

The internal potential of the sustainable organization

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Abstract: *The internal potential of an organization reflects its ability to integrate sustainable within the business environment and to compete successfully in a particular industry. Starting from the premise that a competitive managerial strategy can be based and adopted following a proper assessment of the internal potential of the organization, this paper intends to make an integrated and correlative analysis of the four strategic variables that define the internal potential of an organization - the complex of organizational resources, the cultural model, the competitive ability and competitive position.*

Keywords: sustainable organization, organizational resources, cultural model, competitive ability, competitive position.

Introduction

Within a more complex and dynamic business environment, the substantiation and adoption of appropriate management strategies is a sine qua non condition of organizations' competitive feature. Strategy is "the most representative product" of an organization and also the instrument by which the organization's strategic orientation is translated into practice. Using strategy the

three vectors that are defining the strategic orientation are harmonized, namely the strategic base, the strategic segment and the target client group to whom the organization is addressing.

The substantiation and the development of a competitive strategy are conditioned decisively by a strategic diagnosis analysis. A firm adopts a strategy which is adequate to its moment and stage of development to the extent that the diagnosis analysis identifies the impact variables and defines the intra

and extra organizational reality.

An important stage of the strategic diagnosis analysis is the assessment of the internal potential of the organization, reflecting its ability to integrate sustainable within the business environment and compete successfully in a particular industry.

The sustainable organization is the organization based on a balanced economic, environmental and social approach, which values to a higher level knowledge and the other resources that are available and attracted by the organization, creating extended periods of efficiency and multidimensional performance, validated by market and society [7].

To become sustainable, an organization must be led by managers with strategic vision and also possess human resources with multiple skills, a flexible management system, material and financial resources, advanced technologies, as well as an organizational culture oriented to change. Each of the

components mentioned above has a well defined position within the pattern of the organization's internal environment and a special role in its operation mechanism.

Sustainable organizations must carry out regular assessments of their internal potential, associated with a thorough analysis of the business environment, with special reference to competition in the branch of activity they evolve in. In this respect, we consider it necessary to produce a major shift within the managers' and entrepreneurs' mentality in the sense of understanding the importance of carrying out such analysis and evaluations, whose complexity varies depending on the extent and the features of the organization's activities.

In our view, the internal potential of a sustainable organization is defined by four strategic variables - complex of resources, organizational culture, competitive ability and competitive position - illustrated in Figure 1.



Figure no.1. Strategic variables of the internal potential of a sustainable organization

The complex of organizational resources

Analysing the organization from a functional perspective, the complex of its resources includes human resources, research and development resources, commercial resources, technical and productive resources (technical and technological) and financial resources. To these categories of resources are added the knowledge, which tend to become increasingly important in all the resources of the sustainable organization.

Human Resources have an inexhaustible potential to develop and create, having the ability to properly produce and combine all the other categories of resource of the organization. In this context, we consider that the analysis of human resources should be structured in two coordinated - quantitative and qualitative. The quantitative coordinate of the analysis refers to proper sizing of staff numbers and the quality coordinate is considering a number of issues such as: assessing the structure, skills and attitude displayed by human resources in fulfilling their tasks; systematic enrichment of the theoretical and practical knowledge in their field of work or related fields; retraining of human resources in line with the requirements imposed by changes that took place within the intra and extra organizational environment; acquiring knowledge and deepening economic, managerial, informatics knowledge, etc.; type of developed training programs; increasing quality of the human resources in order to promote; amplifying professional mobility in terms of structural changes and the need to change jobs.

The analysis of the research and development resources is aiming mainly at: methods to design prospective studies, forecasts,

plans and programs; organizing the accounts of the abilities to product and conduct studies that target their optimal use; the assimilation in the manufacture and / or the implementation of new products and / or services, as well as the upgrade the existing ones; the introduction of modern manufacturing technologies, in order to obtain products that meet international quality standards; applying modern methods and techniques for organizing business activities.

The commercial resources are involved in marketing activities, technical and material supply and sales. The analysis of marketing activities includes the exploration of the internal market and external market (in the situation in which the organization is integrated within the international economic relations system) and ends by proposing ways to increase sales of products. The analysis of technical and material supply activity is centred on several issues, among which we are mentioning the following: linking the need for supply to the volume and pattern of consumption of materials and raw materials, drawing up the supply and issue orders to suppliers, ending and tracking the execution of the economic contracts concluded with them. The sales segment is analyzed in terms of developing the sale plan, ensuring the orders portfolio for finished goods and services, identifying distribution channels and concluding contracts with customers.

The technical and technological resources have a special importance within the sustainable organization, especially in the context of amplifying the moral obsolescence of products and technologies. The reference points of analysing this category of resources involve the schedule spread of production and service processes, drawing up charts for

planning, launching and operational monitoring of these processes, the application of advanced manufacturing technologies, implementing the total quality management within the activities of production and providing services, energy resources management, as well as the development of some effective programs of maintenance of machinery and equipment production. Currently, a prominent role within the technical and technological resources is owned by the innovative technologies, which relate mainly to: artificial intelligence, manufacturing advanced semiconductors and superconductors, making digital images, biotechnology, manufacturing flexible computers etc.

The analysis of the financial resources aim at assessing the working capital in terms of volume and structure, cash flow and banking relationships. Financial resources have a significant impact on the economic strength of the organization in the market competition, so they must be used rationally, especially in the current period, marked by major financial constraints.

Knowledge has a decisive impact on economic and social performance of organizations. Explicit knowledge is found in studies, patents, projects, licenses, standards, software, whereas implicit knowledge is in the minds of the organization's members (technical know-how, technological know-how, informatics know-how, management know-how, etc.) [6].

The human resources from sustainable organizations are involved in a continuous process of learning; they are acquiring knowledge and thus they gain new skills necessary to put into practice a new strategic orientation. For example, making organizational changes, such as total quality

management implementation, putting into practice of a new management system or introducing a new manufacturing technology involves learning processes and hence acquiring knowledge. In the current period, knowledge represents an important source for obtaining the competitive advantage, ensuring the strategic integration of the sustainable organization in an increasingly turbulent business environment.

The cultural model of the organization

Corporate culture influences significantly the internal potential of a firm as it is an efficient way to assess the personnel, and it allows its adaptation to the developments within the environment and it enhances the adherence degree of human resources to the organizational objectives and it supports the process of their socialization and integration, justifying statuses, roles and promotion systems.

Management specialists believe that the cultural model as the organization's philosophy regarding the conduct of business represents one of the key factors of competitiveness and operational excellence [2, 4, 8, 9].

A strong and positive organizational culture represents an important prerequisite for sustainability of an organization. This kind of culture promotes uniformity of values, the configuration of some perspectives that are providing positive motivation, as well as using a participative style in the process of substantiating and adoption of management decisions. In order to maintain within the operational excellence field, an organization must promote a cultural evolutionary model, oriented towards results and

economic performance. In this regard, management should initiate coordinated actions to motivate human resources and to adopt policies that have as source of inspiration the outstanding results of its employees. The development of such cultural model implies that managers design reasonable standards of achieving objectives, treat human resources with respect, give them creative freedom and also give them sufficient autonomy to excel.

The orientation of organizational culture in the spirit of high performance focuses on two coordinates: orientation towards action and promoting innovative climate [5]. The orientation towards action consists in the fact that human resources - managers and employees - do not waste time excessively analyzing the information, but they decide, experiment and evaluate the results of the activity. By promoting the innovative climate, managers encourage attempts and tolerate the possible mistakes or failures. It is important to create within the organization a state of mind governed by interest, flexibility and receptiveness to new, where people with ideas are encouraged and stimulated to try in the proposed directions, giving them the autonomy to experiment in this regard.

Organizational culture represents, alongside competencies and resources, a defining element of the firm and it influences its strategic options, and, implicitly, the type of adopted strategy. Culture has an essential role both in grounding and elaborating the strategy, as a determinant of it, and in the implementation stage, as an instrument [1]. In the substantiation stage of the strategy it is necessary to analyze the organizational culture, with a view to identifying its strengths and weaknesses. In the implementation

stage, the strengths of the cultural model must be maintained and eventually amplified, and the weaknesses must be reduced or, if possible, eliminated.

Maintaining or changing organizational culture represents a strategic decision of a firm. To become sustainable, an organization must promote a cultural model in which old practices are improved, while cultivating a spirit of tradition. It is essential that managers understand and then induce employees the fact that the new and the tradition are not in an antagonistic, but complementary relation. A successful organizational culture is one that promotes creativity and change within the company, without eliminating the value systems created and developed over time, which gives the company a particular cultural identity [3].

Remodelling the management system of many organizations involves essence changes within the domain of organizational culture. In our opinion, modern organizations must focus their efforts on the configuration of some cultural models focusing on the responsibility of human resources. Since the competitive market economy is based on a value system focused on the individual, firms will need to develop cultural models focused on promoting professional competence, spirit of initiative and individual performance.

It is important to mention that between business ethics and the value systems of the organization a relation of correspondence exists, in the sense that the ethical dimension is a projection of the organizational culture. Ethics, being a component of the cultural model, is a guiding instrument to managers and employees in different circumstances. It is necessary that managers promote an organizational culture to ensure a permanent

balance between ethics and profit, which is a difficult measure in the conditions of increasing competition on the market. Therefore, a positive organizational culture, centred on a set of principles that are cultivating a spirit of ethics within the business environment, represents an important prerequisite of increasing the internal potential of an organization.

The competitive ability and competitive position

The competitive ability represents another strategic variable of the sustainable organization's internal potential and lies in the competitive advantages and abilities it has in relation to other competitors on the market. Thus, an organization with a strong research and development department may have a manufacturing technology to ensure the achievement of products that are superior in terms of quality to those offered by competitors. Also, the existence in the organization of some human resources with multiple skills and abilities represents another source of competitive ability.

The analysis of the firm's competitive potential has, as indicators, the identification of the competitive advantages, the opportunity of changing the development strategy implemented at some point, the prospects of the organization in the context of maintaining its strategic orientation, the possible adjustments of the strategy in concordance with the mutations that took place within the activity branch and the comparison of the firm with its competitors in terms of some successful key-factors such as price, quality of products and services, technology performance, production flexibility, the level of training of human resources, etc.

The competitive position is the result of the organization's competitive ability. The strategic variable is determined by several factors, among which we are mentioning the following: the existence of some competitive advantages, the possession of some research and development, commercial, technical and technological, financial resources, quantitatively and qualitatively superior compared to those of competitors, the affiliation to a strategic group with an important economic force within the branch of activity, the extension of the target customer group, etc.

A sine qua non condition of a sustainable competitive position is the use of a proactive and flexible management. An organization has a sustainable competitive position when it maintains some competitive advantages over a long period of time. The proactive management approach lies in anticipating the mutations that will happen within the business environment, in evaluating the potential opportunities and constraints, as well as in initiating some actions meant to take advantage of some favourable moments that can occur in the development of the branch of activity. The flexible dimension consists in the organization's permanent connection to change, respectively in its ability to refocus within its strategic options. The competitive position of gained by the firm may be strengthened also by offering some differentiated products and services, by focusing on a segment that has a high rate of sales growth, as well as by withdrawing from the business segments that are running low.

Conclusions

An important stage of the strategic diagnosis analysis is the assessment of the

internal potential of the organization, reflecting its ability to integrate sustainable within the business environment and compete successfully in a particular industry. To become sustainable, an organization must be led by managers with strategic vision and also possess human resources with multiple skills, a flexible management system, material and financial resources, advanced technologies, as well as an organizational culture oriented to change.

The organization's aggregate of resources includes human resources, research and development resources, commercial resources, technical and technological resources, as well as financial resources. To these categories of resources the knowledge resources are added, which represent an important source for obtaining the competitive advantage, ensuring the strategic integration of the sustainable organization in an increasingly turbulent business environment. Explicit knowledge is found in studies, patents, projects, licenses, standards, software, whereas implicit knowledge is found in the technical, technological, informatics and management know-how.

A strong and positive organizational culture represents an important prerequisite for sustainability of an organization. This kind of culture promotes uniformity of values, the configuration of some perspectives that are providing positive motivation, as well as using a participative style in the process of substantiating and adoption of management decisions. In order to maintain within the operational excellence field, an organization must promote a cultural evolutionary model, oriented towards results and economic performance.

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The competitive position represents a projection of the organization's competitive ability, being determined by a number of factors, among which we are mentioning the following: the existence of some competitive advantages, the possession of some research and development, commercial, technical and technological, financial resources, quantitatively and qualitatively superior compared to those of competitors, the affiliation to a strategic group with an important economic force within the branch of activity, the extension of the target customer group, etc.

The strategic variables that define the internal potential of the organization must be analysed and evaluated in an integrated vision as they are in a relation of interdependence. Thus, the cultural model influences the methods of involvement, combination and use of the organizational resources. The organization's aggregate of resources determines the strength or the competitive ability, which is reflected in achieving certain competitive positions on the market.

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