

# STABILITY - CHANGE BALANCE IN SUSTAINABLE ORGANIZATIONS

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## Abstract

*The sustainable organization represents an added value generating entity, integrated in the economic, social and ecologic environment, which constantly creates competitive advantages relative to competitors. The paper proposes an analysis of sustainability at an organization level, both from the perspective of cultivating and developing good practices promoted in the organization, and from the perspective of designing and implementing organization change programs. Modalities by which the management can create and maintain a balance between stability and change are also proposed, as a support of organization sustainability.*

**Key words:** *sustainable organization, stability, organizational change, competitive advantage.*

## 1. Introduction

Sustainable development represents the fundamental goal of the contemporary society, which governs all strategies, policies as well as fundamental and adopted programs at a global, regional and national level. The support for sustainable development is achieving human progress while harmonizing the “economic – social – ecologic” trio.

Economically, sustainability implies creating and consolidating a stable and predictable business environment, favorable for the development of the organization sector, especially for small and midsized organizations. Our scientific approach starts with the premise that the existence of a strong sector of sustainable organizations represents a fundamental premise for building a new modern and competitive economy. In our opinion, the sustainable organization is the main micro economic pawn of the new economy, based on knowledge.

The sustainable organization was formed during the last decades in developed countries. This new type of organization is characterized by high functionality and creativity, sets the accent relatively equally on economic, social and ecologic aspects, it holds the capacity to permanently perfect itself, it constantly creates new products and services, it generates information and competitive knowledge, which ensures a sustainable development on a long term, from which both employees and entrepreneurs can benefit [1].

Promoting sustainable organizations represented one of the main concerns on the agenda at the International Labor’s Organization Conference in Geneva in 2007. The tripartite delegations, formed by governments, unions and employers representatives, came up with a series of conclusions, one of them being the one according to which the sustainable organization, who is mostly of small or medium in size, represents the „engine” of future development, of which the economic and social performance level of each country depends on [2].

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Also, the sustainable organization represented one of the major themes approached during the 8<sup>th</sup> European Regional Reunion of the International Labor Organization, which took place in Lisbon from the 9<sup>th</sup> to the 13<sup>th</sup> of February 2009. The participant delegations to this reunion proposed a series of measures which target a stable and sustainable economic growth. From these, we remind [3]: using incentive packages, in order to reduce the consequences of the recession; making new strict international regulations regarding the financial market and also the commercial markets in order to prevent the apparition of systemic risks which have not been foreseen and removed by previous engagements; adopting some measures concerning access to financing, in view of stimulating entrepreneurship and the capacity of small and mid-sized firms to keep their employees and to create new jobs; promoting favorable environment for sustainable organizations, as a main support for economic recovery and growth; reestablishing a normal flow of human and investment capital in mid and long term, in order to avoid a serious deterioration of the production base from certain countries; ensuring a functional financial system to facilitate growth and to create a more dynamic private sector; the development by some organizations of the initiatives of corporate social responsibility, in order to complete the sustainable strategies and the results in cause.

Consequently, economic sustainable development is conditioned decisively by the existence of sustainable organizations, which need to benefit a favorable context to the foundation and functioning from the commercial, financial, management, technological, administrative, educational, legal, scientific, ecologic, cultural and political points of view. This favorable context is created by making some strategies and policies that promote entrepreneurship operational and by establishing sustainable organizations. In this sense, it is essential that social partners are aware of the role played by sustainable organizations in consolidating a dynamic and competitive microeconomic sector, which constitutes one of the main vectors of social and economic development based on knowledge.

Beyond contextual factors, we appreciate that it is important for managers and entrepreneurs to practice a modern, proactive management, to identify and value business opportunities, to manifest receptivity to what is new, creativity and flexibility and, thus to subscribe their organizations on the path of sustainability.

## **2. The sustainable organization**

The sustainable organization is the organization which, based on an economic, ecologic and social balanced approach, values knowledge and the other resources it owns and attracts, at a higher level while generating efficiency and multi dimensional performances validated by the market and society, for long periods of time [4].

In our conception, the sustainable organization represents an added value generating entity in the economic, social and ecologic environments that, through a proactive, flexible and innovative management constantly creates competitive advantage compared to the competition.

In order to become sustainable, an organization must be run by managers and entrepreneurs who have a strategic vision and also it must own human resources with multiple competences, a flexible management system, material and financial resources, performance technologies, as well as an organization culture oriented towards change, creativity and innovation. Each of the components above has a well defined position in the organization's internal environment configuration and a special part in its functioning mechanism.

Sustainable organizations must perform periodic evaluations of their competitive potential, backed up by thorough analysis of the business environment, with special referral to the competition in the same activity branch. In this respect, we consider that a major mutation in the

managers' and entrepreneurs' mentality is necessary, so that they understand the importance of these analysis and evaluations, who's complexity varies depending on the scale and particular activities carried out by the organization.

The competitive potential of a sustainable organization is defined, mainly, by the resource complex and organization culture. Human resources have an inexhaustible creative and development potential, with the capacity to produce and adequately combine all other of the company's resource categories. In this context, we appreciate that the human resources analysis must be structured using two coordinates – quantity and quality. The quantity coordinate of the analysis refers to the adequate sizing of the personnel, and the quality one concerns a series of aspects like: evaluation of the structure, competence and attitude shown by the human resources towards fulfilling their tasks; systematic enrichment of theoretical and practical knowledge from their own activity domain or related areas; requalifying human resources according to the demands required by the changes in the intra and extra organization environment; gaining and deepening some economic, management, information etc. knowledge; type of training programs developed; the increase of human resource quality in order to promote; amplifying personal mobility from the perspective of structure modifications and the necessity to change the job.

Technical and technological resources have a special importance in the sustainable organization, especially in the context of amplifying moral wear of the products and technologies. The landmarks of the analysis for this resource category concern the time staging of production processes and services, making charts concerning scheduling, launching and operative following of these processes, using advanced fabrication technologies, total quality management implementation production activities and services, managing energy resources, as well as elaborating efficient machine and production equipment maintenance. Currently, an important place in technical and technological resources is held by innovative technologies, which mainly concern: artificial intelligence; manufacturing advanced semi conductors and super conductors; making digital images; biotechnology; manufacturing flexible computers, etc.

Knowledge has a decisive impact over the sustainable organization's performance. Explicit knowledge can be found in studies, patents, projects, licenses, standards, software, while implicit knowledge can be found in the minds of the organization members (technical know-how, technological know-how, IT know-how, management know-how etc.).

The human resources in sustainable organization are trained in a continuous learning process, they accumulate knowledge and, thus, they gain new competences necessary for the conversion into practice of new strategic orientation. E.g., making organization changes, like total quality management implementation, management operationalization through objectives or introducing new manufacturing technologies involves learning processes and, implicitly, knowledge accumulation. In the current times, knowledge represents an essential source for obtaining the competitive advantage, insuring the strategic integration of the sustainable organization in a more and more complex and dynamic business environment.

Next to resources, organization culture significantly influences the competitive potential of the sustainable organization. The cultural model, as an organization philosophy concerning business conduct, constitutes one of the key factors of operational competitiveness and excellence [5, 6, 7].

Organizational culture has an essential role both in the substantiation and strategy elaboration stages, as a determinant, and as well in the implementing stage, as an instrument [8]. In the strategy substantiation stage an organization culture analysis is necessary, in order to identify its strong and weak points. In the implementing stage, the strong points of the cultural model must be maintained and, eventually, amplified, and the weak points must be diminished or eliminated, if possible.

Sustainable organizations must promote cultural models centered on creativity, innovation, initiative spirit, responsibility, professional competence and individual performance. An adequate cultural model constitutes an important vector of an organization's sustainability. Consequently, sustainable organizations must adopt cultural models, who promote value homogeneity, create perspectives which offer positive motivation and encourage the involvement of the employees in the decision processes. In this respect, it is important that managers and entrepreneurs initiate coordinated activities in motivating the human resources and to adopt policies who use exceptional results of their own employees as inspiration. The development of a cultural sustainable model implies that managers and entrepreneurs design reasonable standards in achieving objectives, treating human resources with respect, to give them freedom in creation and in experimenting innovative projects, so that they can excel.

### **3. Stability, change and organization sustainability**

The sustainable organization is, by excellence, a flexible organization. An essential condition of the organization flexibility is the product and process flexibility. A product's flexibility is determined by the number of ways it can be used, while process flexibility is given by the number of possible configurations in order to adapt to environment conditions, cost and time necessary for the configuration change [9].

Organization flexibility constitutes a function with multiple variables which come from the functional approach of the firm, information flexibility, research and development flexibility, organizing flexibility, human resources flexibility, and geographical flexibility.

Financial flexibility can be a restriction in realizing manufacturing flexibility which, in turn can stimulate and complete the commercial flexibility. Managers and entrepreneurs have the mission to create and maintain a balance between the seven types of functional flexibility.

By approaching flexibility from another perspective, there are four types of flexibility: conservative, operational, structural and strategic [10]. Conservative flexibility resides in static performance optimizing of the organization's procedures while results are constant in time, operational flexibility, most common, constitutes an ensemble of abilities, almost entirely routine, through which we mainly pursue an increase in the activity volume, structural flexibility considers fundamental changes in organizing and decision making, thus adapting to the evolutions of the environment, while strategic flexibility generates modifications in the area of incorporated objectives and activities, manifesting itself especially when changes appear in the business environment. Strategic flexibility presents a double dimension: quality and innovation.

A sustainable organization initiates and develops strategic change periodically. Organization change corresponds to a new orientation, fundamental and radical, concerning the ways the firm will carry out its activity, having essential implications over the behavior of all of its members. Starting a change process involves realizing the need for change, the manifestation of the wish to change, accumulating knowledge, as well as forming the necessary abilities in order to implement the change [11].

The forces which determine an organization change may be internal or external. The change in strategic orientation of the competitors, government regulations, the emergence of new firms on the market, competitors' technological innovations, as well as the quality increase of their products and services represent a force which makes a firm resort to organization changes. A new vision of the entrepreneur or management team, introducing new manufacturing technologies, assimilating new products, the intent to enter a new market are internal forces which can determine the start of an organization change process.

The sustainable organization understands the essence of change. Rosabeth Moss Kanter, management professor at Harvard Business School, introduced in specialty literature the concept of organization specialized in change [12]. The sustainable organization is the one that anticipates, initiates and implements change. This type of organization approaches the change process in a proactive manner, in the sense that it makes the necessary steps to adapt to the evolutions recorded in the business environment. Being proactive implies a continuous process of organization learning.

In the sustainable organization new models of thinking are developed and cultivated, human resources are permanently engaged in learning processes in order to gain competences and each experience is considered as a learning opportunity. In our opinion, the investment in education and continuous training if the human resources are essential in knowledge based society and economy. Managers and entrepreneurs must imprint their employees a pro-change and pro-learning attitude by creating an organization climate which must be stimulant, dynamic and auspicious for achieving operational excellence.

The sustainable organization is permanently oriented towards the future and the managers' and entrepreneurs' strategic vision is reflected in the behavior of the human resources, which must manifest the same level of involvement both in the current organization problems as well as in the change projects.

As any other system, the sustainable organization tends towards balance. A sustainable organization is the one where management creates and maintains a balanced combination between stability and change. In other words, the organization balance involves an adequate proportionality between stability and change. The organizations must adapt to changes which appear in the environment, while maintaining the main lines of the business strategies that they promote. Consequently, managers and entrepreneurs have an essential role in creating and maintaining the organization balance, for an optimum "stability – change".

In the sustainable organization, stability and change, new and tradition are not in an antagonistic report, but a complementary one. It is important that modern methods and practices are promoted in the organization, while maintaining the good practices used in the past.

The sustainable organization manifests receptivity to new, but in the same time grows the spirit of tradition. In consequence, organization sustainability involves the coexistence "new – tradition" and the optimum "stability – change".

#### **4. Organization sustainability. Management actions**

Sustainability constitutes the fundamental objective of the modern organization in knowledge based economy. Reaching this objective involves a series of entrepreneur – manager actions which can be structured, in our opinion, on the following major coordinates:

- systematic practice of strategic management;
- creation of flexible organization structures;
- designing and implementing of adequate IT systems;
- perfecting strategic alliances with other organizations.

In order to become sustainable, an organization must apply a strategic management integrated system. The opportunity to apply strategic management is sustained, on one hand, by the growth of the current business environment and on the other hand, by the multiple advantages that this "forecast" management offers – design and action unit at every hierarchical level, creating a general mood governed by interest and receptivity to new, capacity to detect emerging opportunities etc.

Organizations can choose a procedural strategic management model structured in three stages: strategic planning, strategy implementing and strategy evaluation. An essential stage in the strategic management process, strategic planning includes diagnostic analysis, organization change and strategy design. The sequence of these stages of strategic planning must be regarded through a corresponding and interdependent vision, in the sense that the strategy is gradually shaping while doing the diagnostic analysis and strategic organization change. In the design stage of the strategy, based on information gathered during the first two stages of strategic planning, the trajectory that the organization will follow in the next time period is defined.

Every sustainable organization must have a flexible organization structure, well defined from a functional and a dimensional point of view, which will ensure the fulfillment of the strategic objectives established according to the mission, while the economic and social efficiency remains high. It is necessary that managers and entrepreneurs do actions like: expanding the use of formalized documents and procedures; introducing equipment and IT products; increasing the degree of involvement and responsibility by the executives, as a consequence of the proliferation of IT and the development of cultural models oriented towards results and performance; the development of information flow and imprinting a strong information dimension to the organization culture.

Consequently, organizations must manifest their concern towards formalizing the organizing systems, in the sense of designing and demarcation of the structural components according to the specificity and the magnitude of the organizing processes involved, as well as the strategic objectives in view. Formalizing organizing systems must be on the managers' and entrepreneurs' priority list, but the key to success from an organizing point of view is, in our opinion, to create and maintain a balance between formal and informal dimensions, an optimum "formal – informal". This fact is important because, as suggested before, the sustainable organization is, usually, small or midsized. From the sustainable organization, the majority is represented by micro organizations which only develop one activity or a small number of activities, the organizing simplified on the structural level, as well as the pronounced informal dimension of the intra organization environment contributes significantly to the increase the information and decision flow circulation speed, with benefic effects in the economic and social performance area.

The organizations' competitive nature is highly influenced by the existence of adequate information systems. Entrepreneurs and managers must take into consideration designing and implementing of information systems to respond to the internal and external needs of the organizations they run. Externally, an information system must provide information referring to preferences manifested by the demander, to strategic actions made by competitor firms, to mutations recorded in the legislative environment, to the technological and management know-how, to the apparition of new products and services on the market, to their quality etc. internally, an efficient information system determines the efficiency growth in substantiating and adopting management decisions, diminishing distortions, filtering, redundancies and overloading the information channels, as well as the improvement of the communications inside the organization.

The initiation and development of strategic alliances represent management actions through which an organization may become sustainable. Firms chose strategic alliances when they do not own potential to ensure a lasting competitive position on a certain market. Making a strategic alliance represents a decision of maximum importance for the management of an organization. By making strategic alliances, firms can enter a business environment marked by the intensifying of the competition. Also, strategic alliances create the possibility of running some expensive projects, which would not be materialized in other conditions. The most common strategic alliance models are the franchise, the concession, the licensing in common of products and technologies and also joint-ventures. The franchise, concession and common licensing of products and technologies

show multiple advantages for the partner organizations, from which we remind: facilitating the entrance on a certain market; reducing the risks associated with the deployed activities; the access to additional financial, management, technologic and human resources. Joint-ventures result from perfecting some strategic alliances between organizations which activate in different countries.

## Conclusions

Promoting sustainable organizations was one of the main themes approached during the International Labor Organization Conference in Geneva in 2007, as well as the 8<sup>th</sup> European Regional Reunion of the International Labor Organization in Lisbon in 2009. By appreciating that the sustainable organization represents the main microeconomic pawn of the new economy, based on knowledge, the participant delegations proposed a measure pack which aims a stable and sustainable economic growth.

The sustainable organization represents an entity which generates integrated added value to the economic, social and ecologic environments which, by a proactive, flexible and innovative management, constantly creates competitive advantages for itself compared to the competition. In order to become sustainable, an organization must be led by managers and entrepreneurs with strategic vision and, in the same time, to possess human resources with multiple competence, a flexible management system, material and financial resources, advanced technologies, as well as an organization culture oriented towards change, creativity and innovation.

The competitive potential of a sustainable organization is defined, mainly, by the complex of resources and organization culture. Among resources, knowledge tends to become primordial in the context of the new emerging economy, with a significant impact on the performance of the sustainable organization. Explicit knowledge can be found in studies, patents, licenses, standards, software, while implicit knowledge can be found in the minds of the organization members (technical know-how, technological know-how, IT know-how, management know-how etc.).

The sustainable organization understands the essence of change by manifesting flexibility in the developed processes and actions. This new type of organization anticipates, initiates and implements change, which it approaches in a proactive manner, in the respect of permanent accommodation to the evolutions recorded in the business environment. Being proactive implies the development and cultivation of new thinking models, as well as training human resources in organization learning processes, in view of accumulating knowledge and, implicitly, gaining competence.

The organization sustainability implies an adequate proportionality between stability and change. Managers and entrepreneurs hold an essential part in creating and maintaining an organization balance, of an optimum "stability – change". In the sustainable organization modern methods and practices are constantly promoted, while maintaining the good practices used in the past. The sustainable organization is oriented towards the future, manifests receptivity to new and, in the same time, cultivates the spirit of tradition.

Sustainability constitutes the fundamental goal of the modern organization in knowledge based economy. In our conception, systematic practice of the strategic management, creating flexible organization structures, designing and implementing adequate IT systems, as well as developing strategic alliances represent possible entrepreneur – manager actions through which an organization can integrate in the economic, social and ecologic environment, by becoming sustainable.

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