

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

On the Way of Sustainability: Frameworks for Organisational Development

László Berényi

Associate Professor, University of Miskolc, Hungary

Abstract:

Enjoying the benefits of a sustainable world requires many individual, social and corporate efforts. Although the goals are clear and the technological possibilities are continuously developing, a break-through is still missing due to economic and social barriers, including the level of management culture and toolset. The paper focuses on the corporate issues. The essential challenge is ensuring that corporate efforts lead to true responsibility and it is not only a spectacular mask for influencing the consumer behaviour in order to increase the sales. A new approach in business strategy is inevitable that makes it necessary to clear the interest-system of the corporations, the evaluation possibilities of efforts and the integration opportunities. The paper synthesizes some key issues and tools of establishing the proper management practices based on the author's former and recent results.

Keywords: Sustainable Development, CSR, Corporate Social Responsibility, Competence Management, Environmental Consciousness

1. Introduction

Achieving the customer satisfaction and solving the global problems are increasingly intertwined. The reason for this is that eventually the people are both the beneficiaries and the victims of the corporate efforts. In essence, quality represents the short-term interest from a consumer viewpoint and environmental/social performance the long-term possibilities.

The goals are clear: living in a greener, safer, more humanitarian world. Beside the fact that natural and engineering sciences develop rapidly and give better solutions for solving and preventing the problems, the break-through is still missing due to economic and social barriers, including the legal regulation (Nugent, 2006).

Achieving the goals requires a supporting management attitude and the proper management toolset. It seems to be obvious to use quality and environmental management standards, especially since there is a momentous convergence of them to observe. However, the ISO 9001:2015 and ISO 14001:2015 gives a better option than all previous ones for establishing an integrated management system, the proper solution needs more than fulfilling their requirements.

The paper draws up the most serious management challenges and the related management solutions. It summarises the integrated methodological results of the author's research activity about organisational development challenges related to sustainable development.

The theory of 'zero growth' (Meadows et al., 2004) worked out by the Meadows-team led to a general resistance in 1972. This proved that the economic factors are more important for countries than the environmental problems. Further researches tried to find a complex and generally acceptable viewpoint, the possibilities of harmonisation between the environmental, social and economic interest (Deutsch, 2013). The popular concept of sustainability was worked out by the WBCSD later (Brundtland et al., 1987). Sustainable development is general framework, but highlighting the economic pillar in it often shows an escape route from the responsible actions and development efforts. Corporate Social Responsibility (CSR) boosted up the research and application of the topic because it defines the fight against environmental and social problems openly as a business category (Werther & Chandler, 2007).

The basic question remains whether the efforts lead to true responsibility or it is only a spectacular mask for influencing the consumer behaviour. Tóth (2007) points out that a new approach in business strategy is inevitable. The realisation process generates more challenges:

1. What is the role and interest of a corporation?
2. How can the efforts be evaluated?
3. What are the influencing factors of proper decisions?
4. How can the values of sustainability be integrated with the corporate operation?

2. Barriers of Achieving Sustainability

A significant part of environmental pollution can be derived from production but the root caused behind it is the consumer demand. Corporations and other organizations have a special responsibility related to pollution prevention and to the general development of sustainability. The reason for this is that people during their work activities subordinate themselves to the organisational rules. It should be expected that the effect of an organisation on the individuals is usually more dominant than the other way around. It is possible to integrate the values of sustainable development into the regulation of operation so that the environmentally conscious behaviour of people can be influenced even beyond the work.

However, there are structural and cultural challenges to solve in order to establish sustainability. Szegedi (2001) analyses them as barriers. Structural factors are the characteristics of division of labour, separation of decision making competence and the traditional command and control hierarchy. Cultural factors are the strict behavioural expectations, the cohesive communities, unclear priorities and practice of retaining information.

There are other general barriers of becoming more sustainable exceeding the corporations (Berényi, 2014):

- Conflict between environmental and economical favours: developing a greener version of a product needs additional capital, time and human work. In addition it means technical and market risks, as well. As a consumer we meet the same problem. Greener products may be more expensive even at a lower quality.
- Informational barriers: producers and consumers need relevant information about the state of the environment, products, technologies, costs etc. But getting to information means additional outlay and it is difficult to evaluate the relevance of the information. Informational barriers cause that even there is the need for environmental-conscious decisions it is impossible to do.
- Missed objectives: to be able to act environment-conscious people and organisations need objectives and values and the controlling methods to evaluate the acts.

It does not matter how the covering concept of the related tools and efforts are called. A corporation shall establish the own structure of selected tools. Of course the development and the wider practical experiences (available best practices) of the concepts allow an easier adaptation. CSR or social marketing are actually popular because these can be coordinated with strategic management.

The following chapters show possible answers for the challenges mentioned in the introduction of the paper. Performance evaluation is the motor of development. A comprehensive framework is necessary what will mod lead to many unreasonable tasks. This is available by using the logic of business excellence models (Szintay, 2005). Interpretation of environmental consciousness as a decision making process allows bringing together the personal and organisational aspects of sustainability. Finally, understanding the flow of competences describes the regulatory challenges.

3. Corporate Performance Evaluation

3.1. Environmental Performance Evaluation

Environmental performance has a double meaning. On side, it means all the negative effects on the environmental elements (water, ground, air, etc.) caused by activities of organisations. But the other side, it can be defined as acts and their effects in connection with prevention and decreasing the charging of these elements (Kuhre, 1998). Environmental performance evaluation is a management possibility for:

1. decreasing cost and expenditures,
2. increasing the market position and the value of the organisation,
3. helping the observation of direction,
4. Getting a higher motivation of leaders, managers and staff as well (Bennett at al., 1999).

3.2. Concept of the Sustainable Assessment Framework

There are many ways that support the evaluation of business performance. Beyond the financial viewpoint complex evaluation became popular from the 1990's. The structure and evaluation methodology of the EFQM model has launched a trend both for business evaluation and for quality management in Europe (Szintay, 2005; Hakes & Wilkinson, 2007). The original framework includes only a few factors of environmental and social issues. Furthermore, rethinking the content of the criteria system allows the dominant representation of sustainability. The model called 'Sustainability Assessment Framework' is a special adaptation of the EFQM model. The most significant novelty is complementing the criteria groups of enablers and results with goals. Although, appointing goals is included in the EFQM model, highlighting them helps the smaller corporations with less developed management toolset.

The criteria groups are as follows:

- Enablers: all the possibilities that are at the disposal of the organisation. The assurance of management commitment on which the assurance of conduct system, the technological and engineering base and a supportive infrastructural background are based are emphasised as fundamental resources. The quality of the relationships within the organisation as well as the relations with external partners should be discussed between the resources,
- Goals: the environmental, social and economic concepts of the organisation regarding its possibilities and its contribution to sustainability,
- Results: the performance of the organisation in the aspect of employee contentment, protection of the natural environment and social impact. The business results also belong to results because these provide the basis of future development.

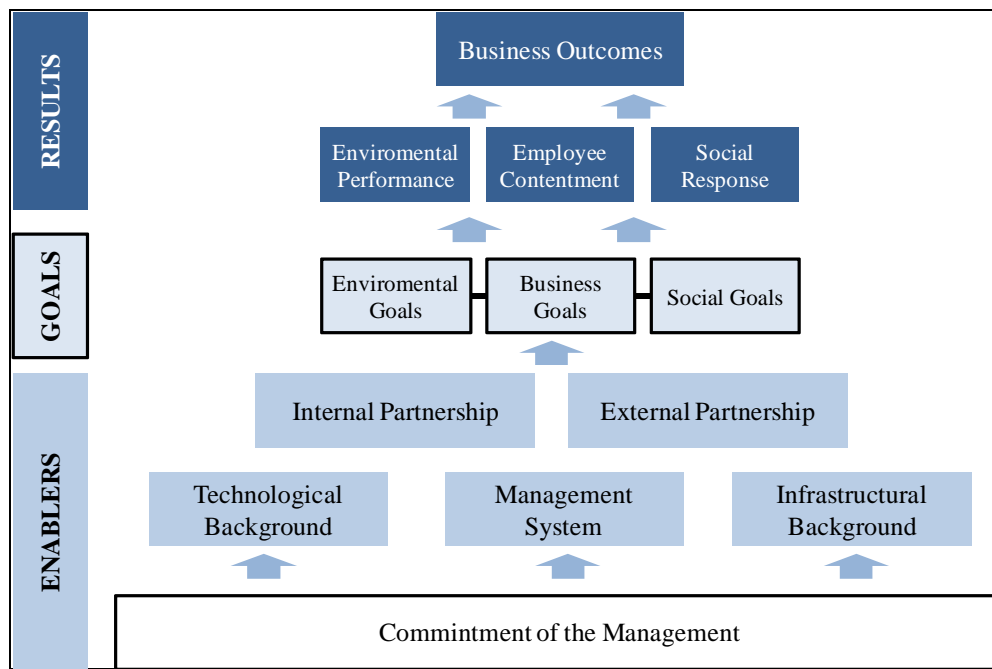


Figure 1: The Sustainability Assessment Framework (based on Berényi, 2014:134)

3.3. Criteria System

The model is not restricted in its criteria. However, through the versatile opportunities of self-assessment, its adaptation can be recommended to any organisation that commits itself to the exploration and the development of its own operation.

The key self-assessment techniques are the document analysis, the interview and the survey. These can be extended suitably to the characteristics of the organisation, for example, with the application of consultants, opinion polls, the operation of assessment centres and data processing software, etc.

In regard to size, activities, prospects in human resources and financial possibilities the organisation could adapt the most adequate methods for the assessment of individual criteria.

The logic of the Sustainability Assessment Framework is that it is recommended primarily for small and mid-sized enterprises where it may enlighten those aspects of activity and opportunities for development that – due to lack of information – have not emerged yet. Within networks and chains of contractors or in the case of organisations with wide range of activity, it might provide assistance in the exploration and adaptation of ‘best practice’ activities.

For the measurement and development of organisational contributions to sustainability, there should be an elaborated methodology that enables the systematic and comprehensive overview and the assessment of the decisive elements of the operation. The content features of the methodology should be formed in a way that they can provide possibility to the analysis of the relations between operational factors.

The role of strategic features (management commitment, internal and external partnership, products, services and processes) are reinforced by empirical research. Moreover, they provide the possibility for the explicit examination of the management commitment, internal and external partnerships and process management. The examination of the correlation between the features has revealed strong relationships. The explanatory interaction of the features is generally high but with low reliability. This indicates the individuality of the organisational solutions.

	Criteria	Description
Enablers	Management commitment	the support and active participation of senior management in the exploration and resolution of the problems
	Technological/engineering background	technological elements decisive in the core competence of the corporation
	Management system	methods concerning the operation of the organisation
	Infrastructural background	solutions outside the core-competencies and IT solutions that support the activity
	Internal partnership	treatment of relations between corporate members
	External partnership	treatment of relations with external members

Goals	Environmental goals	environmental aspects of the aims
	Social goals	social aspects of the aims
	Business goals	economic aspects of the aims
Results	Environmental performance	achievements in connection with natural environment
	Employee contentment	achievements through internal partnership
	Social response	achievements and the quality of relations with external partners, and generally with society
	Business outcomes	economic aspects of the results

Table 1: Assessment Criteria of SAF model (based on Berényi, 2014)

The framework aims to support internal self-evaluation and development actions but not limited to those. Moreover, the application of the evaluation appoints the management challenges, as well. Wide application or founding an award based on the framework goes beyond a researcher, but the evaluation logic and content items has determined development efforts.

4. Understanding Environmental Consciousness

The corporate level performance evaluation supports the strategic planning and implementation of the proper tasks. Nevertheless, the framework itself does not give an answer for the driving forces. This latter requires the understanding of the influencing factors of conscious activities. Environmental consciousness can be defined as a behavioural approach of entities (including individuals and organisations) that proves higher regard for environmental and natural problems and for solving them (Láng et al., 1993). Environmental consciousness can be interpreted as the indicator of the 'quality' of decisions and actions. The quality in this definition means the presence of environmental interests and values on both individual and corporate level.

Decisions and activities are primarily related to people therefore modelling environmental consciousness must be originated from this approach, considering values, the attitudes and the personality of people (Myers, 2009). Next to individual consciousness there must be given a special attention also to organisational context. People are not only consumers but also the physical producers as corporate employees (Byars & Rue, 2004). Environmental conscious behaviour on the job is easily enforceable through the command and control system but the impact may be limited to the working environment. However, these patterns can be the initial points of a long run behaviour change. This means that managing the organisation in a way which prefers environmental friendly solutions the development of consciousness may be accelerated.

Theoretically achieving environmental consciousness is not a difficult challenge but the realisation is more complex. This can also be concluded about measuring the level of consciousness. There is significant difference between the verbal (enounced) and real (achieved) consciousness. Referring to the interpretation of environmental performance both the impacts and the efforts must be considered with careful weighting.

Modelling of environmental consciousness comes from marketing needs. Exploring and understanding the driving forces of the topic allows to develop advanced sales strategies.. The theory of reasoned action (Ajzen & Fishbein, 1980) is a base model that deduces behaviour from knowledge and values (norms) through intention to behaviour. Other researchers, like Dispoto (1977), Loundsbury & Torunatsky (1977), Hines et al, (1986) or Chan (1998) refine and enhance this idea but the role of disposition to actions still remains. Zsóka (2004) defines five components by splitting the knowledge to ecological and factual components. These approaches enable to analyse both the individual and corporate responsibilities but the coherence is missing. Due to the universality of global problems and the interrelations between individuals and corporations a comprehensive approach is required.

Intention to the behaviour is difficult to interpret. Instead of this factor the decision making process can be chosen as a frame of modelling. Based on this idea the individual and corporate behaviour are to evaluate with a common framework model. The field of decisions displaces the intention to action. There are many professional methods for analysing the ways and whys of making decisions, instead of accepting the unreliable introspective reports.

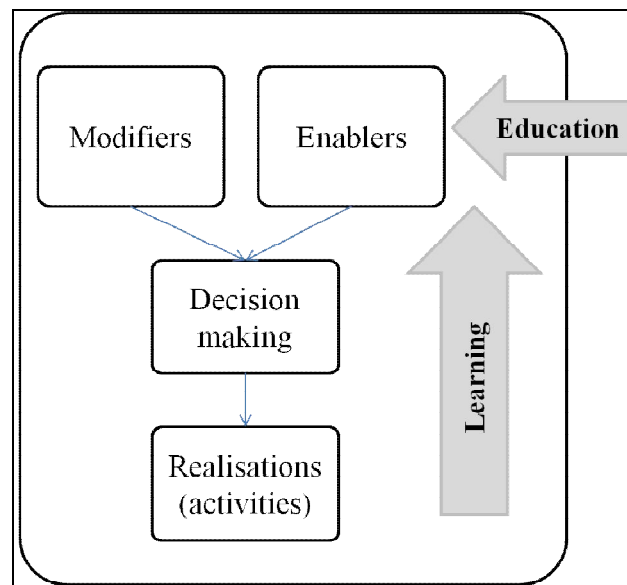


Figure 2: Rethinking the model of environmental consciousness (Based on Berényi, 2012:19)

The alternative approach does not mean that intention is an outlaw but interpreted in another way. Reviewing the decisions making process the followings are to state (Berényi, 2010; Berényi, 2014):

- Both people and corporations have specified objectives (plans) and specified level of knowledge. There is also an opinion about good and bad, handsome and useful in culture and thinking. These opinions and the actual knowledge may be difficult to change, so these must be handled as enablers.
- There are situational circumstances influencing a decision. Being alone, or in a team the behaviour may be different. The circumstances can motivate people to decide inconsistently, i.e. differently from the enablers. These factors are modifiers of the intention.
- Decision-making assumes known or supposed possibilities of options. Realisation is the accomplishment and evaluation of the selected option.
- Experiences of realisation basis the learning. Additional experiences will confirm or make uncertain the enablers. Next time our decision may be different in the same situation.

Enablers cover the following issues:

- Personality: subjective component, describes the psychological characteristic of individuals; the corporate appearance of personality is the corporate culture.
- Factual and ecological knowledge: essential elements those include both implicit and explicit elements in written form or in the mind of the interested parties; factual and ecological knowledge may differ fundamentally, nevertheless the environmentally conscious decisions require both of them. In a corporate aspect knowledge is much more than procedures and regulations of the operation.
- Patterns: accelerates the problem solving; psychology and pedagogy describes patterns as the captured essence of the practice in a compact, coherent and accessible form of the recognised facts and what helps justifying the decisions.
- Attitudes: an evaluation of an attitude object, ranging from extremely negative to extremely positive (Wood, 2000), even if the evaluation is incorrect or irrational; changing the attitudes to sustainability is difficult is first impressions or further experiences strengthens opposite experiences.

The content and meaning of the modifiers are the followings:

- Perception: the initial point of problem solving is identifying the problem. Successfulness depends on the completeness of information and appropriate time of detection. Any deficiencies in perception make it impossible both making the proper decision and the evaluation of the results of the activities.
- Evaluation of the situation: based on the conclusion of the perception must be decided whether any intervention is considered necessary. Evaluation of the situation covers the sorting and organising the influencing factors. The rules in case of corporate use the decision making rules may be declared in a written, programmed form; individual evaluation is more complex and may be less predictable.
- Motivation: all of the previously mentioned content of the model explain the competencies of an individual or a corporation. Motivation launches the decision. Motivation describes in the model the actual driving forces of a decision, briefly the final push.

This comprehensive model is ready to describe the individual and business behaviour as well. he process shall cover the efforts and include the criteria of making more sustainable decisions.

5. Establishing Competence-Flow

5.1. Environmental Competence

Competence can be defined as knowledge and ability for performing certain tasks or roles (Henczi & Zöllei, 2007). Interpretation and categorisation of the topic goes beyond the present limits. The content of the definitions depends on the purpose of the researchers. In addition, some languages (such as English) distinguish ‘competence’ and ‘competency’, but consensus on the content is missing. Some researchers use these expressions as synonymous; others differ expectations from owning the necessary abilities or general and special characteristics. Lóth (2007) also isolates the requirements from the performance. Competence is defined as capacity to perform one or more job functions while competency means the actual performance. The present paper uses the expression ‘competence’ for simplicity.

Awuah (2001) interprets organisational competence as the sum of personal and organisational abilities, knowledge and capacities, and highlights that organisational competence is more than the simple sum of personal ones, based on the expected synergy effects.

Systematic performance evaluation helps to discover the critical components of a successful strategy and the comprehensive model describe the decision making process that can consider the values of sustainability. Moreover, an important challenge is still unanswered: How can the values of sustainability are integrated with the corporate operation?

Measuring and developing competences are key elements of organisational development. Individual and organisational competences shall be harmonised in order to increase the business competitiveness. Elementary and higher education system shall prepare the knowledge of students for the successful work but most of the requirements come from the employer. Some elements of knowledge, ability and skills are to learn on the job.

Related to the content of competences an initial point is given by The European Parliament and the Council define generic competences that are required for the lifelong learning (2006), including communication also in foreign languages, digital competence and the ability for learning. Environmental competences can be derived from the concept above (Varga, 2006). It is unable to express the ideas neither in oral nor in written form without the competence of communication. Of course, acquiring the necessary environmental information is also impossible without communication. Communication in foreign language spreads the possibilities. Mathematical and scientific competences are necessary because there are natural and mechanical processes and events in the background of environmental pollution and problems.

It is important to note that environmental competence is a horizontal one, i.e. it shall be integrated into factual and other competences. Solving the environmental problems needs the cooperation of various sciences and fields of organisational operation.

5.2. Flow of Competences

Environmental problems, aspects and approach are often pushed into background. People and corporations are selfish, economic ‘formations’. This covers the followings:

1. ‘business-as-usual’ approach (limited access to resources and overshadows the environmental interest,
2. dropouts and other defects of information flow hinders the decision making process,
3. lack of knowledge about factual and environmental questions inhibit the successful and proper decisions.

Corporate (organisational) competence requirements must be deduced from external expectation. Hence, the source of evaluation can only be the satisfaction of these external partners, including customers, society, government etc. Management shall understand and define the corporate requirements and translate it into individual competence requirements for the staff and the managers. These requirements are built into the processes. Process management shall design the processes with the proper values and expectations included. In addition, process management tools and methods allows the monitoring and evaluation of fulfilment of the expectations.

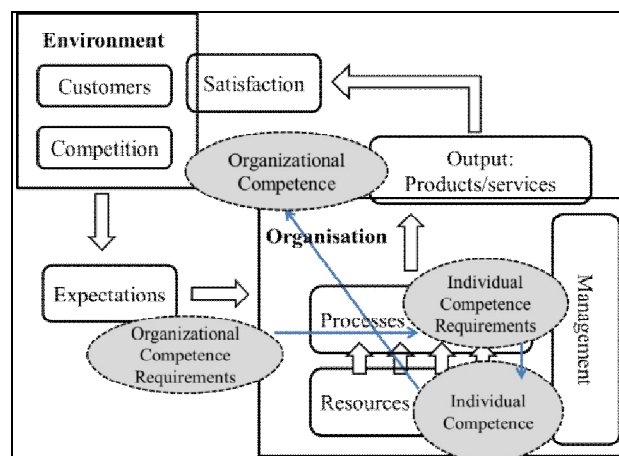


Figure 3: Relations between individual and organisational competences (Berényi, 2013:125)

It is foreseeable, that the reasoning above goes beyond the issues of sustainability. This is intentional; the task of the model is not defining the sustainability, but maintaining the flow of competences and enabling the performance evaluation.

The framework of competence management is ready to cover the main goals and values related to sustainability but it is not available automatically. Furthermore, it is ready to integrate them into the strategic and daily operation (Berényi, 2013). Competence is usually managed as an integral parts of human resource management in order to get to the appropriate workforce. The responsibility of the management is more than buying support. Management shall establish the complex system of individual and corporate competences. Including the values of sustainable development means more than defining individual expectations. Competence requirements will work only if those are in harmony with the organisational shared values.

Defining the content of values of sustainable development is a difficult challenge because of the economic and cultural barriers and diversity. Global problems are common, but the local representation may significantly differ from each other by nations and geographical areas. Establishing the values and managing the related processes is much easier to implement.

6. Conclusion

Achieving a higher level of sustainability is also a management challenge. Technical improvement of products and continuous expanding of engineering knowledge are essential, as well as global coordination of setting goals. Nevertheless, there are huge deficiencies in corporate applications even in a 50 year perspective. Arguing that the 'business as usual' concept is rightful, but a problem immediately arises: more and more business models incorporate the issues of sustainability. Instead of finding objections to escape from the true responsibility of the business.

The paper presents the results of the author's research and experiences. The main conclusion is that incorporation of sustainability requires a focused performance evaluation, the comprehensive handling of individual and corporate values and the proper feedback system:

1. Sustainability Assessment Framework summarises the critical elements of planning and monitoring,
2. The model of environmental consciousness enables to understand and manage the motivation of decisions,
3. The model of competence flow describes the structure of enforcing the values of sustainability.

7. References

1. Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behaviour* (Pbk. ed.). Englewood Cliffs, N.J.: Prentice-Hall.
2. Awuah, G. B. (2001). A firm's competence development through its network of exchange relationship. *Journal of Business and Industrial Marketing*, 16(7), 574–599.
3. Bennett, M. (1999). *Sustainable measures evaluation and reporting of environmental and social performance*. Sheffield, UK: Greenleaf Pub.
4. Berényi, L. (2010). Environmental attitudes in Hungary. *Business Studies A Publication of the University of Miskolc*, (7)2, 3–14.
5. Berényi, L. (2012). Developing Environmental Competence. *Regional Formation and Development Studies*, (8)3, 15–24.
6. Berényi, L. (2013). A fenntarthatóság integrálása a szervezeti működésbe (Integrating sustainability and corporate being). *Magyar Minőség*, 22(11), 23–29.
7. Berényi, L. (2014). *Challenges and possibilities of environmental management (A környezetmenedzsment feladatai és lehetőségei)*. Budapest: Publio.
8. Brundtland, G.H. et al. (Eds.) (1987). *Our common future*. Oxford: Oxford University Press.
9. Byars L. L. & Rue L. W. (2004). *Human Resource Management*. New York: McGraw-Hill/Irwin.
10. Chan, R. Y. K. (1998). Environmental attitudes and behavior of consumers in China: Survey Findings and Implications. *Journal of International Consumer Marketing*, 11(4), 25–52.
11. Deutsch, N. (2013). *A fenntartható épületek koncepciója és rendszerinnovációs potenciálja (Concept and System-innovation Potential of Sustainable Buildings)*, Pécs: Carbocomp Kft.
12. Disposito R. G. (1977). Interrelationships Among Measures of Environmental Activity, Emotionality and Knowledge. *Educational and Psychological Measurement*, 37(Summer), 451–459.
13. Hakes, C., & Wilkinson, J. (2007). *The EFQM excellence model: For assessing organizational performance : A management guide*. Zaltbommel: Van Haren Publishing.
14. Henczi, L. & Zöllei, K. (2007). *Kompetenciamenedzsment (Competence-management)*. Budapest: Perfekt.
15. Hines, J. M., Hungerford, H. M. & Tomera, A. N. (1986). Analysis and synthesis of research on responsible pro-environmental behavior: a meta-analysis. *The Journal of Environmental Education*, 18(2), 1–8.
16. Kuhre, W. (1998). *ISO 14031--environmental performance evaluation (EPE): Practical tools* Prentice Hall PTR.
17. Láng, I. et al. (Eds.). (1993). *Környezetvédelmi lexikon, (Lexicon of Environmental Protection)*. Budapest: Akadémiai Kiadó.
18. Lóth L. (2007). Adalékok a hazai kompetenciafelfogáshoz (Additives to domestic interpretation of competence). In I. Bábosik (Ed.), *Pedagógia és személyiségfejlesztés (Pedagogy and personality development)* (pp. 157-175), Budapest: Okker Kiadó.
19. Loundsbury J. W. & Tournatsky L.G. (1977). A Scale for Assessing Attitudes toward Environmental Quality. *Journal of Social Psychology*, 101, 299–305.
20. Meadows, D., & Randers, J. (2004). *The limits to growth: The 30-year update*. White River Junction, Vt: Chelsea Green Pub.

21. Myers, D. (2009). *Psychology* (9th ed.). New York: Worth.
22. Nugent, N. (2006). *The government and politics of the European Union* (6th ed.). Durham: Duke University Press.
23. Recommendation 2006/962/EC of the European Parliament and of the Council on key competences for lifelong learning [2006]. OJ L 394/10
24. Szegedi, K. (2001). *Vállalati etika (Business ethics)*. Miskolc: Bíbor Kiadó.
25. Szintay, I., (Ed.). (2005). *Minőségmenedzsment I. – Elmélet (Quality Management I. – Theory)*. Miskolc: Bíbor Kiadó.
26. Tóth, G. (2007). *The truly responsible enterprise*. Budapest: KÖVET Association.
27. Varga, A. (2006). *Környezeti kompetenciák fejlesztése a tanítási gyakorlatban (Development of environmental competencies in the teaching practice)*. In Z. Kerber (Ed.), *Hidak a tantárgyak között (Bridges between subject)* (pp. 110-131), Budapest: OKI, 120–131.
28. Werther, W., & Chandler, D. (2011). *Strategic corporate social responsibility: Stakeholders in a global environment* (2nd ed.). Los Angeles: SAGE.
29. Wood, W. (2000). *Attitude Change: Persuasion and Social Influence*. *Annual Review of Psychology*, 51, 539–570.
30. Zsóka, Á. (2004). *A vállalati környezeti tudatosság dimenzióinak mérési lehetőségei (Measuring the dimensions of corporate environmental consciousness)*. *Vezetéstudomány*, 35(Special Issue), 109–120.