

# The sustainable enterprise at the beginning of the 21<sup>st</sup> century

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**Abstract:** The sustainable development constitutes the fundamental objective of the contemporary society which governs all the fundamental and worldwide, regionally and nationally accepted strategies, politics and programs. Our scientific approach starts from the premise of the existence of a powerful sector of sustainable enterprises that represents a sine qua non condition for building a modern and competitive economy. In this context the paper presents the main variables which define the competitive potential of the sustainable organization, analyzes from a dynamic perspective the relation between stability and change and in the final proposes possible action directions recommended to the modern organizations in order to be registered on the sustainability trajectory.

**Keywords:** sustainable enterprise, knowledge, organizational culture, flexibility, stability, organizational change.

## 1. Introduction

The main microeconomic pawn of the new knowledge based economy, the sustainable enterprise, has materialized in the last decades in the developed countries. This new type of organization is characterized by high functionality and creativity, emphasizes in a relatively equal way the economical, social

and ecological aspects, owns the capacity of continuously perfecting itself, always produces new products and services, generates competitive information and knowledge, all of these assuring the development sustained on a long term which is in the benefit of the employers and employees.

One of the main problems discussed during the International Labour Conference

that took place in Geneva in the year 2007 was the promotion of sustainable enterprises. The tripartite delegations composed of representatives for the governments, patronages and unions, formulated a packet of conclusions and according to one of those the sustainable enterprise which normally is of small or middle dimension, represents the generator of the future development on which every country's level of social-economical accomplishment depends on.

Also the sustainable enterprise represented one of the major themes in the working Agenda of the 8th Regional European Reunion of the International Labour Organization that took place in Lisbon during 9 and 13th of February 2009. The participant delegations proposed a series of measures that aim at a stable and sustainable economical growth among which we remind: adopting stimulating packets that will diminish the recession's consequences; setting new international strict regulations regarding the financial and commercial market in order to prevent the emergence of systemic risks that were not foreseen and eliminated by the previous engagements; adopting measures regarding the access to financing in order to stimulate entrepreneurialism and the small and middle firms' capacity of keeping their employees and creating new working places; promoting a favourable environment for the sustainable enterprises as a main support for regression and economical growth; reestablishing a normal flow of human and investment capital on a medium and long term in order to avoid a severe deterioration of the productive base in some countries; assuring a functional financial system that will facilitate the growth and stimulation of the private

sector; some enterprises' development on the initiatives of social corporatist responsibility for the completion of sustainable strategies and the expected results.

Taking in consideration these conclusions it can be affirmed that the sustainable economical development is conditioned in a decisive mode by the existence of sustainable enterprises which need to benefit of a favourable context for their establishment and functioning from fiscal, commercial, financial, managerial, technological, administrative, educational, juridical, scientific, ecological, cultural and political point of view. This favourable context is created through the operation of strategies and politics that promote the entrepreneurialism and the establishment of sustainable enterprises. To this extent it is essential for the social partners to be aware of the sustainable enterprises' role in the consolidation of a dynamic and competitive micro economical sector which constitutes one of the main vectors for the development of the society and the knowledge-based economy.

## **2. Variables of the sustainable organization's potential**

Professor Ovidiu Nicolescu considers that the sustainable organization is the one that after a balanced approach from an economical, ecological and social point of view reevaluates on a superior level the knowledge and the other owned resources or those that it attracts thus generating for long periods of time multidimensional efficiency and performances validated by the market and society.

In our opinion the sustainable organization represents an entity that generates a value integrated in the economical, social and ecological environment which constantly

creates competitive advantages compared to the other firms through a proactive, flexible and innovative management.

In order to become sustainable the organizations have to fulfill periodical evaluations of their competitive potential, doubled by elaborated analysis of the business environment with special reference to the competition during the activity branch in which it is evolving. In this sense we consider it to be necessary for a major mutation to take place in the managers' and enterprisers' mentality for their comprehension on the importance of these analysis and evaluations whose complexity varies in accordance with the amplitude and specific of the developed organization activities.

The competitive potential of a sustainable organization is mainly defined by the resources' complex and organizational culture. Among the resources the knowledge has a determining impact on the sustainable organizations' performances. The explicit knowledge is found in studies, certificates, projects, licenses, standards, informatics programs, while the implicit knowledge is placed in the minds of the organizations' members (know-how technical, know-how technological, know-how informatics, know-how managerial etc.).

The human resource in the sustainable organizations are trained in a continuous process of learning, accumulating knowledge and thus gaining new abilities that are necessary for transposing them into the practice of a new strategic orientation. In this actual period the knowledge represents an essential source of obtaining a competitive advantage, assuring the sustainable organization's strategic integration in a more complex and dynamic business environment.

Next to the resources the organizational culture influences in a significant mode the competitive potential of a sustainable organization. The cultural model, as the organization's philosophy regarding business behaviour, constitutes one of the key factors of the operational competitiveness and excellence.

The organizational culture has an essential role in the substantiation and elaboration stages of strategy, as its determinant, as well as in the implementation phase, as an instrument. In the strategies' substantiation phase it is necessary for the organizational culture's analysis to be made in order to identify the strong and vulnerable points. In the implementation phase the strong points of the cultural model must be mentioned and eventually amplified and the vulnerable points must be diminished or in the possible measure eliminated.

An adequate cultural model constitutes an important vector of an organization's sustainability. Thus the sustainable organizations have to adopt cultural models that promote the values' homogeneity, create perspectives that offer positive motivation and encourage the employees' involvement in the decisive processes. To this extent it is important for the managers and entrepreneurs to initiate actions coordinated in the plan of the human resources' motivation and to adopt policies that have as an inspiration source the excellence results of its own employees. Developing a sustainable cultural model implies the projecting of the managers and entrepreneurs of reasonable standards regarding objectives achievement, the respectful treatment towards the human resources and also to grant them complete freedom on creation and experimenting innovative projects.

### 3. The optimum „stability-change“ in the sustainable enterprise

The flexibility represents a definitive coordinate of the sustainable organization. An essential premise of the organizational flexibility is constituted by the products' and processes' flexibility. A products' flexibility is given by the number of ways in which this can be used while a process' flexibility is offered by the number of possible configurations for it to adapt to the environment conditions and by the required time and cost for the configuration to change.

The main organizational flexibility's variables are the fabrication's flexibility, commercial flexibility, informational flexibility, research and development flexibility, organizational flexibility, human resources' flexibility and geographical flexibility. The managers and entrepreneurs have the mission to create and maintain equilibrium between these seven types of functional flexibility.

Volberda considers that four types of flexibility exist: conservatory, operational, structural and strategic. The conservatory flexibility resides in static procedures of optimizing the organization's procedures given that the results are maintained constant in time, the operational flexibility which is most frequently present is constituted of an ensemble of almost entirely routine abilities through which it is mainly aimed at the activity's increase of volume, the structural flexibility regards background changes on an organizational and decision level in order to adapt to the ambient environment's evolutions, while the strategic flexibility generates modifications in the objectives and incorporated activities sphere, especially being

manifested when unprecedented changes take place in the business environment. The strategic flexibility presents a double dimension: qualitative and innovative.

A sustainable organization periodically initiates and develops strategic changes. The organizational change corresponds to a new, radical and fundamental orientation regarding the methods in which the firm will develop its activity with essential implications on all its members' behaviour. Releasing a change process implies the awareness of the change's necessity, manifesting the will to change, accumulating knowledge as well as forming the abilities necessary for the change's implementation.

The sustainable organization is one specialized in change that anticipates, initiates and implements change processes. This type of organization approaches the change process in a proactive way, meaning that it carries out the necessary steps to adapt to the evolutions recorded in the business environment. The pro-activity implies a continuous process of organizational learning.

In the sustainable organization new methods of thinking are developed and cultivated, the human resources are constantly being trained in processes of learning in order to obtain qualifications and every experience is considered to be an opportunity to learn. In our opinion investing in education and the continuous forming of human resources are essential in the society and knowledge based economy. The managers and entrepreneurs have to inspire to their employees a pro-change and pro-learning attitude thus creating an organizational climate that is stimulating, dynamic and proper for reaching operational excellence.

The sustainable organization is permanently oriented towards the future and the

managers' and entrepreneurs' strategic vision is reflected in the human resources' behaviour which has to manifest the same level of involvement in the current organizational problems as well as in the change projects.

Like any other system the sustainable organization tends towards equilibrium. A sustainable organization is that in which the management creates and maintains a balanced combination between stability and change. Otherwise said the organizational equilibrium must adapt to the changes that occur in the ambient environment, also maintaining the directory lines of the business strategies that they promote. As a result the managers and entrepreneurs have an essential role in creating and maintaining the organizational balance of an optimum "stability-change".

The sustainable organization manifests an achievement receptive to new but in the same time it cultivates the spirit of tradition. Thus the organizational sustainability presumes the coexistence of "new-tradition" and the optimum "stability-change".

In the sustainable organization the stability and change, the new and the tradition are not in an antagonistic relation but in a complementary one. It is important for the modern methods and practices to be promoted in the organization and in the same time maintaining the good practices used in the past.

#### **4. The sustainable enterprise's management**

The modern organization based on knowledge is by excellence a sustainable organization. In order for the organizations that lead them to become sustainable we consider

that the managers and entrepreneurs have to promote a flexible, innovative and proactive management, centered on the following main axis:

- substantiating, elaborating and implementing business strategies;
- creating flexible organizational structures;
- projecting and implementing adequate informational systems;
- initiating and developing strategic alliances with other organizations.

Regarding the successful substantiation and implementation of the business strategies the organizations can opt for a procedural model of strategic management structured in three stages: strategic planning, implementing the strategy and evaluating the strategy. The essential stage of the strategic management process, the strategic planning includes the diagnosis- analysis, the organizational change and the strategy projection. The succession of these planning phases must be seen from a correlative and interdependent vision, meaning that the strategy is gradually being shaped during the diagnosis-analysis process and that of the strategic organizational change. In the strategy's projection phase the trajectory on which the organization will be in the following period is being defined based on the information obtained in the first two stages of the strategic planning.

In order for it to become sustainable the organization's organizing structure has to be flexible, well defined from a dimensional and functional point of view and also it has to assure the accomplishment of strategic objectives established according to the mission under the conditions of a growing economical and social efficiency. It is necessary



for the managers and entrepreneurs to enterprise actions such as the extension of the formulized documents' and procedures' usage; introducing informatics equipments and products; increasing the level of involvement and responsibility of the executants as a result to the informatics' proliferation and to the development of cultural models oriented towards result and performance; developing the circulated informational flows and transmitting a powerful informational dimension to the organizational culture.

From an organizational point of view and in our opinion the key to success is constituted by the creation and maintenance of equilibrium between the formal and informal dimensions, of an optimum "formal-informal". This fact is important because as we have mentioned before, the sustainable organization is normally of small or middle dimension and thus it develops only one activity or a limited number of activities. Therefore, simplifying the organization on a structural level as well as the pronounced informal dimension of the inter-organizational environment contribute in a significant way to the acceleration of the circulation speed of the informational and decisive flows with beneficial effects in the sphere of economical and social achievements.

The organizations' competitiveness is influenced in a determinant way by the existence of adequate informational systems. The entrepreneurs and managers have to consider the projection and implementation of informational systems that respond to the intern and outer needs of the organizations which they lead. On an external plan an informational system has to assure the information that refer to the preferences

manifested by the requirement's owners, to the strategic actions carried out by the opposing firms, to the mutations recorded in the legislative environment, to the technological and managerial know-how, the appearance of new products and services on the market, to their quality etc. On an internal plan, an efficient informational system determines the growth of promptness in the substantiating and adopting managerial decisions, diminishing distortions, filters, redundancies and the overloading of informational channels as well as the improvement of the communication process in the organization.

Initiating and developing strategic alliances represent managerial actions through which an organization can become sustainable. The firms opt for strategic alliances when they do not dispose of a potential that assures them a competitive stable position on a certain market. Resorting to a strategic alliance represents a decision of maximum importance for an organization's management. By concluding a strategic alliance the firms can integrate in a business environment marked by the competitiveness' intensification. Also the strategic alliances create the possibility of carrying out expensive projects which could not be defined in other conditions. The most acquainted models of strategic alliance are the franchise, leasing, the commonly license release of products and technologies as well as the mixed societies (joint-venture).

## 5. Conclusions

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Also the sustainable enterprise represented one of the major themes in the working Agenda of the 8th Regional European Reunion of the International Labour Organization that took place in Lisbon during 9 and 13<sup>th</sup> of February 2009. During this reunion measures were proposed that aim at creating and consolidating a strong sector of sustainable enterprises as vector of the economical development.

The sustainable organization represents a generating entity of value that integrates in the economical, social and ecological environment and which through a proactive, flexible and innovative management constantly creates competitive advantages in rapport with the opposing firms. The main variables that define the competitive potential of sustainable organizations are the resources complex and the organizational culture. Among the resources the knowledge represents an essential source of obtaining competitive advantage thus assuring the strategic integration of the sustainable organization in a more complex and dynamic business environment. Among the resources the cultural model, as the organization's philosophy regarding the business behaviour, constitutes one of the key-factors of the competitiveness and the operational excellence.

A sustainable organization is an organization specialized in change that periodically initiates and develops strategic changes. The organizational change corresponds to a new, fundamental and radical orientation regarding the methods in which the firm will develop its activity, having essential implications on the behaviour of all its members. In the sustainable organization new models of thinking are developed and cultivated and the human resources are permanently trained in processes of learning in order to accumulate knowledge and also to gain new abilities.

The sustainable organization's equilibrium implies an adequate proportionality between stability and change. The modern organizations must adapt to the changes which occur in the ambient environment, maintaining at the same time the directory lines of the business strategies that they promote. To this extent the managers and entrepreneurs have an essential role in creating and maintaining the organizational equilibrium, of an optimum *stability-change*.

Promoting a flexible, innovative and proactive management constitutes a fundamental premise of the organizational sustainability. The action directions recommended for the modern organizations in order to be on the sustainability's trajectory are, in our opinion, the practice on a large scale of strategic management, creating flexible, organizational structures, projecting and implementing adequate informational systems as well as the strategic alliance development.

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