

Understanding organisational value



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Introduction

This free course, *Understanding organisational value*, provides you with a short introduction to value creation in the 21st century. It will highlight some key theories and perspectives, and encourage you to examine your own views of value and how you can create new types of organisational value. Organisational value is the ability of an organisation to benefit a wide range of stakeholders, from shareholders to employees, consumers and the wider community.

This OpenLearn course is an adapted extract from the Open University module [B872 Creating and sustaining value](#).

Learning Outcomes

After studying this course, you should be able to:

- understand the main theories associated with creating organisational value
- explain the different ways to create value within and across business functions, including operations management, financial accounting, and business intelligence
- identify new types of value that are 'human-centred' and challenge traditional economic value assumptions.

1 Understanding organisational value

Creating value is an important part of any and all organisations. You will learn the definition of organisational value and its relationship to organisational values, as you study this course. You will start by examining your existing ideas about organisational value in Activity 1.

What is value? How do you define it? How do you create and sustain it? These are philosophical questions that have concerned people since time immemorial. For some, it has meant living a life in line with morally just values. For others, it has been cultivating positive virtues such as courage and tolerance. And yet for others, value simply means anything that brings happiness to others.

More recently, value has been largely linked to the economic pursuit and creation of profit. This embracing of economic value is witnessed in the priority given to fiscal values, and the idolisation of figures such as the entrepreneurs. It has even crept into traditionally non-economic realms where all things must contribute to one's professional and therefore economic value. An individual should have a work-life balance to avoid burning out, and might consider adopting mindfulness practices to enhance their efficiency and better cope with the pressure of the modern workplace.

Yet this preoccupation with narrow economic value is being challenged and expanded by broader conceptions of business or organisational value. Here value is defined as the ability of an organisation to transform its products or services and increase its use and benefit to a wide range of stakeholders, from employees to customers to society. The table below outlines various aspects of organisational value:

Table 1 Aspects of organisational value

Employee	High wages, good benefits, empowering workplace, professional opportunities, etc.
Financial	Viable and sustainable profit, competitive
Customer	Safe, beneficial, and convenient products
Operational	Quality suppliers, efficient processes
Partner	Fair and mutually beneficial relationships
Managerial	Clear authority and decision-making
Societal	Benefits society beyond economic value

As you complete this activity, be sure to keep track of your answers as well as any other thoughts or questions that come to mind. Then as you continue throughout the course you can refer back to them to see how your ideas of organisational value have changed or even been strengthened!

Activity 1 Critically reflecting on organisational value

Allow around 30 minutes for this activity

Watch this video interview with Mrs. Sani Jackson, Director of Optima Partners Alliance, an organisation that helps investors and companies develop regulatory

systems that both create value and ensure compliance. Then answer the questions that follow.

Video content is not available in this format.

Video 1 Regulatory change and compliance



Now answer the following questions:

1. How does this interview support and challenge dominant ideas of value?
2. How would you advise an organisation to define and consider value?

Provide your answer...

Now continue to the next page, which discusses the relationship of organisational value to organisational values.

1.1 Organisational value vs. values

When discussing the question of value, perhaps the first thing that comes to mind are values. What ideals and norms guide individuals, and how do they seek to manifest in practice? This naturally leads to a deeper philosophical debate about what it means to be good and act accordingly. Yet value and values are not identical, particularly when referring to organisational value. Rather, value within an organisational context is judged by how well it serves the health and wellbeing of the organisation and its various stakeholders in the short and long term.

That is to not assume that organisational value is amoral or devoid of any normative foundations. Instead, what an organisation values is commonly associated with what is perceived to enhance its value. An organisation, in this regard, does not believe

necessarily in the importance of competition for its own sake. Conversely, it is based on the common assumption that this is what is necessary for it to overcome rivals and remain viable within their specific market. As such, dominant economic and social values strongly influence how an organisation understands and pursues value.

While all organisations are, at least ostensibly, focused on creating and sustaining value, that does not mean their values are necessarily always identical. On the one hand, different organisations will increasingly share an emphasis on serving their customers – whether they are buying their products, benefiting from their charitable activity, or using their public service. In this regard, the ends of value are usually rather similar. But the means for achieving these ends can contrast quite dramatically! Some organisations may believe that paying their employees high wages with good benefits and job security is necessary for improving their performance and the overall value of the organisation. While others focus on how they can reduce costs through lowering employee pay and benefits. Likewise, one organisation may believe that creating environmentally friendly and sustainable production processes are key to their long term success, while another concentrates on maximising efficiency regardless of the environmental costs.

Activity 2 The relationship between organisational value and values

Allow around 30 minutes for this activity

Visit the website for CoTech, a UK-based technology co-operative with 251 members in 35 member organisations, which serve over 300 clients with a total revenue of £10.2 million. Read the manifesto and watch the video, then visit one of the member co-operatives' websites.

Here's the link for the [CoTech website](#)

Now fill in the following table, about a co-operative organisation. Please note your answer for the last box 'Relationship' only needs to be 1–3 sentences long. Also note that this is not meant to be exhaustive. Rather you are being asked to briefly describe the relationship between value and values.

Table 2 Relationship between value and values

Name of co-operative organisation	<i>Provide your answer...</i>	
Value Aspect	Values	Relationship
Customer	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Financial	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Employee	<i>Provide your answer...</i>	<i>Provide your answer...</i>

Operations

Provide your answer...

Provide your answer...

Provide your answer...

Partner

Provide your answer...

Provide your answer...

Provide your answer...

Managerial

Provide your answer...

Provide your answer...

Provide your answer...

Societal

Provide your answer...

Provide your answer...

Provide your answer...

Answer

This activity aimed to highlight the relationship between different aspects of organisational value and organisational values. The feedback for this activity will differ depending on the organisation you chose. While no two tables will be exactly alike (even if they're about the same co-operative organisation), here is an example to help you with your understanding:

Table 2 Relationship between value and values

Value Aspect	Values	Relationship
<u>Customer</u>		
Social enterprises. Community projects. Charities. Public sector.	'We believe co-operatives provide better products and services to clients.'	Happier employee members means they are more motivated to serve the clients. Shared interests between employee members and clients make for a product produce and service.
<u>Financial</u>		
	'Creative Coop started life as a small group of freelancers who wanted to pool resources, collaborate together on web projects.'	Pooling resources is cost-effective. Knowledge sharing with co-operative allows it to save costs in research and development.
<u>Employee</u>		

Freelance commercial artists and designers.	'We wanted to pool resources, collaborate together on web projects, and, ultimately, work towards a vision of a more sharing society.'	Greater resource sharing leads to more innovative products. Greater collaboration leads to more committed and motivated workforce.
<u>Operations</u>		
Websites. Promotional materials.	Customisable. Cost-effective. Scalable.	'Creative Coop guided the ENAS team and its partners through a really valuable requirements gathering process that prioritised our limited resources to focus on strategic aims and meeting the project's core funded objectives. In addition, their brand development and application, both online and in print, ensured all our materials looked timeless, consistent and current across all channels.' Jane Morrow, Visual Art Curator (Project endorsement from website)

1.2 Different value creation perspectives

It should be clear by now that organisational value is important. Yet knowing the significance of organisational value is only the first step. Just as crucial are the conceptual and practical problems of how to create value. All organisations want to transform how they do things and what they produce to enhance their value to customers and partners, for instance. How they can do so, though, is not always so obvious.

Over time, a number of different theories of value creation have emerged. Perhaps the most well-known is Michael Porter's (1986) value chain model. It is called a chain as it is focused on the creation of processes that can turn specific organisational inputs into more valuable organisational outputs. In his view, these chains are influenced by 'primary activities' such as marketing and operations management, as well as 'secondary activities' including HR policies and technological development. Drawing on this model, scholars and policy makers have identified global value chains that cross national borders and can involve a wide range of organisations.

However, this is not the only theory of value creation. As discussed in the previous section, organisational values can strongly impact the pursuit of organisational value and vice versa. Similarly, these deeper values can guide how organisations perceive and undertake value creation. There are a growing number of perspectives for informing these efforts. Provided below is a table outlining some of the most important contemporary theories of value creation:

Table 3 Contemporary theories of value creation

Value Creation Theory	Description
Value Chains	Value creation comes from ensuring that you create processes so that everything you input into your organisation becomes a more valuable output.
Value Based Management	Value creation comes from having a clear organisational mission and set of values that guides all organisational members, processes, and functions.
Systems Thinking	Value creation comes from understanding how an organisation is a part of broader inter-dependant systems that it must work within and effectively respond to.
Real Options Theory	Value creation comes from understanding the various short- and long-term options an organisation can pursue and then forming flexible strategies to maximise these possibilities.
Bureaucratic Theory	Value creation comes from having clear top-down institutional structures where everyone knows their roles and responsibilities.

Activity 3 Meet the OU value creators

Allow around 30 minutes for this activity

Read each of the profiles below. Each individual has a different view of how the OU should seek to create and capture value. Following each profile, make some notes in the box about which model of value creation they represent and why. Here are the theories again:

1. Value Chains
2. Value Based Management
3. Systems Thinking
4. Real Options Theory
5. Bureaucratic Theory

OU Value Creator 1: Jack



'Hi everyone, my name is Jack and I appreciate the opportunity to help the OU create value. Now I might sound a bit old fashioned but I think what every organisation needs is some clear structures where everyone clearly knows their various roles and responsibilities. Providing the OU with a top down structure will allow leaders to make strong strategic decisions and permit those under them to carry them out efficiently and productively. There should be clear rules laying out who does what and why. We should redesign our processes so that each department specialises in what they do best, managers are given the authority they need to get the job done, the entire organisation has firm rules and regulations for guiding each member's actions, everyone has the necessary technical competence for achieving organisational objectives, and finally we are run according to institutional norms not the whims of individual personalities. In a time when there is so much change happening in the sector, we must ensure the OU is as stable as possible. Authority, rules, and hierarchy – that is the ideal way to create value.'

What type of value creator is Jack?

Provide your answer...

Answer

Jack represents a bureaucratic theory of value creation. He emphasises the need for a hierarchical organisation, with binding and impersonal rules and regulation as well as authority. Value is created through institutional stability, specialisation, and clear knowledge of roles and responsibilities.

OU Value Creator 2: Jeanine



'Hi everyone, my name is Jeanine, thank you for inviting me to help the Open University increase its value. It is absolutely critical that the University remains flexible enough to maximise its options over time. We must think in terms of the size of our overall project to grow, its timings, and how it will operate once we have begun. For instance, do we want to expand? If so then we need to ensure that we have extra capacity in case an opportunity to do so presents itself. By contrast, would we like to contract in size? Then we must be ready to reduce key parts of our operations and staff. Would we like to keep our options open? If so then we must put in place a flexible operating system that will allow us to grow bigger or smaller based on the conditions we will face in the short and long term. In order for us to succeed, we must give managers the power to continually make decisions linked to present circumstances. The future cannot be fully predicted but the capacity of organisational leaders to respond to them strategically should remain constant. The first step is to assess the full range of possible values for the Open University and then forecast its range of possible future values.'

What type of value creator is Jeanine?

Provide your answer...

Answer

Jeanine represents a real possible options perspective. She is assessing what the various options for the OU are and providing managers with the flexibility necessary to implement different options depending on current and future conditions.

OU Value Creator 3: Jamal



'Hi everyone, my name is Jamal and I believe that for an organisation to succeed they need to have a strong, clear, and consistent corporate mission. Everything in the organisation from its governance to its strategy to its communication to its process must reflect its core values and purposes. If the OU wants to grow confidently into the future it must clearly define what its core values and purpose are so that it can transform all parts of its organisation accordingly. Only in doing so can the OU create, manage, and measure its value. I believe that the OU must, therefore, first understand what makes distance learning and open education so attractive in the first place. Then it must consider what its competitive advantage is within this marketplace. Once it has done so it can then set about (1) identifying organisational objectives (2) developing strategies and organisational designs (3) identify 'value drivers' (4) develop actions plans, select measures, and set clear targets and (5) evaluate the performance of each department and organisational members against these value frameworks.'

What type of value creator is Jamal?

Provide your answer...

Answer

Jamal represents a value based management perspective. He believes that identifying the core organisational mission will allow it to base all of its decisions on clear and achievable value creation plans and measures. Value based management judges each organisational process and member on how they are contributing to value.

OU Value Creator 4: Jordan



'Hi everyone, my name is Jordan and I am so excited to be here to tell you how I believe the OU can add to its value! An organisation is more than its component parts. It is an interdependent system where all things impact one another. We therefore must understand how various factors impacting the OU are working together to shape its overall present and future value. In such a complex order, where do we even begin? The best place is to understand the overall function of the OU. We can then turn our attention to its governing structure – how is it organised and why? Next comes a deeper understanding of its processes, in particular how it operates over time and where it does so. Finally, we must assess its steering principles – what are its objectives and how can it internally respond to challenges in the external marketplace that may challenge these goals? Through taking such an integrated and systematic view I am sure that the OU will be a success both today and in the future.'

What type of value creator is Jordan?

Provide your answer...

Answer

Jordan represents systems thinking perspective to value creation. She highlights how any organisation works within a broader interdependent system. For this reason, it is important to understand the function, structures, processes, and steering principles that guide its decision-making and allow it to respond to systemic opportunities and challenges.

OU Value Creator 5: Daniel



'Hi everyone, my name is Daniel and I believe I know how I can ensure the OU retains and expands its value. The organisation must ensure that it orients all its activities to create value for its customers. This means linking all of your processes and actions together so that the value created and captured is more than the cost of creating this value. We have to start with our primary activities: how we obtain, transform, deliver, sell, and maintain our products. We can then concentrate on our support activities, ranging from the buying of resources, to our HR policies, to the ways we research technological innovation for improving our primary activities. Then discover, within your primary and supporting activities, which actions directly create value and which ones indirectly do. Contacting students in order to recruit them onto our programmes directly increases our sales, while effectively managing the team who contacts these students is an important indirect activity. Ensuring that all of our direct and indirect activities connect up together to enhance our overall value is the key to our success.'

What type of value creator is Daniel?

Provide your answer...

Answer

Daniel represents the value chain perspective to value creation. It is about constructing a linear chain from your inbound logistics to your operations to your outbound logistics to your marketing and finally delivery of services so that you are constantly creating and maximising your value as an organisation. This means aligning your primary and support activities as well as the direct and indirect value creation activities within these categories.

2 Organisational value and business functions

This section focuses on developing a better understanding of the impact that different business functions have on the creation of organisational value. It provides an overview of these functions with special attention paid to operation management and financial accounting.



Figure 1

2.1 The value of business functions

In philosophical and ethical terms, value may be a fairly complicated and debate-worthy topic, but within organisations it is, in essence, relatively simple. It is the attempt to transform processes and products to improve their worth and benefit to organisational stakeholders. However, within this comparatively straightforward definition, there is much variation in practice. Concretely achieving this shared goal requires an understanding of the various parts of the organisation, as well as being open to the possibilities of alternative ways of achieving organisational value.



Figure 2

This course looks at three functions in depth for this purpose – operations management, financial accounting, and business intelligence. The reason is that these three functions play a vital part in creating, sustaining, and expanding value, especially in a modern context, as they are constantly being innovated to meet new business and societal challenges. Operations management focuses on the design, implementation, and improvement of those processes and systems that create an organisation's ultimate

goods and services. The financial accounting function concentrates on the collection and allocation of financial resources to serve the needs of the organisation and ensure its fiscal viability. Business intelligence concentrates on how to collect and use information in a way that optimises an organisation's value.

Crucially, while almost every organisation relies on these functions, how they do so can differ significantly. Value creation depends on understanding the key strengths and goals of the organisation, and then how its diverse functions can contribute to these value ends. In this respect, organisations must identify their core competencies – those things that they do best – and develop these across their organisation in ways that best reflect their value creation objectives.

2.2 The functional value of information

We are currently living in the 'information age'. Advances in digital and mobile technologies have allowed people to have access to almost any information they want at literally the touch of a button. However, has all this information actually made us any smarter? Is it allowing organisations and governments to make better decisions? Is it creating and expanding value?



Figure 3

These questions do not have easy answers. However, it is important to distinguish data from information. Data is simply bits of information – facts and figures about people and things. Information is the purposeful analysing and contextualising of this data. Put differently, data is the raw material and information is the finished product. In this context, value creation can be seen as the transformation of raw data into valuable information.

The creation of informational value can be applied to different aspects and functions of organisational value. Data can be gathered and analysed about customers, employees, partners, and managers. Likewise, each business function will provide organisations with

its own data and information. The table below briefly highlights some of the data and information offered by different business functions.

Table 4 Informational value of business functions

Business Function	Data	Information
Human Resources	<ul style="list-style-type: none"> Employee and recruitment retention. Employee wellbeing. Employee wages. Employee anxiety. Employee productivity and efficiency. Employee benefits. 	<ul style="list-style-type: none"> How well an organisation recruits and retains its talented workforce. How engaged and committed its workforce is to their job and organisational mission. How benefits can be used to improve employee wellbeing and their overall productivity.
Marketing	<ul style="list-style-type: none"> Sales of different products and services. Public desire for specific goods and services. Customer reactions to different marketing campaigns. Effectiveness of branding. Relationship between organisational goals and public perception. 	<ul style="list-style-type: none"> How well an organisation is selling its goods and services in relation to other providers. How much demand there is for a prospective good or service. How attractive an organisation is making their goods and services to the public.
Operation Management	<ul style="list-style-type: none"> The processes of how a good or service is produced. The cost and effectiveness of suppliers. The quality of goods and services being produced. The quantity of goods and services being produced. The stock of materials (including human resources) for the production of goods and services. 	<ul style="list-style-type: none"> Which process (e.g. flexible specialisation, lean production, mass customisation, agile manufacturing, etc.) is best for maximising your value. How you can enhance the quality of your goods and services. Ensuring that you have the materials and capacity to produce the goods and services you need.
Financial Accounting	<ul style="list-style-type: none"> Monetary inflow and outflows. Allocation of monetary resources to different organisational functions. Organisational costs relative to similar organisations. Projected costs. 	<ul style="list-style-type: none"> How an organisation can better allocate its financial resources and increase its overall revenue. The projected financial resources an organisation will have for its future plans.

It is critical for any organisation to properly analyse and contextualise its data, so that it can valuably exploit it. In this contemporary period, many organisations (and individuals!) suffer from what can be termed 'informational overload' – where they are overwhelmed by the amount of data and information they have. Putting in proper processes for analysing data, and understanding what information you want from it, is therefore essential in avoiding this problem. New technologies linking digital communication, artificial intelligence, and big data can help organisations use data and information to make better and more valuable decisions – often referred to as 'business intelligence'.

Activity 4 The functional value of information

Allow around 30 minutes for this activity

Watch the video interview of Professor Devandra Kodwani (Executive Dean of the Faculty of Business and Law at the Open University) as he talks about the potential of expanding organisational value in the 21st century. As you watch, make some notes about these questions.

1. How does Professor Kodwani create value across business functions?
2. How does he integrate varied information for this purpose?

Video content is not available in this format.

Video 2 Expanding organisational value



Provide your answer...

3 Creating new types of organisational value

The third and final section of this course explores how organisations can create new types of value that transcend traditional economic and business value perspectives. This course has focused on the ways an organisation can create and sustain value across its various functions. Building on these insights, this section will explore how technologies are enabling types of organisational value which go beyond established ideas of efficiency, competition, and profit. Products, processes, and activities can instead be oriented and improved for fostering goals of greater inclusion, collaboration, equality, and knowledge sharing. These new types of value can be used to not only contribute to broader social goals but also create more sustainable organisations. Finally, these new value propositions can be enhanced by using established models of value creation, as well as play a crucial role in preparing organisations for more 'disruptive' social, economic, and technological changes in the near future.



Figure 4

3.1 The need for new types of value

The 21st century has brought with it a range of fresh challenges for organisations. Climate change, growing inequality, political uncertainty, and economic insecurity continue to pose threats to the short- and long-term health of organisations. Across sectors, these issues are leading to a progressively more unhealthy and demotivated workforce who are

demanding more than zero-hour contracts and stagnating wages. These mounting problems have led increasingly to a reconsideration of dominant economic values. Our once sacred market principles of productivity, efficiency, and profit are gradually being challenged.

On the other hand, these challenges also offer a profound opportunity. They represent the possibility of exploring and experimenting with new types of value and economic paradigms. To this end, academics, policy makers, and entrepreneurs are recognising that past models may be ethically and practically inferior to newer ones currently surfacing. The traditional embrace of the free-market is being supplemented and even potentially replaced by an emphasis on sharing, collaboration, ecological survival, and human welfare. In place of established “economic” value are more expansive ideas of “social” and “human” value. These encompass renewed desires for improving the rights of workers and placing environmental concerns as a priority.

Activity 5 Producing ‘human-centred’ value

Allow around 60 minutes for this activity

1. Watch the following video created by the International Labour Organisation:

[Work for a Brighter Future: Video \(LINK\)](#)

2. Now take a look over the accompanying ILO website, which introduces a report from the Global Commission on the Future of Work:

[Work for a Brighter Future: Website \(LINK\)](#)

3. Read the following sections of the report (which will be directly linked below):

Executive Summary (pp. 9-14)

Seizing the Moment (pp. 17-24)

[Work for a Brighter Future: Report \(LINK\)](#)

4. Now answer the following question in 3–5 sentences:

How would you summarise what they mean by a ‘human-centred agenda’?

Provide your answer...

Answer

While you could have described a human-centred agenda in a range of different ways, it should be similar to how the report author defined it in the report on p. 11:

‘...strengthens the social contract by placing people and the work they do at the centre of economic and social policy and business practice.’

5. Look at the table on p. 51 of the report, outlining the ten points for realising a ‘human-centred agenda’ based on three ‘investment’ goals. Afterwards, search for examples of organisations that are trying to achieve at least 1 of the 3 main goals of this ‘human-centred agenda’:

1. Increasing investment in people’s capabilities.
2. Increasing investment in the institutions of work.

3. Increasing investment in decent and sustainable work.

3.2 Creating new types of organisational value

The previous section highlighted the rise of new types of value creation. But how can these be applied to organisations? To an extent, this shift in values (and perceptions of value) echoes the previously acknowledged need to expand economic value to broader notions of organisational value. The overriding fixation with making profit was viewed as too narrow a focus for ensuring broader organisational success. Instead, as mentioned earlier in this course, organisational value concentrated on reorienting and transforming organisational needs for improving the overall value for a diverse range of stakeholders. Similarly, new types of technological and social value are attempting to expand organisational capabilities and processes in order to benefit consumers, workers, and citizens.

Organisations have always been more than just vehicles for creating economic value. They have always had to encompass the need to make profit with broader social and political expectations. Previously, this could have included balancing desires for industrial democracy by employees with the demands for employers to remain economically competitive. Likewise, businesses were forced to make products that simultaneously could be made quickly, and at reduced costs in labour and material, while meeting governmental regulations regarding health and safety. More recently, employees want their employment to provide them with not only professional success, but also personal wellbeing. The notions of 'work-life balance' and 'wellbeing' are now mainstream organisational values.

What makes this era so potentially different is that technologies and new social values are seeking to completely transform organisational processes and redefine how they envision value. Old notions driving organisational value – including efficiency, productivity, competition, and profit – are being augmented and even directly challenged by desires to design institutional processes and activities to enhance individual freedom, promote environmental sustainability, and contribute to human welfare overall.

The table below highlights how these new types of value are being translated into new types of organisational value.

Table 5 New types of organisational value

New Type of Value	Description	Translated into organisational value
Environmental Sustainability	This value focuses on ensuring that all goods, services, processes, and activities do not negatively impact the natural environment, and can have a positive effect on its renewal.	This shifts the emphasis from offsetting the environmental damage caused by an organisation (via charitable donations or internal processes) to the ways that sustainability must be a guiding principle resulting from all primary and secondary activities.
Social Inclusiveness	This value highlights the need to ensure that all decision-making is free of social bias, and that different	This shifts the emphasis from creating a more diverse workforce to one in which a diverse and inclusive community of producers and users

	voices are heard and represented in organisational decision-making.	input into the goals, processes, and outputs of an organisation.
Personalisation	This value prioritises the need to customise processes and services to meet the individual needs and desires of both producers and users.	This shifts the emphasis from mass production to more personalised forms of working and consuming.
Collaboration	This value stresses a culture of sharing knowledge and skills, and working together.	This shifts the emphasis from competition to more collaborative models of working and consuming.
Community-Led	This value concentrates on allowing producers and users to work together to shape the organisation and its delivery of goods and services.	This shifts the emphasis from being market-driven and responsive to customer trends to allowing a community of producers and users to co-create and transform existing organisational processes, as well as its goods and services.
Open-Sourced	This value involves making all information about the organisation freely available to other organisations and individuals, so that they can use it to help develop shared good practices.	This shifts the emphasis from organisations safeguarding their information and practices from 'the competition' to gain a market advantage to instead finding ways to share information to gain a collaborative advantage.

Critically, though, not all organisations trying to create new types of value share these progressive values. Indeed, many are focused on using these new technologies to make more money while their overall social impact is of secondary importance at best. Nevertheless, they do represent a novel approach to starting, funding, and operating a business – one that is much less focused on selling discrete goods and services than it is on connecting people to share their own goods and services. Companies such as Uber and Airbnb signify not so much a departure from capitalism, but its technological updating.

3.3 Creating new types of value across business functions

This section so far has sought to highlight the need to create new types of organisational value. This can entail reorienting existing processes to achieve more expansive 'social' value propositions, or transforming how they realise traditional economic ones. However, as this course has stressed throughout, creating and sustaining organisational value is always multifaceted and runs across its different functions. The same is true for the creation of new organisational value. It is imperative, therefore, to explore in more depth how these new types of value can be manifested within organisational functions – particularly operations management, financial accounting, and business intelligence.

Operations management is a good place to start as it encompasses the entirety of an organisation's processes and activities. Novel perspectives linked to 'lean' management dramatically transform how organisations design their activities and relate to external suppliers and customers. It also reveals the ways that environmental concerns have ushered in ideas of a 'circular economy', transforming organisations to maximise their sustainability and minimise their carbon footprint. Similarly, new technologies are poised to impact the very way organisations are operated and managed. Digital fabrication, for

instance, in which products are made to design through 3D printing, could revolutionise production practices, leading to distributed manufacturing in which people can use agreed upon designs to make products locally, wherever they are in the world.

In terms of financial accounting, the ways in which organisations are financed and allocate their budgets could be rapidly shifting. The traditional model of seeking out a large private or public funding source is being transformed. Crowdfunding, for example, allows for a more democratic funding model that is not reliant on corporate shareholders or government stakeholders – ideas can become a reality more quickly, with less market or stakeholder pressure. Likewise, participatory budgeting within municipalities could be adopted within workplaces, providing a high-tech platform for empowering employees to contribute to organisational priorities and strategies.

Business intelligence can also play a vital role in this new value creation. At present, the data analysis and information systems are specifically oriented toward established value frameworks such as improving efficiency, productivity, and profits. This need not be the case. Rather, they could be channelled into creating analytics that track the value added by managers and corporate executives, thereby creating a fairer allocation of resources. Or they could assist people in finding a distributed manufacturing centre that best fits their geographical and user needs. What is crucial, in this respect, is that such ‘intelligence’ is directed toward the innovative creation of new value within and across different organisational functions.

Activity 6 Creating new types of value across organisational functions

Allow around 30 minutes for this activity

Watch the following video clip from the Open University documentary ‘The Future of Empowerment Today’, in which OU academic Dr. Cinzia Priola interviews members of the organisation ‘Disrupt Disability’. You may want to find out more about Disrupt Disability at the [organisation's website](#).

Video content is not available in this format.

Video 3 The future of empowerment today



Once you have watched the video, fill out the table below. It asks you to match organisational activities and functions to the new types of value. Each activity connects to one new type of value, but may be linked to more than one organisational function.

Organisational Activity

1. Allows each user to design their wheelchair based on their specific lifestyle and needs.
2. Uses digital fabrication technology as part of maker space to easily and inexpensively design and print prototypes.
3. Exploits distributed manufacturing methods to cheaply produce wheelchairs for users while reducing their carbon footprint.
4. Involves a community of designers that go beyond medical professionals including artists, craftsmen, and wheelchair users themselves.
5. Designs are digitally and freely shared so they can be drawn upon and expanded by other members of the designer community.
6. People are part of a community of users and makers ranging from global design network to globally connected collection of distributed manufacturers, allowing individuals to have access to both the use and production of these wheelchairs.

Organisational Function

1. Operations Management
2. Financial Accounting
3. Business Intelligence

Table 6 Value and organisational activity

New Type of Value	Organisational Activity	Organisational Function
Environmental Sustainability	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Social Inclusiveness	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Personalisation	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Collaboration	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Community/ User-led	<i>Provide your answer...</i>	<i>Provide your answer...</i>
Openness	<i>Provide your answer...</i>	<i>Provide your answer...</i>

Answer

Table 6 Value and organisational activity

New Type of Value	Organisational Activity	Organisational Function
Sustainability	Exploits distributed manufacturing methods to cheaply produce wheelchairs for users while reducing their carbon footprint.	Operations Management Financial Accounting
Inclusiveness	Involves a community of designers that go beyond medical professionals including artists, craftsmen, and wheelchair users themselves.	Business Intelligence
Personalisation	Allows each user to design their wheelchair based on their specific lifestyle and needs.	Operations Management
Collaboration	Uses digital fabrication technology as part of maker space to easily and inexpensively design and print prototypes.	Financial Accounting Business Intelligence
Community/ User-led	People are part of a community of users and makers ranging from global design network to globally connected collection of distributed manufacturers, allowing individuals to have access to both the use and production of these wheelchairs.	Operations Management Business Intelligence
Openness	Designs are digitally and freely shared so they can be drawn upon and expanded by other members of the designer community.	Operations Management Business Intelligence Financial Accounting

Conclusion

We hope you have enjoyed this free course, *Understanding organisational value*. You should now have a clearer understanding of what organisational value is, and how it can be created within and across different business functions. You should also be able to identify new types of organisational value. Lastly, you should begin to recognise the potential of translating these new types of value into innovative forms of organisational value.

If you are interested in organisational value then please take a look at our new [MBA](#).

This OpenLearn course is an adapted extract from the Open University module [B872 Creating and sustaining value](#).

The module teaches you how to create and sustain organisational value within and across a range of business functions. In particular, it focuses on value creation associated with Operations Management, Financial Accounting, and Business Intelligence. It highlights how organisations can add benefit for their diverse stakeholders and society in both the short term and long term.

The module also examines the emergence of new types of organisational value. It reveals the evolution from a narrow focus on economic value prioritising profits to a broader desire to create organisational value concentrating on positively impacting a firm's members, customers, shareholders, and wider society. It then examines how organisational value is being expanded, due to technology and shifts in economic and social knowledge, to embrace a more collaborative, inclusive, and socially-oriented notion of value.

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This free course is based on the Open University module B872 *Creating and sustaining value*.

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