

# THE VALUE CONCEPT IN CONTEMPORARY ORGANIZATION AND MANAGEMENT

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*Sometimes, what counts is unaccountable,  
and what is accountable doesn't count (A. Einstein).*

1. The key issue of scientific organization and management in the 1990s was related to the value concept, that is "Value Based Management" (VBM)<sup>1</sup>. The problem of "value" has been covered by a wide range and variety of concepts, methods and research tools in a purpose of evaluating organizational value - value created for shareholders. Nevertheless, this reflection of an undoubtedly axiological nature, has not yet resolved all fundamental issues related to the process of organizational value creation in the wider perspective of stakeholders' needs.

For ages, human cognitive reflection, in general, has been taking into consideration two research questions: 1) the world's functionality and 2) the meaning of the world's existence. In the first case, we deal with the "how?" type questions - this is the process of discovering the mechanisms, functionality the phenomenon studied, their rules, relations or models. In the second case, we deal with a totally different cognitive perspective; we do not ask: "how it works?", but rather "why?", "what's the sense of it all", "whom or what does it serve?" or "what value does it have for humans?"<sup>2</sup>. The genesis of that restless research of the "what sense does it have?" type, we can discover in the biblical symbolism of "the cognitive tree of good and evil". A human by its nature cannot release himself from that cognitive, meaningful perspective. Today, we don't have any doubts that to fully understand, very often extremely complex phenomenon of contemporary organization and management, we need to perform scientific reflection, which undertakes questions such as: "what sense does it have?" type, and not only for: "how it works?"<sup>3</sup> type.

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<sup>1</sup> References: J.M. McTaggart, P.W. Kontes, M.C. Mankins, *The Value Imperative*; T. Copeland, T. Kleer, J. Murrin, *Valuation. Measuring and Managing the Value of Companies*, (1994); A.J. Slywotzky, *Value Migration. How to Think Ahead of the Competition* (1995); Ch. Coates, *The Total Manager. Break Out of Your Department and Manage the Whole Business* (1995); Price Waterhouse, *In Search of Shareholder Value* (1996); D. Wheeler, M. Sillanpää, *The Stakeholder Corporation. A blueprint for maximizing stakeholder value* (1997); A. Black, P. Wright, J.E. Bachman, *In Search of Shareholder Value* (1997); S. Marthur, A. Kenyon, *Creating Value* (1997); J. Knight, *Value Based Management* (1998); A. Herman, A. Szablewski, *Zarządzanie wartością firmy* (1999).

<sup>2</sup> Reference: J. Goćkowski, S. Marmuszewski (red.), *Nauka. Tożsamość i tradycja*, Kraków 1995, p. 17.

<sup>3</sup> Qualitative character of being has its universal extent, transcendental, which is proofed in such transcendentals as truth, right and beauty. Source: M.A. Krapiec, *Człowiek. Kultura. Uniwersytet*, Lublin 1982, p. 122.

In fact, for a human being who is seeking truth about the real world around him, questions of “meaning” are as much, and very often even more important than the first, as basic one. For ages, these two different cognitive perspectives had two parallel, very often integrated paths of knowledge development. In certain period in history Cartesius performed ontological division. In the name of clarification and expressiveness<sup>4</sup>, he divided knowledge, into “science” and “metaphysics”. Cartesius wanted to achieve, that in the area of exactness and expressiveness all scientific disciplines would become similar to mathematics. Thus, mathematics derives its cognition advantage from only quantitative characteristics. He strived to achieve the point, where all scientific speculations are based on quantitative measures<sup>5</sup>. That’s why, as W. Tatarkiewicz states: “for Cartesius the ideal was to derive characteristics of all objects from shape and movement, and all nature to weight out only in geometric and mechanistic perspective”<sup>6</sup>. The so called, qualitative perspective (question of meaning) has lost its exact (scientific) foundation for Natural Science representatives. Consequently, in the above- mentioned ontological division, “value” has become a part of axiological reflection understood in two different ways: in Philosophy, mainly as an issue of an ethical, normative nature (Moral Philosophy), and in Economics as a financial factor (price, cost, utility), i.e. Value Theory.

Without going deeper into a strictly theoretical dispute<sup>7</sup> (Value Philosophy, Value Theory, sociological axio-normative system), as much as into differentiation of an ontological nature, we interpret a notion of “value” in modern science as: 1) “Objects, reality, situations, which people appreciate and take the effort to achieve them. They are stable and define what is right, what is desirable”<sup>8</sup> – **cultural/sociological perspective**<sup>9</sup>; 2) “Goods satisfying human needs achieved in the process of human economic activities”<sup>10</sup> – **economic perspective**; 3) “A term of an objectively performed relationship, in which the essence of the matter is in relation to humanity, or any of its characteristic. Value is an essence of the matter, which valuation is fixed in humanity”<sup>11</sup> – **human perspective**.

<sup>4</sup> Reference: W. Tatarkiewicz, *Historia filozofii*, part 2, Warszawa 1997, p. 47.

<sup>5</sup> *As above*.

<sup>6</sup> *As above*.

<sup>7</sup> W. Cichoń, *Wartości, człowiek, wychowanie. Zarys problematyki aksjologiczno-wychowawczej*, Kraków 1996, p. 13-14.

<sup>8</sup> L. Zbiegień-Maciąg, *Kultura w organizacji. Identyfikacja kultury znanych firm*, Warszawa 1999, p. 48.

<sup>9</sup> Reference: P. Sztompka, *Socjologia. Analiza społeczeństwa*, Kraków 2002, p. 258-259.

<sup>10</sup> Reference: R. Milewski, in: R. Milewski (red.), *Podstawy ekonomii*, Warszawa 2002, p. 20.

<sup>11</sup> A. Chmielecki, *Rzeczy i wartości. Humanistyczne podstawy edukacji ekonomicznej*, Warszawa 1999, p. 167.

In spite of the multi-faceted and interdisciplinary<sup>12</sup> character, "value" as a term, generally, can be ontologically divided into two axiological perspectives: 1) value in quantitative perspective (economic approach) and 2) value in qualitative perspective (cultural approach). In both situations we take into consideration value, nevertheless, there are two different ontological, epistemological and methodological approaches.

2. At this point of analysis, more precise definition require the characteristic of what we understand in our article as "quantitative perspective" and "qualitative perspective". In publication "Between Number and Contents" T. Borys states that quantity and quality issues can generally be described by four layer (standards):

- 1) quantity and quality as general issues;
- 2) quantity and quality as individual and group descriptions;
- 3) quantity and quality as a synonym of the measurability or non-measurability of objects;
- 4) quantity and quality as "strong" and "weak" measurable scales<sup>13</sup>.

We assume, that the key factor which differentiate the quantity and quality perspectives is, first of all, related to the measurability or non-measurability characteristics of the studied objects. It also determines their final value factor. This approach, which is based on publications in statistics, F. Sawicki defines as: "attributes, which can be described in a quantitative manner, we name quantitative attributes (...); attributes which we cannot be described in a quantitative manner, we name qualitative attributes"<sup>14</sup>.

All in all, "quality" and "quantity" create two universal cognitive and axiological categories, which exist more or less in all scientific disciplines. Crucial for our axiological view of the object of our interdisciplinary analysis (organization and management), it is to highlight the fact that "explanation and understanding of contrary foundations, and at the same time relativity of those categories is extremely important, first of all, in defining the essence of the qualitative perspective in many scientific disciplines"<sup>15</sup>.

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<sup>12</sup> Reference: *Typy, hierarchia i systemy wartości*, w: L.J. Krzyżanowski, *O podstawach kierowania organizacjami inaczej*, Warszawa 1999, p. 206-218.

<sup>13</sup> T. Borys, w: A. Iwasiewicz (red.), *Między liczbą a treścią*, Kraków 2000, p. 21-28.

<sup>14</sup> *As above*, p. 23.

<sup>15</sup> *As above*, p. 21.

It is also important to remember, that characterizing issues of qualitative category by terminology and the tools worked out by exact sciences (quantitative category) can become a serious methodological problem. We just will not be able to describe the specific issue by numbers, because, as we may say, there is a lack of "ontological compatibility"<sup>16</sup>. This belief is derived from, among others, that prevailing epistemological model in quantitative perspective is very much algorithmic, and qualitative as a opposite reflexive. That ontological division creates in sociology a positivistic research model (quantitative perspective), in one hand, and on the other, humanistic one – the Art – (qualitative perspective). In economics any given issue takes positive or normative statements.

3. Regarding a teleological point of view, another differentiation of those two epistemological perspectives is the final evaluation of a particular act, which can be researched both from economic points of view (profitability, efficiency etc.) or from a cultural point of view (human, organization, society). P. Sztompka, in relation to a social research methodology characteristic, states that "the social world is something fundamentally different: a world of sense and value, something which science has not been taking into consideration"<sup>17</sup>. As, a famous Polish sociologist asks: "Do stones or plants put in front of themselves any objectives? Do they live in relation to any values? And it is just the last features, that have central importance, and with those questions sociology should be occupied by studying culture, life benchmarks and standards. The process of discovering society has become in itself an interpretation of an art type"<sup>18</sup>.

Another very important issue, which is related to undertaking two extreme scientific stands, also within organization and management, has ethical perspective (Business Ethics). There is, from one hand, a moralism approach (unconditional superiority of ethical values), on the other, an economism approach (unconditional superiority of economic values)<sup>19</sup>. In the first case, as A. Dylus states scientists forget about elementary economic rules and principles, e.g. "in the name of brotherhood and caritas, they generously demand submission of economic values to what is human, personal, spiritual, very often too quickly and at the others' people costs. They formulate noble but unrealistic demands and appeals towards

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<sup>16</sup> „It is logically impossible to deduce normative statements from only positive statements or positive statements from only normative ones”. Źródło: R.G. Lipsey, D.D. Purvis, O.P. Steiner, *Economics*, New York 1985, p. 17.

<sup>17</sup> P. Sztompka, *Co my wiemy o ludziach?*, interview by A. Mateja, „Tygodnik Powszechny”, 29 September 2002.

<sup>18</sup> *As above.*

commercial organizations”<sup>20</sup>. In the second extreme approach, every business activity is not subordinate to any ethical issue. “In general, it means an accomplishment of priority of economic rationality above those of morality. And in a situation, when exist a direct conflict between them, moral arguments must give up”<sup>21</sup>.

Based on the above-mentioned dichotomy of the analyzed issues, we suggest to assume the following definition model of those two perspectives to organization and management in the following way:

1. **Quantitative perspective:** describes a possibility of undertaking mathematical calculations, measurements of the studied phenomenon by methods and tools worked out by scientific disciplines such as: mathematics, statistics, economics, econometrics, finance, accounting etc. Quantitative perspective is based on the following paradigm in organization and management: “we cannot put something into management if we do not have the capability of measuring it” (Kaplan).
2. **Qualitative perspective:** describes those phenomenon of organizational performance, which we are capable of identifying, characterizing them in a conscious and rational way, however we cannot describe by quantitative methods and tools – by the language of mathematics. Qualitative perspective covers such typical issues as: organizational culture, anthropological issues, human emotions, intuitions, experiences, needs, moral standards, intellectual potential, etc. Management in this perspective is: “more an art than a craft” (Boettinger), “inspiration and trust” (Waters); “delivering satisfaction” (Levitt), “delivering quality” (Feigenbaum), “conducting big symphonic orchestras” (Deming), “controlling differentiations”, “converting potential conflict into cooperation” (Kozłowski) or “putting chaos into order” (Kuc).

In spite of the above mentioned existing different research perspectives, a common measure of organizational evaluation, a peculiar common ground is always related to value creation process. However, as we have already said, value itself means entirely something different for quantitative and qualitative perspectives. We further assume, that in regard to business issues we may approach two different business categories. For those, which contain quantitative categories (finance) we assume **economic value**; for those which contain

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<sup>19</sup> Reference: A. Dylus, *Wartości etyczne a wartości gospodarcze. Między moralizmem a ekonomizmem*, in: A. Dylus, *Zmienność i ciągłość. Polskie transformacje ustrojowe w horyzoncie etycznym*, Warszawa 1997, p. 49-64.

<sup>20</sup> *As above*, s. 57.

<sup>21</sup> *As above*, s. 58.

qualitative category (ethics, esthetics) we assume **cultural value**. The synergy of economic value and cultural value generates a fully-integrated definition of business value creation model named as a **organizational value** model.

This definition model has its direct reference in organization and management literature, in so - called "value stream flow" concept. Perception of management problems within that concept was presented by J. Martin<sup>22</sup>, who based his idea on an information network. Generally, we define the stream flow as a set of arranged activities between submitted needs and their full or partial satisfaction or accomplishment<sup>23</sup>. W.T. Bielski states, that: "in every organization value streams are as a natural result of its business tasks. Creation of a stream value map clarifies its structure and makes all its activities more efficient"<sup>24</sup>. As we know, "submitted needs" by an organization and its stakeholders have economic and cultural character at the same time. It is a fundamental thing for contemporary managers to create those value stream flow maps and such management systems, which refer to those two axiological areas simultaneously<sup>25</sup>.

A result of the clash of the two above- mentioned streams of needs and values, we achieve at the end, the so-called organizational **synergy effect**, which leads finally an entire organization (metaorganization) to above average results. At last, the above average growth of organizational value, both of quantitative and qualitative nature, defines the measure of what we may call "**organizational excellence**".

**4. CONCLUSION:** Organization as an open system, in fact integrates two main research perspectives (quantitative and qualitative), and as a consequence, it implies a clash of two stream of needs flows: e.g. organizational needs and stakeholders needs, both of economic and cultural nature. All in all, we always deal with the skill of **balancing** all objectives and means of organization and its all particular needs of stakeholder groups (the coordination

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<sup>22</sup> Reference: J. Martin, *Cybercorp. The New Business Revolution*, New York 1996.

<sup>23</sup> Reference: W.T. Bielecki, *Informatyzacja zarządzania*, Warszawa 2001, p. 188-194.

<sup>24</sup> *As above*, p. 189.

<sup>25</sup> In regard to two different stream value flows, the fundamental issue of organizational value creation process relates to a **coordination problem** (some form of synthesis<sup>25</sup>) - in our case coordination of economic value stream flow and cultural value stream flow. In managerial practice, by H. Steinmann and G. Schreyögg the problem of coordination is referred to: 1) activity agreement oriented (cultural perspective); 2) activity result oriented (economic perspective). That is why, as authors state, any assumptions as an alternative approach one or the other perspective is far from being firm. "It would be a mistake to understand management activities solely as result oriented. In fact, a modern understanding of scientific organization and management assumes, that the agreement oriented approach is always an important part of the whole managerial activity. And only taking into consideration both types of those activities, we can evaluate the contemporary role of a manager properly.

factor). However, from scientific point of view, it is all only achieved by two different approaches, two different ontological and methodological perspectives.

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