it follows that a business can only be sustainable when the systems upon which it depends are sustainable.
 - A corporation can no longer be called “excellent” if it does not set the strategic aim of achieving “trade-on” between corporate value and social & ecological value.
 - A clever, corporate leader today strategically and continuously pursues sustainable value management while engaging key business divisions, corporate planning, marketing and branding.
- Corporate sustainability needs to be reframed so that shareholder value is repositioned as a goal that is managed in symbiotic relationship with social and environmental goals. Authentic corporate sustainability requires board leadership in which triple bottom line values become part of the company’s ethos, or defining character, and are thoughtfully integrated into corporate governance practices and strategy.

References

- [1] Argyris C. (1964). *Integrating the Individual and the Organization*. New York: John Wiley and Sons
- [2] Blake R. , J.S. Mouton (1969). *Building a dynamic corporation through grid organization development*. Reading, MA: Addison-Wesley.
- [3] Campbell, J.P. (1977). *On the Nature of Organizational Effectiveness*. In P.S. Goodman & J.M. Pennings (Eds.), *New Perspectives on Organizational Effectiveness*. San Francisco: Jossey-Bass.
- [4] Edwards, Richard L.; Sue R. Faerman, Michael R. McGrath.(1986). *The Competing Values Approach to Organizational Effectiveness: A Tool for Agency Administrators in Administration in Social Work*.
- [5] John Elkington (1997). *Cannibals with Forks: The Triple Bottom Line of Twenty-First Century Business*. Capstone, Oxford.
- [6] John Elkington (1994). *Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development*, *California Management Review* 36, no. 2: 90–100.
- [7] Haberstroh C.J., (1965). *Organizational Design and Systems Analysis*. in J.G. March (Ed.),

Handbook of Organizations. Chicago: Rand McNally

- [8] Harris L. A. (2000). *Theory of Intellectual Capital// Advances in Developing Human Resources*, vol. 2, no.1,p.22-37, <http://adh.sagepub.com/content/2/1/22.full.pdf+html>
- [9] Katz, D., i Kahn, R.L. (1966). *The Social Psychology of Organizations*. New York: John Wiley and Sons.
- [10] Lüdeke-Freund, Florian, (2010). *Towards a Conceptual Framework of 'Business Models for Sustainability*. Available at SSRN: <http://ssrn.com/abstract=2189922>
- [11] McGregor D., (1960). *The Human Side of Enterprise*. New York: McGraw-Hill
- [12] Pflanczer, S.I i M.L Mirigoff. (1978). *Toward Management Training in Social Welfare*. In *Journal of Education for Social Work*
- [13] Richard et al. (2009): *Measuring Organizational Performance: Towards Methodological Best Practice*. *Journal of Management*
- [14] Scott W.R. (1977). *Effectiveness of Organizational Effectiveness Studies*. in P.S. Goodman & J.M. Pennings (Eds.), *New Perspectives on Organizational Effectiveness*. San Francisco: Jossey-Bass
- [15] Steers, R.M. (1977). *Organizational Effectiveness: A Behavioral View*. Pacific Palisades, CA: Goodyear
- [16] Zheng, W. (2010). *A social capital perspective of innovation from individuals to nations - Where empirical literature is directing us?* *International Journal of Management Reviews*