

# Integrated Approach to Managing Sustainability

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## SUMMARY

*Achieving a higher level of sustainable development needs both individual and corporate efforts. An effective solution needs an integrated approach that allows the consideration of environmental and social values in addition to the economic interest. Additional management tools may be useful but sustaining them needs often untenable efforts from the organisations.*

*This paper draws up a framework for how to integrate the values of sustainable development into the corporate activities by using competence management.*

*Keywords: competence management; sustainable development; environmental management*

*Journal of Economic Literature (JEL) code: M14, Q56*

## INTRODUCTION

It is the responsibility of environmental management to coordinate corporate activities to meet a higher level of sustainable development. There are many application problems, even though the tool set of environmental management is well established. New methods may lead to resistance on the personal and corporate level as well. Development actions shall consider the existing management system instead of forcing additional elements upon the organisation.

Competence management exceeds the disciplines of pedagogy: it is general in corporate human resource management and development. Dedicated competence management is a novelty for most companies but the approach is implicitly represented. Human resource management shall explore, acquire and keep competent staff. The aim of developing organisational competences is to achieve a higher level of coherence between abilities, capabilities and corporate strategy.

The key competences of lifelong learning defined by the EU are general. For greater consistency of organisational development actions (including increasing environmental and social sensitivity) this basis should be used.

## INDIVIDUAL AND ORGANISATIONAL COMPETENCES

Spencer and Spencer (1993) define competency as an underlying characteristic of an individual that is causally

related to criterion-referenced effective and/or superior performance in a job or situation. Competence can be generally defined as knowledge and ability for performing certain tasks or roles.

Interpretation and categorization of the topic is not uniform. The content of the definitions depends on the purpose of the researchers. It is also problematic that while some languages have one word, others have more for the expression. The English language distinguishes between competence and competency but consensus on the content is missing. For example Boak (1991) regards them as synonymous. Others (e.g. Burgoyne 1988) use competence related to workcontent and competency related to possessing the necessary abilities. Competency can be interpreted as a behavioural expectation as well. Woodruffe (1991) proposes to separate competency (as a person-oriented expression) and competence areas. The approach of Lóth (2007) is useful for isolating the requirements and the performance. This approach defines competence as the capacity to perform job functions and competency as the actual performance.

This paper does not focus on the comprehensive interpretation of competences and competencies. Based on the European Reference Framework (2007) the word 'competence' is consequently used where it is suitable for analyzing the integration possibilities of sustainable development.

The competence management is broadly defined. The wording of Laakso-Manninen and Viitala (2007:27) says that it is the "activity that aims to safeguard and strengthen a company's operating capability and competitiveness by means of its knowledge base. Competence management nurtures and develops a

company's competencies on all levels” and in order to achieve it includes direction, definition, evaluation, planning and development.

Competence management is generally built into the human resource management processes. Kiss Tóthné (2012) highlights that competences have an influence on every field of human resource management. Expectations of the organisation are formulated as competence requirements which give selection criteria of staff. Establishing a comprehensive competence management system enables the companies to match their human resources with the human resource needs. The scope and content of competences depend on the tasks and the corporate culture.

There are various typologies of competences. In an organisational view Szabó (2008) summarizes in her PhD Dissertation four categories of competences based on the practice-oriented approach of the European Union:

- Basic competences: general and frequent ones that are used in various areas of the life. These give the basis for developing other competences.
- Key competences: general elements of each profession. It is categorized by an EU framework and can be defined as important competences from a specified aspect.
- Generic competences: general and independent support elements of successful work, e.g. decision-making skills, innovative approach, problem orientation.
- Functional competences: special skills and abilities in connection with a specified job.

It is useful and critical to consider the norms of the European Union that focuses on key competences. This categorization is not the particularization of key competences mentioned by Szabó (2008). The individual competences can be classified based on the two approaches parallel.

The eight key competences of the EU (European Reference Framework, 2007) are necessary in order to realize the objectives of lifelong learning:

- Communication in the mother tongue: ability to express and interpret concepts, thoughts, opinions etc. in both oral and written way.
- Communication in foreign languages: it has a similar role to communication in mother tongue but it allows the understanding between various cultures and countries.
- Mathematical competence and basic competences in science and technology: basic mathematical and scientific knowledge and thinking is necessary to solve problems in everyday situations, and to understand the happenings around us.
- Digital competence: digital communication has a broad role in the organisation and in our whole life, including the access to learning materials as well.

- Learning to learn: it is related to learning processes by establishing the ability to carry on and organise learning in one's own way.
- Social and civic competences: social competence refers to personal, civic competence to interpersonal and intercultural situations and problem solving.
- Sense of initiative and entrepreneurship is the ability to turn ideas into action: it involves creativity, innovation and risktaking, as well as the ability to plan and manage projects to achieve objectives.
- Cultural awareness and expression: it covers appreciation of the importance of the creative expression of ideas, experiences and emotions in a range of media (music, performing arts, literature and the visual arts).

Competence and performance measurement are inputs for organisational development. Personal and organisational competences should be harmonized to increase the business competitiveness. Knowledge, readiness, and preparedness of people as workers has a significant effect on corporate performance. Elementary, secondary and higher education systems should provide knowledge that prepares students for success at work but most of the requirements come from the employer. Some elements of knowledge, ability and skills are to be learned only in the organisation. (Berényi 2012)

Awuah (2001) interprets organisational competence as the sum of personal and organisational abilities, knowledge and capacities. Of course organisational competence and competency are more than the simple sum of personal competences; synergic effects can be expected.

In a simplified approach an organisation should focus on the organisational competences to increase its competitiveness. Based on the individual knowledge and competence necessary corporate tasks are collecting knowledge, selection of employees, seeking for motivation points, supporting the flow of knowledge by coordination tools (meetings, teamwork, etc.), building up databases and knowledge bases.

## BARRIERS OF SUSTAINABLE DEVELOPMENT

The way and content of contributions to sustainable development has been the subject of research in the last 30 years. The principle and fundamental aim of sustainable development is known but there is no consensus on how to achieve these objectives. The economic pillar of sustainable development means the source of solving environmental and social problems but it often gives an escape point for people, companies and governments. Actions are postponed by claiming the lack of necessary resources.

“The Business of business is business”. This statement of Friedman (1970) refers to the main responsibility of companies being to increase their profit. Efforts towards environmental protection and social actions decrease the profit so the company steals from the owners. But integrating environmental and social problems in the corporate strategy can be a source of future profitmaking in long term. Friedman points out that an organisation does not have a conscience, only the people. Integrating environmental sensitivity can be interpreted as a game: companies try to recognize and/or build up the consumers’ sensitivity, the important decision-making criteria and establish an optimal strategy. This strategy should consider sustainability but the lack of information and economic interests may lead to ‘satisfactory decision-making’. The real environmental and social impacts of the decision are impossible to predict, i.e. that the deficiencies of the decision-making may derogate the achievement of sustainable development.

Sustainability is obvious in ecological systems: usage of the natural resources does not exceed the rate of their regeneration. However, the diversity of goals in a social system makes interpretation difficult. Education experts (such as Bábosik 2004) state that education and as a result behaviour cannot be independent of the accepted values. This leads to an evaluation problem: judgment of the behaviour will depend on the actual values of the those judging. Sustainable development is a global challenge with different interpretations and successfactors.

In summary the main barriers to achieving a higher level of sustainable development are the following:

- The presence of several social values makes the interpretation of sustainable development difficult;
- Profitorientation and conflicts between individual and corporate interestshinder effective activities;
- Information asymmetries make planning and evaluation difficult.

It can be concluded that the general barriers of sustainable development limit the functionality of corporate initiatives (e.g. environmental management systems or corporate social responsibility) as well. Achieving sustainable development is not possible by forcing environmental/social programs or systems upon people; there is a need for a comprehensive approach that integrates environmental consciousness with the daily operation. Local (corporate) values of sustainability must be formulated horizontally, woven into the values and the management system.

Competences and competencies seem to be the most effective tool for integrating sustainability.

## THE ROLE OF ORGANISATIONS IN ACHIEVING SUSTAINABLE DEVELOPMENT

Individual (personal) needs and wants relegate the environmental pollution and prevention of the pollution to the background. A significant part of pollution can be attached to production but this is derived from the consumer demand. Companies and other organisations have special roles 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 organizational 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.

There are structural and cultural challenges to solve in order to establish sustainability. Szegedi (2001) analyses them as barriers. Structural factors are the following:

- Division of labour: staff members see through sub-problems, both responsibility and capacity for action are limited. Everybody should know and understand their own role to enhance the effectiveness.
- Separation of decision-making competence: decision makers and executives are not the same people. Information asymmetry or retained information lowers the effectiveness of decisions.
- Traditional command hierarchy: resistance to commands can be expected when it is a formal command. Spill over of this problem leads to collective irresponsibility. Involvement of the staff may increase the acceptance of the corporate will.

Cultural factors are the following:

- Strict behavioural expectations: new members usually try to learn the dominant norms. These norms may lead to different behaviour than the person’s own behaviour patterns. The workplace has the possibility to integrate environmental consciousness into the norms.
- Cohesive communities: rivalry between formal/informal groups may lead to hostility. The result is frozen coordination and communication that slow down decision-making as well. The inverse of this culture is a problem-oriented one that supports the new initiatives.

- Unclear priorities: it is impossible to consider each viewpoint in decision-making. Priorities shall be established but there is the risk that economic interest will override the values of sustainable development.
- Retained information practice: it is a bad practice that the management tries to hidedamaging information. A missing information base lowers the effectiveness of decisions and if the secrets are revealed, the trust in management will crash.

There are fundamental problems to be solved in order to integrate the values of sustainability into the organisational strategy and operation:

- The content of the values,
- The process of integration.

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

## ENVIRONMENTAL COMPETENCES

Varga (2009) has a useful approach to the description of environmental competences. Because of the difficulty of direct specification he interprets key competences the European Reference Framework (2007).

Using the mother language both in written and oral form is necessary to be able to understand and communicate information. Recognizing both the frames and details of the problems is only the first step on the way of becoming sustainable. Collecting background information, working out action plans and discussing them with others needs the adequate knowledge of the mother language. The fact that environmental and social problems have a global nature requires the knowledge of foreign languages. Digital competence is important for implementing data analysis and searching for information as well as for electronic communication.

Factual knowledge (mathematics, natural sciences, technology) should be applied to development actions. An environmental or social program shall consider each future effect of the activities in order to achieve desired objectives.

Living in a sustainable way is a challenge for most people and organisations. New concepts, tools and solutions should be learned and accepted. The learning process is lifelong but often in non-school form. Workplaces can enforce atypical forms of behaviour but the goal is changing attitudes. It also assumes that people shall re-learn how to learn.

Social, civic and entrepreneurship competences cover two pillars of sustainable development. Furthermore, the

existence of these competencies may enhance the acceptance of the development actions.

Of course other requirements can be formed like accuracy, reliability, saving money, helpfulness, etc. that may include environmental or social expectations. The system of competence requirements needs to be harmonized with the corporate strategy and the expectations of the stakeholders. The focus and content of sustainability depend on the scope of activities. However, there are competence dictionaries, related research reports and industry best practices that can be addressed in building up an organisation's own solution.

It is the responsibility of the management to form the competences and to evaluate the competencies. Environmental and social values can be summarized in an ethical codex, but its usability may be limited if it is only "shop window decoration" (Szegegi 2012). Operating procedures and human resource management processes can indicate the topic. A general mistake is to force separated expectations in connection with sustainability from other expectations. This leads to neglecting the interest of sustainability in case of any economic problem. In addition sustaining the related management activities requires unreasonable efforts. Management must think about how to contribute to sustainability with each task and formulate the appropriate competences.

## PROCESS OF INTEGRATION

The source of the competences is the environment, primarily the customers. Management needs to explore the external expectations and translate them into internal requirements. Strategic and operational plans shall consider the requirements to achieve satisfaction while realizing business profit. The Quality Management Process model (Figure 1) summarizes the critical elements of management focus.

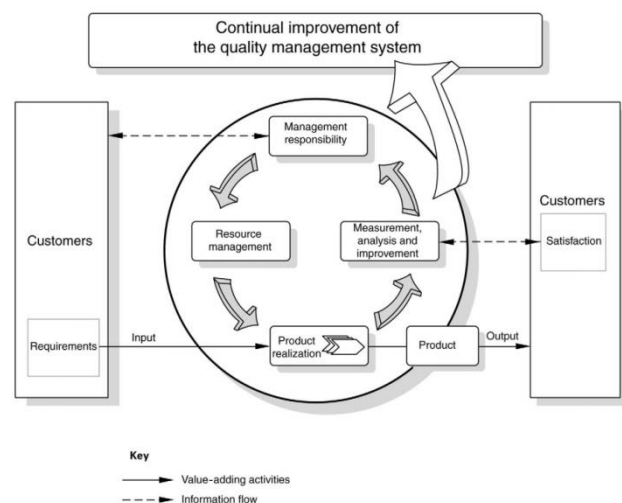


Figure 1. Model of a Process-based Quality Management System (ISO 9001)

The model of ISO 9001 describes how to satisfy customers. If this can be achieved, the organisation could identify the relevant competence requirement and could manage the individual and organisational competences. Figure 2 summarizes the main steps of this process and its extension to the supply side.

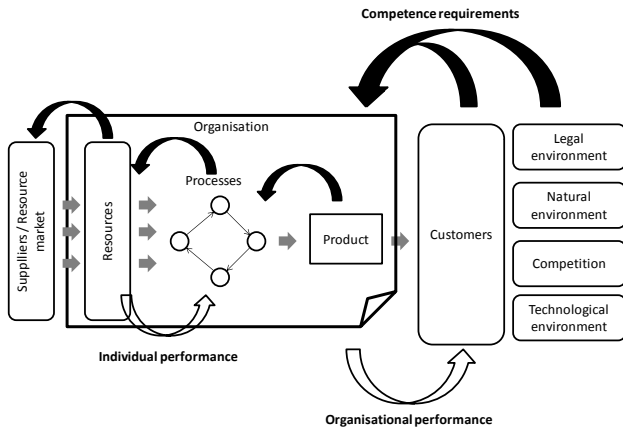


Figure 2. Competence requirements and performance in the organisation

The responsibility of the management is to identify the external expectations and barriers, including the customer requirements, legal possibilities, natural and technological possibilities and the position of competitors. The expectations are the source of the product-requirement and the organisational competences which may manifest as corporate image.

Product requirements appoint directly the main characteristics of the production processes. Requirements of other processes and resources (including the competence of the staff) can be deduced jointly from the product requirements and the corporate image.

Satisfaction of customers mainly depends on the performance of the product but in the long term corporate image influences the organisational performance. Social acceptance is important because society gives the future customers. Product performance (quality) depends on several factors. Beyond the subjective judgement of the customer, the quality of raw materials or machines and conformity of procedures can be noted (Szintay 2005). Product requirements designate the competence requirements of processes and resources (including human resources) and the performance of the resources finally determines the performance of the organisation.

This process gives a framework for integrating the values of sustainability with effective content and allows the controlling of success.

The limits go beyond a single organisation. In the resource market an organization is a customer with specified expectations. By integrating the values of sustainable development into the supplies the whole supply chain can work and develop its activities based on shared values and the interpretation of sustainable

development. These values are horizontal values, so the same content can be adapted for various activities.

## EVALUATION OF ENVIRONMENTAL CONSCIOUSNESS

Environmental and social competence requirements need to be integrated into other requirements but it the management is recommended to pay attention to evaluating the effectiveness of the efforts. This allows an increase in the environmental performance.

Based on the idea that environment and environmental problems go beyond the individual or organisation, evaluation needs a comprehensive approach. The model in Figure 3 fulfils the requirements.

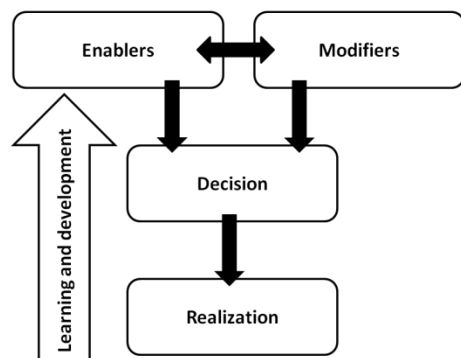


Figure 3. Comprehensive model of environmental consciousness (based on Berényi 2009)

The core of the model is based on the process of decision making because decision is a critical point of each action, including both everyday shopping and work activity.

- People have specified objectives and a specified level of knowledge. They have conceptions about good and bad, handsome, useful and ugly. These opinions and the actual knowledge may be difficult to change, so these shall be handled as enablers.
- There are situational circumstances. When alone, with friends or with family our behaviour may be different. Sometimes these circumstances motivate people to decide inconsistently. This is another conflict between financial possibilities and desires.
- Decision making means choosing between the known possibilities. Realisation is the accomplishment and evaluation of the selected solution.
- Learning is based on the evaluation. New experiences will confirm or overwrite the factors covered as enablers in my model. Even in similar situations the decision may be different.

The evaluation progress based on this model allows the management to work out and develop the sustainability content of competences.

## CONCLUSION

Achieving sustainable development is a serious challenge. There are many methods and tools available for individuals and organisations for evaluating and developing their operations but several barriers should be considered. Engel (2000) emphasizes that wide dissemination is important and easy tools shall be established in order to achieve it. In my opinion breakthrough can be expected if the values of sustainability are integrated into the organisational

strategy, structure and culture. Forcing environmental departments or corporate social responsibility programs on companies will fail because of the commitment of maintenance.

Nowadays competence management is very popular both in the business world and EU regulation so it is inevitable. Actual studies generate useful databases and competence dictionaries which are widely available. Competences include both professional and behavioural expectations which can give a frame to integrating values of sustainability.

Through a harmonized management system of competencies it is possible to make them a part of the culture, establishing the appropriate behaviour and performance without any additional tools. This way effectiveness and acceptance can be enhanced.

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