Growing towards a sustainable organisation by a phasewise introduction of Quality Management
the European Corporate Sustainability Framework (ECSF)

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Abstract
This article describes the European Corporate Sustainability Framework (ECSF). This framework addresses complex issues such as Corporate Sustainability, Corporate Responsibility and Corporate Change. It is a conceptual framework based on the tradition of the quality management approach and the concept of phasewise development. The framework is based on several theories and models, all proven individually over several decades. These theories are the Emergent Cyclical Levels of Existence Theory (ECLET) of Professor Graves, The Four Phase Model© (Hardjono), EFQM's Business Excellence Model, Kaplan and Norton’s Business Balanced scorecard, the research deliverables of the project “The European Way to Excellence” and the SqEME® methodology. All these models, theories and/or studies belong to the interpretative sociology (Burell & Morgan, 1992). The framework is designed in such a way that it enables a pluralistic approach to ethics and corporate responsibility, taking into account the ambiguity of the subject.

Introduction
It was the Club of Rome that awakened the world in 1972, already more than 30 years ago. They spoke of the limitations of growth and the consequences for the world if drastic changes should not be initiated. Whether one agrees or not, the fact remains, that this report was a global appeal for everyone in society to take responsibility for the ecological environment; not only in relation to their own life, family, company or country, but to the world as a whole. A number of non-governmental organizations were founded stressing the need to take good care of the ecological environment and striving for sustainability. In the eighties a more socially oriented movement arose. This movement focused not only about the way people were treated in organizations. The focus points of this movement varied from labour rights, to the way employees were given equal chances and even the way employees were inspired to act beyond their own perceived capabilities. The basic concept of this movement was that organizations are open systems, which in order to enable success and assure continuity, have to deal with different stakeholders.

Instead of arguing the need for it John Elkington (1997) embraced these developments as a business principle and rephrased it as the “Triple Bottom Line” or “People, Planet and Profit”. Around the same period fourteen presidents of European multinationals, among them Van der Klugt from Philips, Lippuner from Ciba Geigy, Vallance from British Telecom, Lévy from Renault, Fahrni from Sulzer and de Soet from KLM came with the initiative of establishing the European Organization for Quality Management (EFQM). The model they developed is now known as the European Business Excellence Model. This model had and is still having great impact on society”. The concern for societal issues is illustrated by the fact that within this model one of the areas to address in becoming an excellent organization, has the name “Impact on Society”. Since its development many thousands of organizations have applied this business model. The European
Business Excellence Model and its derivatives, such as the Dutch INK model, were more or less the first attempt at incorporating the responsibility that organizations have towards society, at least in terms of dependability.

At first Shell was very skeptical of this European Business Excellence Model. One of the reasons was the incorporation of this "Impact on Society", as being one of the nine areas to address. It took the "Brand Spar" to teach Shell, but also many other companies, that the organization is dependent on its relationship with society. If a company does not behave in the interest of the public, a slump in the buyers' market could be a possible reaction of society. This event has taught us that there seems to be an apparent "License to Operate"; an intrinsic need to appeal to both individuals and organizations about their responsibility towards society, which can be withdrawn by means of public opinion.

Now, at the beginning of the twenty-first century it seems that not only concern for the environment and the imminent danger of the exhaustion of resources is calling out for responsible behavior and the strive for sustainability. As more abuse is felt, one only has to think of scandals such as ENRON, World Com, Ahold and Parmalat, but one could also bring to mind debates concerning Shell’s behavior in Nicaragua, Microsoft’s concentration of power, the height of remuneration for top managers, discussions about fraud, corruption, inequality, safety, child labor, extensive agriculture and livestock industry etc.. Sustainability and Responsibility seems to merge with the social and corporate governance perspectives.

Although from another source, “People” issues and “Planet” issues merged with the idea that these can only be addressed in a proper way if there is also a sound notion about economic concerns, “Profit”, thus making the Triple Bottom Line complete and inevitable. It is not unthinkable that these three merging factors, Social, ecological and economic concerns, have the characteristics of a “resonance”. In the case of resonating concerns, the different movements will not only be enforced either by one or the other, but a movement, drastically larger and with a lot more strength, will develop from them.

How are we going to respond to these developments? Two years before the Club of Rome report, Alvin Toffler (1970, 1980) had published his book “Future Shock”. In that book, but even more convincingly in his second book “Third Wave”, he elaborated on the dominant paradigm of managers and economists; the unlimited need for maximization, centralization, concentration, specialization, standardization and synchronization. Although contributing a lot to human prosperity, Toffler showed that this dominant paradigm of managers and economists would also produce problems, if the limitations of it were not recognized. Now, after thirty years this paradigm, still dominates managerial, economic and political thinking. Strategies, policies, both at governmental and company level are still based on this paradigm.

In the “Third Wave” (1980) Toffler predicted the fall of communism before the end of century. In 1980 this was considered unbelievable, but it became indeed a fact, nearly ten years later; Lenin was a big admirer of the theories of Frederick Winslow Taylor, who can be considered the father of the paradigm of striving for maximization, centralization, concentration, standardization, specialization and synchronization. Almost all companies and many governmental institutes, in the capitalistic economies, base and structure themselves on the same lines as those of communist countries with their centralized economies. Therefore it is not surprising Toffler predicted the fall of large-scaled multinational companies, as well. If we want to have an adequate response to the developments described, we need another paradigm on management. It was therefore also Toffler who
stated that information technology would lead to another order with another paradigm.

The theories of Graves (1970, 1974) and Wilbur (1995, 2000) support Toffler’s thinking. Both use the concept of phase-wise development. Graves has identified eight levels of existence so far, based on values, which are coping mechanisms for challenges arising from the environment and which lead to new ways of thinking, a new paradigm. Graves and Wilbur state that over time new solutions will also create their own (new) problems bringing about a new level of existence. With these ideas, society is facing a new leap into new ways of thinking, asking management to address their organization in a completely different way, as part of a new solution to new (societal, ecological and economical) perceived challenges. Organizations are challenged to be innovative in their way of doing business.

What we are now seeing is that we are not able to change our dominant paradigm. For instance, managers and politicians are still pleading for mergers, although it is known that more than 80% of mergers do not achieve their expectations. Most of the time there are no gains whatsoever, merely losses. We see production capacities moving to all parts of the world, more intensely than ever, leading to an enormous intensification of transport. We also see an ongoing concentration of agriculture, not only leading to intensification of transport but also to environmental problems and increasing vulnerability to diseases and epidemics in humans as well as in cattle and crops. We see concentrations of power barely democratically controlled, or, for the feeling of different groups, being outside democratic influence. More and more people feel they do not share in the results of the positive effects of this paradigm and feel victims of the system.

So what can we expect if the environmental discussion, founded by the Club of Rome, social discussions, in principle had already begun with the labour movement and the corporate governance discussion, after relatively recent scandals resonate with each other? And what can we expect if this resonance meets with such movements as the (anti-) globalization demonstrations or even with more violent movements such as terrorism? It will certainly not be the first time in the history of man. It may not even be a question any more but already a fact as most of these movements are using each other’s arguments: at least they are partly already using each other’s methodologies for the purposes of claiming attention and enforcing change.

The European Corporate Sustainability Framework

The appeal for social or societal behavior and the need for sustainability is not a hype, a fashion that will pass without leaving any marks. Stated positively it can be seen as a logical outcome of a development that has brought many people prosperity. Nevertheless we cannot go on as we have been doing up until today. Doing more of the same is not necessarily better. Our way of operating needs to be innovated. Innovation to be understood as discoveries or inventions, which then become implemented and so lead to a paradigm shift (Hardjono, 2001). This is the basic idea behind the development of the European Corporate Sustainability Framework.

The European Corporate Sustainability Framework is a modest attempt at offering a methodology for change in organizations. This methodology incorporates the benefits of the dominant paradigm as described earlier and offers alternative solutions for its limitations. The European Corporate Sustainability Framework must be seen as a set of models and theories brought together in order to address such complex issues as implementing social and societal responsive behavior in the strive for sustainability; sustainability both in terms of striving for
continuity for the organization and the continuity of the (social, ecological and economical) system which it is part of.

The framework is the outcome of a development project, initiated and supported by the European Commission and carried out by a consortium led by Erasmus University Rotterdam. Partners in this consortium are Erasmus University Rotterdam, Free University of Amsterdam, Helsinki University of Technology (Finland), Dutch Quality Foundation KDI, the development company for business process tools SqEME® (Netherlands) and the consulting agencies Virtu et Fortuna (Netherlands) and SCS Consulting (Italy). In the test phase of this project it was supported by the participation of such organizations as Unilever (The Netherlands), Nokia (Finland), Nashuatec (Benelux), RABOBank (The Netherlands), Vedior (Germany), Hamburg Mannheimer (Germany) and Granarolo (Italy). The framework is mainly based on already existing models and tools, scientifically plausible or credible on the basis of widespread empirics.

The basic principles of the European Corporate Sustainability Framework will be addressed as follows:

**Considerations upon the approach towards organizations**

The aim of the European Corporate Sustainability Framework is to support organizations in their implementation of Corporate Sustainability and Corporate Responsibility by addressing corporate dynamics and the ambiguity and complexity of these issues. It consists of a management model and a set of related instruments. On the bases of these models and instruments lie certain considerations and an approach towards organizations that must be known or familiar when using the European Corporate Sustainability Framework. The basic idea is that an organization is an open system, the legitimacy of which can be found in its environment. In more simple words: without an environment or market, no organization can exist. This open system consists of people and between these people all kinds of processes appear. The main drive behind these processes is that each individual wants to survive.

The European Corporate Sustainability Framework views organizations as living systems. This means organizations absorb, diffuse, digest and exude resources. Organizations absorb money, materials, needs, expectations, knowledge, skills and ideas, diffuse them through the organization, digest them and then produce. Not only are products, services, money, knowledge, skills and ideas exuded but also security, recognition and means for growth. To some extent organizations also have immaterial needs and therefore absorb security and recognition, usually in the form of safety regulations and a functioning legal system. The European Corporate Sustainability Framework acknowledges there is a certain danger for reification, where abstract constructs (such as the organization, youth, mankind, society) and concrete qualities are allotted. The framework is based on the idea that organizations have no will, consciousness or purpose. It is always a group of individuals who together formulate these qualities; explicit or implicit, imposed by a small group or even one individual or the outcome of deliberation or democratic process. Where individuals strive for survival, security, recognition and growth there is a tendency that organizations strive for continuity.

If one accepts that organizations consist of people, each with their individual drives, opinions, ideas and beliefs and if one excepts the principle that organizations cannot impose these upon individual members of the organization, one also has to accept that these individual drives, opinions, ideas and beliefs will differ from those of the organization as a whole. Therefore the last basic idea behind the European Corporate Sustainability Framework is that the organization has to be seen as a complex system full of paradoxes and dilemmas; not only because of the differences of opinion inside but also of the differences of opinion
of the organization and their environment. Although some basic rules (Stacey, 1995) can be identified, we are still not able to fully understand what the "chemistry" of an organization is. Therefore the European Corporate Sustainability Framework does not try to solve these paradoxes and dilemmas but sees them as sources of "energy" driving the absorption, diffusion, digestion and the exuding process.

By expressing these basic ideas, the European Corporate Sustainability Framework can be identified as belonging to the interpretative sociology (Burell & Morgan, 1992). This means that the European Corporate Sustainability Framework fits the same sociological paradigm as phenomenology and hermeneutics. It accepts that there is always a certain degree of subjectivity. At the same time the framework looks for regularities to cope with the subjective approach. Phenomenology must be understood as a way of thinking which concentrates on the detailed description of conscious experience. The European Corporate Sustainability Framework is constructed by fusing different proven models together to form a coherent whole. These models all derive from the phenomenological approach of trying to describe what one has experienced. Hermeneutics has to be understood as the science of interpretation. According to Burrell & Morgan the school of symbolic interaction belongs to this sociological paradigm. The models used are also examples of this. To summarize; what the theories and models used in the European Corporate Sustainability Framework all have in common is that they are interpretations of detailed described conscious experiences; looking for regularities and taking the fact that there is always a certain amount of subjectivity into account.

Considerations upon the approach towards organizational dynamics

The European Corporate Sustainability Framework is based on the principle of phase-wise development. Phase-wise development refers not only to Darwin’s theory of evolution but also to the various interpretations of quality management one can distinguish.

The hieroglyphics of the ancient Egyptians, which show the measurements of an object, can be understood as an early way of inspecting the quality of products. One could distinguish another historical interpretation of quality management through the guilds. The role of these guilds was to determine whether products produced by craftsman complied with the standards. The whole body of knowledge in quality management is routed in the determination of the quality of products (fig. 1, developments in quality management).

When mass production became common, it became too costly to inspect every single product. With the help of statistics, sampling became available as a way of quality inspection. Mass production made quality inspection more complex, but new methodologies made it possible to deal with this complexity. Further development in the methodology of applying statistics enforced a breakthrough in thinking. Statistical Process Control (SPC) made it possible to control process as a way of applying quality management, instead of inspecting all the products themselves. Organizations could be understood at the level of processes instead of a black box emitting products. This new level, with the organization seen as a bundle of processes, seems more complex (fig. 1). With the help of new methodologies, however, this level supports more effective and efficient quality management approaches for these challenges.
Organizations can also be addressed at the system level (fig. 1). This is another level of complexity, for which again a breakthrough in thinking is necessary. An example of a model that describes an organization as a (complex) system is the so-called 7-S model. This model underlines the interdependence between Shared Values, Systems, Structure, Strategy, Skills, Staff and Style (Athos and Pascale 1986). Although not explicit, the ideas behind this model are also to be found in the European Corporate Sustainability Framework. Not only the 7-S model but also approaches such as for instance certification, based on the ISO 9000:2000 standard, the Porter model or the European Business Excellence Model and many others can be seen as methodologies for addressing organizations as complex systems. Many of them are part of the so-called tool book belonging to the European Corporate Sustainability Framework. The organization as a system relates to a certain level of complexity, which increases when organizations are understood as “open” systems. Even more complex are organizations that are not only open to the environment, but are also explicitly interlinked with their business partners. One could call them chain-oriented systems (fig. 1). If one interprets all stakeholders as business partners, society as a whole, including the non-governmental organizations (NGOs), then the organization arrives at a complexity level that could be called society-oriented (fig.1).

The described examples of phase-wise development leading to different stages of complexity also illustrate the fact that historically, the development of quality management has unavoidably led to a level where organizations are seen as integrated parts of society. This means that the opportunity for growth, success, and survival is directly dependent on the situation of the society of which they are a part. Acting in a responsible way towards society is a well-understood self interest in order to do business or realize goals in a sustainable way. Phase-wise development leads to an assumption that there is a fixed sequence. All the models used in the European Corporate Sustainability Framework show these fixed sequences. The sequences can go backwards (in practice almost as often as often as

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1 Chain-oriented is derived from the Dutch INK management model. This model is a matrix built from the European Business Excellence or EFQM model and the development phases : activity-oriented, process-oriented, system-oriented, chain-oriented and transformation-oriented.
the case of a forward movement), but then negative effects are shown. However
the sequence cannot be interchanged.

The European Corporate Sustainability Framework is based on the concept of
phase-wise development by distinguishing different levels of existence and
related interpretations of Corporate Responsibility and Corporate Sustainability.
This distinction is seen as important, because of the character of the subjects,
which are ambiguous. Corporate Sustainability and Corporate Responsibility
always mean something, but nearly always something different to different
people. By addressing these subjects consistently and in order to enable
discussion a distinction between four different kinds of interpretations of
Corporate Sustainability and Corporate Responsibility (Corporate Sustainability
and Corporate Responsibility) has been made (Werre and Van Marrewijk, 2003),
based on the levels of existence as distinguished by Prof. Graves (1970, 1974):

- **Order**
  Corporate Sustainability and Social Responsibility as a result of absolutist
  thinking. Organizations are *compliance-driven* towards laws and regulations. They
  provide welfare to society, within the limits of regulations from the rightful
  authorities. One is cost-oriented but also open to charity and stewardship
  considerations. The motivation for Corporate Sustainability and Social
  Responsibility is that it is perceived as a duty and obligation, or the just way of
  acting. (For instance environmental norms and sanctions, charity, sponsorship of
  playgrounds for children)

- **Success**
  Corporate Sustainability and Social Responsibility as a result of multiplistic
  thinking and thinking in terms of absolute growth. Organizations are *profit-driven*
  and foster the business case of Corporate Sustainability and Social Responsibility;
  what is in it for me? Organizations promote Corporate Sustainability and
  Corporate Responsibility when it is profitable, risk-reducing or improves
  reputation. Corporate Sustainability and Social Responsibility therefore mean
  integrating social, ethical and ecological aspects into business operations and
decision making, providing it contributes to the financial bottom line and results
  in customer or market-oriented investments. (For instance: labels, eco-efficiency
  and trading emission rights).

- **Community**
  Corporate Sustainability and Social Responsibility as a result of relativistic
  thinking. Organizations are *care-driven* towards the ecological, social and
  economic environment, as one feels dependent on it. Corporate Sustainability and
  Social Responsibility is about balancing economic, social and ecological concerns,
  all three of which are important in themselves. Corporate Sustainability and
  Social Responsibility initiatives are directed at building trust and sustaining
  relationships. First internally towards employees and than also towards external
  stakeholders. The motivation for Corporate Sustainability and Social
  Responsibility is the human being. People feel they can only be successful, when
  others are too (mutual dependency). (For instance: Great Place to Work initiative,
  local networks promoting projects on specific Corporate Sustainability and Social
  Responsibility related issues).

- **Synergy**
  Corporate Sustainability and Social Responsibility as a result of systemic or
  synergistic thinking. Organizations are *innovation-driven*. Corporate Sustainability
  and Social Responsibility mean searching for functional solutions, increasing the
  total number of the material, commercial, socialization and intellectual assets of
the organization and those of others, for the long term. The motivation for Corporate Sustainability and Social Responsibility is that one is responsible for their own behavior and for the behavior of others, as sustainability cannot be explained in cause and effect relations. Therefore organizations are searching to transform technical solutions into new ways of thinking about our ways of organization and living together. (For instance the Marine Stewardship Council initiative, the concept of cars running on hydro-oxygen with the total infrastructure in place, and the preservation of nature by abandoning the assumption that man is capable of controlling it).

The European Corporate Sustainability Framework does not suggest that one interpretation is better than any other. Nor does it tell organizations what to do. Corporate Sustainability and Corporate Responsibility means something, but usually something different to different people. The European Corporate Sustainability Framework accepts this ambiguity of the subjects of responsibility and sustainability and identifies that these different interpretations determine the way organizations apply and takes their long-term interest into account as well as that of the world as a whole. The ways are different but not mutually independent. There is a relation expressed by introducing the idea of phase-wise development.

In the view of the European Corporate Sustainability Framework the change process from one regime into another will not be easy. Each of these regimes has its own basic assumptions and premises (Gödel). Assumptions and premises that are mostly rooted in religion, philosophy and the concept of man, and that lead to the formulation of a vision, a mission, policies and to corporate strategy. Paradigms will shift, as will the balance of power. The resistance by those who are benefiting from the current situation will be huge and a sense of urgency will define how imperative – change is. If one understands organizations to be complex systems full of paradoxes and dilemmas, one of the premises behind the European Corporate Sustainability Framework, the change process, will be understood as discontinuity of the history of the organization. Although not explicit in the European Corporate Sustainability Framework, the ideas behind the so-called Chaos theory (Prigogine and Zuiderhoudt) are brought to mind here. This means that there must be a real sense of urgency before an organization changes. Such a sense of urgency is almost always felt in combination with these paradoxes. Everything the organization tries to do has the opposite effect: more investments in quality management lead to more complaints, more investment in logistics to more disturbances, etc. The first phase of discontinuity is a period, which is experienced as chaotic. Everything is possible, old and new solutions, next to each other: it is not clear here which will prevail or what will be outcome. Of course there is always the danger that the organization will fall into regression but if there is enough intellectual capital the organization will find a way out; the outcome is always different from that which had been anticipated before starting a change process. The organization undergoes a discontinuity of thinking and behavior and a new paradigm determines the organization.

Considerations and approach towards organizational assets
The final principle within the European Corporate Sustainability Framework considers the assets of the organization. In the European Corporate Sustainability Framework the whole complex of absorbing, digesting and exuding energy is expressed through four competencies. Competencies which organizations need to survive, competencies they draw on from their environment and which they exude towards their direct stakeholders (owners, financiers, members, personnel, business partners such as customers and suppliers and the various treasuries). Accumulation of these competencies means growth which is experienced as being successful and which contributes to the survival chance in the long run;
competencies which each of these stakeholders, as their own entities, need for survival and growth.

These competencies are phrased respectively as the material, commercial, socialization and intellectual competencies (fig. 2, the competencies in the Four Phase Model©, Hardjono 1995):

THE COMPETENCIES IN THE FOUR PHASE MODEL©

- The ability to increase, maintain and optimally utilize resources (financial, technological and material means).
- The competence to have access to markets and the ability to act on them.
- The ability to engage in and sustain external relationships with stakeholders and the ability to inspire employees, in such a way that they feel uplifted.
- The ability to learn and to share knowledge and information and the innovative capacity, which is based on the collective intellect of the various organizational members.

These four competencies form the basis of the so-called Four Phase Model©, which is one of the models forming the European Corporate Sustainability Framework. There is a conjunction to make with the four competencies arising from the Four Phase Model© and with the four groups of performance criteria of the Business Balanced Scorecard from Kaplan and Norton (1996), one of the tools which can be applied with the framework. The BBSc is about financial results (the material competence), customer results (the commercial competence), process results (the socialization competence) and the learning or innovation results (the intellectual competence).

Implementing Corporate Sustainability

The aim of the European Corporate Sustainability Framework is to support organizations in their implementation of Corporate Sustainability and Corporate Responsibility by addressing the ambiguity and complexity of these issues. With this framework ECSF is neither attempting to redefine Corporate Sustainability and Corporate Responsibility, nor is it striving to tell organizations what to do. There is no judgment about what is right and what is wrong. It is a framework, enabling organizations to structure their approach towards Corporate Sustainability and Corporate Responsibility, using two basic methodologies.
Within the ECSF research project the SqEME® Methodology (Van Velzen, 2002) has been chosen first. This methodology belongs to the school of symbolic interaction (Burell & Morgan). In this methodology the object of observation is approached in a holistic way, instead of the traditional way of dividing the subject into smaller subjects until one arrives at a size which can be described in full. The disadvantage of the traditional scientific methodology is that one may easily lose sight of the interconnection of all parts and so lose sight of the subject as a whole. With this SqEME® methodology one may not understand every detail but can keep observing the object as an integrated and coherent system. This way one is better able to understand interrelatedness between different areas of management attention in relation to Corporate Sustainability and Corporate Responsibility. Organizational managers (realistically-speaking) are not always able to know every detail of the organizations but they are still responsible for the organization as whole.

The SqEME® approach is based on four focus points in analyzing the same complex reality. Their methodology accepts subjectivity as a phenomenon and deals with it by consistently using these four windows as a mutual check leading to an integral, complementary, verifiable and specific approach to a particular object. The views through these windows partly overlap, but by using one image as a point of reference for analyzing the next, one can get a more detailed impression of what is really happening. These four windows are named: Constitution, Chemistry, Construct and Control (fig. 3).

- By Constitution we mean all elements of an entity or phenomenon that make up the basic and founding characteristics. From these structures one can develop a sense of direction: it stands for identity & values.
- Chemistry refers to everything that makes the organization really "tick". It is about people interaction and communication. What drives people and energizes them? It is also about organizational design – how do areas of management attention relate to each other. Chemistry stands for flows & relationships.
- By Construct we look at the actual happenings in an organization, their corporate behavior, processes and procedures. Construct stands for form, action & procedures.
- Control is about reflection and learning; what can be measured and monitored. Control stands for monitoring & learning.
Constitution and Chemistry deal with the *principles* of the object which, in the European Corporate Sustainability Framework, is the organization. The window Construct and Control deal with the *rules* in an organization.

When an organization introduces Corporate Sustainability and Corporate Social Responsibility with use of the Sustainability Framework it follows the lines of the second methodology; The principle of “cascading” or Step-by-step thinking but in an iterative way. After every new step one goes back and makes changes to previous steps where and if needed. The European Corporate Sustainability Framework identifies three of these steps, or layers: **Framing, Alignment and Deployment** (fig. 4, cascade approach).

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**Cascade approach**

![Cascade diagram](image)

*fig. 4*

This approach is based on a former EU-sponsored research project, "the European Way to Excellence" (Hardjono 1996). The development of the European Corporate Sustainability Framework aims at building further using this former research project as one of its building blocks.

**Framing, value levels and strategic starting points with the help of the Four Phase Model©**

*Framing* relates to the strategic level of the organization. Framing refers to the need to focus energy and efforts. Central issues are leadership, managing culture and the internalization of values. In fact, framing is about generating a point of reference, from which a feeling of organization and direction can emerge. The organization shows its strategic plans. However most organizations realize this is not the outcome of a “design”, but the outcome of internalized shared values and co-ordination. Framing is about creating an atmosphere of trust where people are supported through training and education and where the transfer of values is an essential element.

As described earlier the European Corporate Sustainability Framework recognizes four different value levels: “Order”, “Success”, “Community” and “Synergy” each encompassing their own basic drive: compliance, profit, care and innovation, so
immediately, at the level of framing, the organization has to make a choice from which value level they think they need to start. Of course this means that the organization must at least comply with the law and regulations if Order is the value level corresponding with the organizational attitude towards Corporate Responsibility and Corporate Sustainability. If Success is the value level they must be able to show that next to compliancy, their principles also contribute to their profits (within each competence, materially but also commercially beneficial for the customer, socially beneficial for the employees, both as members of the organization and as members of society and finally intellectually successful in being a learning organization). If the organization is care-driven and Community is its value level, its principles must reflect this and at the same time take the fact into account that the value level Community means that the organization also embraces the value level of Success and Order, in striving for profit and compliance. It might be clear that the organization wants to or in fact sees the need to have Synergy as their value-level and in so doing can also incorporate the value levels of Community, Success and Order, while striving for Synergy (fig.5).

After it is clear at what value level the organization wants to operate, the organization must take into account the strategic context they are in. In the European Corporate Sustainability Framework the strategic position is determined with support of the Four Phase Model©. This model typically belongs to the interpretative sociology paradigm of Burell & Morgan, (1992). This means it fits the same paradigm as phenomenology and hermeneutics. It also belongs to the school of symbolic interaction. The Four Phase Model© is the result of a Phd study showing that it is plausible, based on detailed description of conscious experience, for successful organizations to go clockwise through the model of Quinn and Rohrbaugh. The basic principle is that if an organization wants to be successful it has to deal with two dichotomies. One dichotomy is the external orientation versus the internal orientation and the other is focussing on control versus focussing on change (fig.6, The results in the Four Phase Model©).

The point is that the organization has to choose which part of the dichotomy it wants to emphasize. The Four Phase Model© states that such a choice can only
be temporary. Driven by what happens in the environment and their own development, organizations have to shift their orientation. Successful organizations find the right rhythm and are dynamic enough to adapt to new challenges. Summarizing, the Four Phase Model© shows that there are four different strategic contexts wherein an organization operates (fig. 6).

**THE RESULTS IN THE FOUR PHASE MODEL©**

These different strategic contexts relate to the lifecycle of organizations. In the very beginning there is a focus on change. Quickly thereafter successful organizations learn to combine the focus on change with an external orientation (led by what the environment tells). The organizations come in a phase where the dominant strategic orientation is focusing on creativity. The whole organization becomes innovative and the main preferred competence is the intellectual competence: The ability to learn and to share knowledge and information and the innovative capacity, which is based on the collective intellect of the members of organizations. This phase is most adequate for organizations that operate in a market where there is no real demand and there is need finding new customers or launching new products and for start-up organizations. There are only potential customers or members. As far as this customers or members have needs, these are always implicit. The organization has to surprise them with new ideas, product opportunities or even threats in order to activate them. The organization is in danger of hobbyism.

As organizations and specifically start-ups that stay to long in the phase directed at enhancing the creativity of the organization, will fall into tinkering and hobbyism, organizations must find a certain rhythm of change, towards another phase. The next phase is determined by the same external orientation and a new focus on control (instead of change). The strategic orientation of organizations in this phase is on enhancing the effectiveness of the organization. The preferred competence is the commercial competence: The competence to have access to markets and the ability to act on them. This phase is most adequate for organizations that deal with a market where there is a clear demand, but the customer is unaware of all possibilities. The customer or member has explicit needs but not the insight whether there is a solution available and if so how they work. Intense communication with the customer and understanding their behaviour is the most the attitude of the organization. All the classical marketing
approaches are effective here, as for instance Ansoff and Kotler. The organization is in danger of (marketing) myopia.

Focusing on control but now in combination on internal orientation (let’s rely on our own strength) is the phase where after the Four Phase Model© the strategic starting point is striving for efficiency. The preferred competence is the material competence: The ability to increase, maintain and optimally utilize the resources (financial means, technology and material means). The market is one of competition on price and product quality, because the customer knows what solutions are available for meeting his demands. The customer has explicit needs and is in the position to compare and choose. In order to be successful in this context, cost prices must be as low as possible. The organization is in danger of to fall into bureaucracy.

The phase where the organization still relies on its own strength but now in combination with a focus on change is in the Four Phase Model© the phase where the dominant attention is on the strategic starting point flexibility. In this phase the dominant competence is the socialization competence: The ability to engage in and sustain external relationships with stakeholders and the ability to inspire employees, in a way they are lifted above themselves. The market is dominated by customers that demand a maximal service level, without willing to invest in the relationship unless the organization is willing to invest in the relation too. Customers or members have their needs partly explicit and partly implicit. They expect however that the organization follows them in their, sometimes even for themselves, unpredictable behaviour. The organization has to operate in a very service sensitive environment. Real strategy in this context is hardly possible and becomes incremental. The organization is in danger of anarchy.

As already mentioned only in an ideal situation will an organization have the right dynamic and find the right rhythm, but sustainable successful organizations do come close to this. Others will go backward a step and lose their competencies or remain far too long in one phase and then forcibly remove themselves from such deterioration as previously mentioned, but of course at a much larger loss.

Accordingly each of the four value levels is possible in each context (fig 8).

Altogether there are sixteen different methods in which an organization can operate within the European Corporate Sustainability Framework, each method is unique in how it deals or operates with social responsibility and in striving for
corporate sustainability. Since every method is a combination of value level and strategic context, it is better to use the phrase regime for each of the different methods of operating; regime because there is a certain mentality and a certain way of operating, in reacting to the environment in the European Corporate Sustainability Framework combined with what is called the constitution of the organization. Every regime also has its assumed chemistry, and its flow of energy leading to the absorption of competencies from the environment, the diffusion of them through the organization, to the digestion of competencies which in most organizations is visualized as a production process and the exuding of competencies in the shape of product services but also knowledge, salaries, taxes, dividends not forgetting waste and pollution.

Constitution and chemistry have something to do with culture. Every regime has a culture which is enforced by a number of forces. This can best be illustrated by the Seven Forces Model of Berenschot (Hardjono 1996). Vision, Spirit, Capabilities, Systems, Structures, Capabilities, Success and Necessity. Vision defines direction and focusses on efforts. Spirit generates energy, Systems create environments and provide feedback, using information systems, performance indicators. Learning systems and rewarding systems, Structures adjust organizations taking applied technology primary process and size into account. Capability stands for knowledge and Skills enables action. Success enforces beliefs and Necessity emits a sense of urgency in the decision to stabilize present culture or to go with the need for change.

In every regime enforced by culture these forces are identifiable, different in intensity and in order of importance.

- A regime dominated by the value level Order and operating from the strategic starting point Efficiency is a combination with a strong resonance, with no defined order of importance: Structures, Capabilities, Systems, Spirit, Success, Necessity and Vision. Such a regime will often be structured by what Mintzberg the Machine Bureaucracy calls, a negotiating leadership style and a decision-making process based on planning and control (Koopman & Pool).

- The other combination with a strong resonance, Success and Effectiveness, probably shows the order of importance as being Success, Necessity, Structures, Spirit, Systems, Capabilities and Vision. Structured along the lines of the divisionalized form (Mintzberg), a telling leadership style and a centralized neo rational decision making process (Koopman & Pool).

- Another combination with a strong resonance is Community and Flexibility. Here the order of importance is more likely to be: Vision, Capabilities, Success, Spirit, Systems, Necessity and Structures. The structure is that of a professional bureaucracy (Mintzberg), the leadership style participative and the decision-making process striving for consensus.

- The fourth combination with a strong resonance is Synergy and Creativity. The preferable order of importance of the seven forces is: Vision, Necessity, Systems, Spirit, Structures, Capabilities and Success. As far as one can speak of a structure it will be like the bureaucracy of Mintzberg with a coaching leadership style and a decision-making process based on step-by-step development (Koopman & Pool).

There is more to derive from the Four Phase Model©. The Model is also clear about what the organizational intervention is in order to make an organization more creative, more effective, more efficient or more flexible. This intervention is to be found in the direction of external orientation, focussing on control, internal orientation, and in the direction of focus on change. In combination with each of the four competencies in every direction, intervention is indicated. So too is the
external orientation in combination with the material competence, the commercial, socialization and intellectual competence and so on. In the European Corporate Sustainability Framework this leads to those concrete interventions, which an organization can make in order to attain the value level they want to think about and taking the strategic context they are in into account. The Four Phase Model© also indicates what the main performance indicators are to increase the competencies of the organization.

Alignment, the implementation of corporate sustainability and social responsibility and the use of the EFQM Excellence Model

Alignment stands for co-ordination by design. Strategic considerations here are cascaded into tactical and ultimately operational levels. Here at the tactical level, organizations optimize the organizational and thus institutional structure, in order to enable the desired outcomes. Based on the existing dependencies all organizational levels, systems and processes must be tuned in to each other. Here the European Corporate Sustainability Framework also uses the two other windows from the SqEME® methodology: Construct and Control. Construct must be a translation of the principles determined via the windows Constitution and Chemistry and brought in line with the Control systems. The same counts for those areas to be addressed which belong to the Control window: translating the Constitution and Chemistry principles into Control rules in line with the Construct rules has to be an iterative action between Construct and Control. Part of the idea of cascading is that what one has thought at a strategic level must be checked on the alignment to see whether it is realistic or not (later the same must be done at the level of deployment). If this is not realistic then one has to consider the strategic choices. So there is also an iterative process between the principles the organization have set for themselves and the rules they apply.

The areas to address which belong to construct are: leading, planning procedures and action. The areas which belong to control are guidelines, performance criteria, monitoring and reporting.

Note that this is the first time in describing the European Corporate Sustainability Framework that guidelines and reporting have been mentioned. Studying the many guidelines for sustainability and corporate social responsibility the conclusion is that in the main they present criteria which organizations have to meet in order to become sustainable or socially responsible in the eyes of the drafter of these guidelines. The value systems behind them are mostly implicit and often trivial. The principles are in the chosen criteria. Since the European Corporate Sustainability Framework wants to be as non-prescriptive as possible, it simply invites organizations to become explicit in their values and as a follow-up step they can choose at a tactical level in the alignment process, those guidelines which in their opinion are most suitable. The guidelines chosen can then function as a set of control criteria.

Reporting is, in the eyes of the European Corporate Sustainability Framework essential, for internal as well as for external use. The degree of transparency the organization wants to apply is a communication principle, part of the Chemistry window. The actual reporting systems (and frequencies) are to be addressed in the Control window.

In the ECSF assessment, one of the tools belonging to the European Corporate Sustainability Framework, alignment is connected to the European Business Excellence or EFQM (European Foundation for Quality Management) model. The European Business Excellence Model is the outcome of discussions among and with the fourteen presidents who founded the EFQM referred to in the introduction (fig. 9, EFQM Business Excellence Model).
The basic idea is that organizations must show results in conjunction with their stakeholders. Next to that, an organization must be seen as a bundle of processes that, together with leadership, policy and strategy, people management and resource management, enable the organization to achieve results. Laying the emphasis on the importance of stakeholders, makes this a different model compared with the American Malcolm Baldrige Award Criteria which emphasizes the need to strive for shareholders’ value. The EFQM model mentions Customers, Employees and Society as result areas to address, next to the need to show business results. This part of the EFQM model fits nicely with the Control window in the European Corporate Sustainability Framework. The so-called enablers, as areas to address, in the EFQM model are Leadership, Policy & Strategy, People Management, Resource Management and Process Management. These areas cover the window Construct. So for organizations using the EFQM model the outcome of their framing and alignment can be translated easily into the different areas to address of the EFQM model. In fact the European Corporate Sustainability Framework even strengthens the EFQM model by specifying it, because it determines sixteen different approaches for each of the nine boxes in the model (four value levels times four strategic starting points) The EFQM model in itself has proven its strength and applicability and therefore is a powerful tool for translating the choices made in Construct and Control in terms concrete enough to start the deployment step in the cascading process of introducing Corporate Sustainability and Social Responsibility in the daily behavior and operations of an organization (fig. 10).

\[\text{Note here that people management is NOT a part of resource management. So the EFQM model has in its origin another view on employee as in the Anglo Saxon tradition. So Human Resource Management is in fact an approach with does not go with the EFQM model as the drafters had meant.}\]
Deployment

Deployment is the last step in cascading long term policies into planning, specific objectives, actions and tasks, deep into all organizational levels. The European Corporate Sustainability Framework is meant to support the deployment of a coherent set of operational instruments. Some instruments have already been developed but different kinds of organizations are invited to develop more instruments and use them in their own organization or bring them on the market. Pilots have been developed for a Responsive Business Scorecard, a Management Information System (MIS) including CS indicators and a benchmark bridging Social Responsible Investing (SRI) and Corporate Social Responsibility (CSR) (fig. 11 &12).
Conclusions
The European Corporate Sustainability Framework enables a pluralistic approach to ethics and corporate sustainability. This article has introduced the framework as a result of an EU-financed design study. All models are proven models but never been used together or in this contexts. The European Corporate Sustainability Framework or parts of it are tested within Unilever (The Netherlands), Nokia (Finland), Nashuatec (Benelux), RABObank (The Netherlands), Vedior (Germany), Hamburg Mannheimer (Germany) and Granarolo (Italy). This testing were pilot studies. Extensive testing did not take place. We welcome all research initiatives that take this design study further. The authors hope that with this article the activities of the project will become more available to the open domain and will contribute to organizations – in their drive to excellence – to take responsibility for their (ecological, social and economical) environment.

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European Corporate Sustainability Framework
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