THE CONCEPT OF THE VALUE IN THE VALUE MEASURING SYSTEMS

Viktorija Varaniute[1], Edita Gimzauskiene[2]

[1,2]Kaunas University of Technology, Lithuania

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Abstract

One of the most prominent of the century business environment is characterized by its ever growing, technological progress and innovation-based competition, unclear boundaries of organizations, unmanageable flow of information. In this context, the objectives of different stakeholders and their value conflicts form the managerial category, the level of complexity implies a different understanding of the value and form a multi-dimensional approach to the phenomenon of value. Therefore, the concept of generalized value would systematically identify and measure the value of the components of the different interest groups to align goals and expectations, and to ensure the value of corporate management level. Therefore, the value and its measurement is a very important and pressing economic problem. The main result of this study is the concept of the value in the value measurement systems. This result is based on the analysis of different theories, which directly and indirectly could influence value measurement systems.

The type of the article: *Theoretical article.*

Keywords: *value, value measuring systems, stakeholder.*

JEL Classification: *M10, M40.*

1. Introduction

Modern economic conditions have led to global change, which changes the nature of the organization's assets and its value, factor character and competition dictates a dynamic business environment. Knowledge and information is becoming increasingly important and modern organization, quality measurement value is determined by more than one group of indicators that are the most important elements of the measurement subsystem. Therefore, the value of measurement is an important economic issue.

Research of value measurement systems was started in the last decade of previous century and was mainly focused on the conceptions and principles those systems were based on. Value measurement process and results depend on objective and subjective factors, but all researchers recognize that the essential value of the measurement systems is an object of value perception. The perception of value is often ambiguous (corporate value and values for other stakeholders). The existing traditional organizations value measurement indicators are unable to assess the value of actually creating factors. The most frequently used traditional value of the measurement system is a production planning and cost accounting systems, profit planning and budgeting systems and economic decision models. The traditional value system of measurement underestimates the value of understanding aspects and does not solve the dynamic business environment in the context of emerging managerial problems. They are slowly giving way to the value of more innovative and advanced measurement systems - user-oriented flexible manufacturing systems, strategic management accounting, cost management and modern management control systems. These systems are able to evaluate the different stakeholder perceived value for both themselves and the organization.

The research question is as follows: *How different stakeholders' views on the value affects the value of the concept and how it affects the value measurement systems?*

The aim of this study is to reveal the essence of the theoretical concept of value in assessing the value of different interest groups in the perception of and attitude towards it. Value to the organization can be perceived very differently. It is influenced by the nature of the organization, affecting the value of the different stakeholder, stakeholder approach to value, the stakeholder needs and benefits. The value perception is different, so the value should be measured in different ways. This would establish a common approach to value through the prism of different perceptions and let to determine the overall value of the organization. The value measurement is used for this. Research is based on analytical methodology and systemic comparable analysis of theoretical and empirical studies. The first part of the paper covers theoretical analysis of value concept and let to identify key factors that influence the value. The second part presents conceptual framework of value measurement system, which shows how different stakeholders' views on the value affects the value measurement systems.

2. Method

Research is based on analytical methodology and systemic comparable analysis of theoretical and empirical studies. The analysis of the theoretical articles intended to set the value of the concept, identify key value measurement dimensions and determine the influence of different stakeholder approach to value. Result is based on the analysis of different theories, which directly and indirectly could influence value measurement systems. The first tool for the paper results in a visual way is the scheme of the value perception and the value measurement indicators in the value measurement system. The scheme of the value perception was used to disclose what stakeholders influence the value of the organization. Also it was used to reveal the different stakeholders intended to benefits and needs. Once their needs (economic, emotional and social) are satisfied, interest groups are influenced the organization's activities, as well as the value to the organization.

The second tool for the paper results in a visual way is the set of value measurement indicators in the value measurement system. This methodology is based on previous theoretical and empirical studies.

3. The concept of the value

Different interpretations of value could be found in economics, strategic management, marketing, human resources management, accounting and finance theories. Value is very abstract and general concept.

Nishimura (2007) argues that in economic terms, the value can be seen as a benefit, utility or effect, which is generally associated with an individual's psychological and desired conditions, but otherwise it is a particular price or a form of capital that can be measured in monetary terms. The article presents the author Smith (1776) and Marx (1867) value definitions. Smith said the value of a certain object utility (use value) and other power supply (exchange value). Meanwhile Marx said according to the theory an individual and a specific utility value is the largest abstract form of exchange of process and is gradually evolving into more specific concepts such as goods, money, and capital cost. In the scientific literature, the value is expressed as the need for gratification, which may occur within the functional and emotional benefits. In order to satisfy their need for the object under consideration imposes costs, which consist of money, time, effort, and mood. The value can be seen as a utility. Utility is the value generated by a person or organization to meet the needs of the content, form, time, location, disposition sense. Content utility creates a physically tangible products, services or ideas in production. Forms utility also creates production. What is important is that the product and service must be such that the consumer wishes otherwise there is no point in their manufacture. Disposition of utility refers to the user the opportunity to have the right to consume or use a product or service. This utility helps to implement various trading, leasing, loans, and credit forms and conditions. Time utility refers to the ability to have and use a product or a service user at the requested time. Local utility refers to the ability to have and use a product or a service user wish. So it can be said that the value - the relationship between the expectations of its ability to meet the need and the costs incurred. In economic terms, the value of the management should be a natural element of the organization's management, covering the entire enterprise, focused on the future, focusing on value, and the correct generation. Value to the organization can be perceived very differently. It is influenced by the nature of the organization, affecting the value of the different stakeholder, stakeholder approach to value, the stakeholder needs and benefits. The value perception is different, so the value should be measured in different ways. This would establish a common approach to value through the prism of different perceptions and let to determine the overall value of the organization. The value measurement is used for this.

4. Value measurement dimensions

Value perception occurs differently, because the total value involved in the creation of different interest groups. Modern stakeholders' theory is based on the presumption that interest groups (stakeholders) could be conceptualized as “dynamic and interactive” or “static and controlled” categories. “Dynamic and interactive” interest groups of shareholders, employees, customers, suppliers, distributors and creditors, and the “static and controlled” interest groups - society, government, supervisors, public authorities, pressure groups, the media and the local community. Stakeholder theory one of the main assumptions is that the value is a necessary part of business and direct (Freeman, 2004). Value creation is useful to understand how interrelated systems as a whole, which requires that all of its sub-function. However, with respect to each of the interested parties separately, must assess the value of the concept and understanding of different perspectives. It can be argued that the most important distinction between the organization stakeholders are employees, customers, shareholders and suppliers. These groups are directly associated with the ongoing activities of the organization, so they are very important for the organization creates value. On the other hand, these organizations interest group made an outstanding contribution to the organization's value creation. Gudonienė (2010) pointed out that there is a link between the organization of contractual interest groups in terms of value creation and the organization of interest groups influence the organization's values. The affect the degree is different, so it is appropriate to review the organization of interest groups under the influence of the organization value. The relationship between the organization of interest groups and organizations such values were analyzed scientists as Payne, Holt, Frow (2000), Johansen, Nielsen (2011), Nishimura, Istudor, (2007), Fontaine, Haarman and Schmid (2006), Freeman (1994).

The assessment of the value of the organization's stakeholders and the impact of value creation, it was observed that ”dynamic and interactive” or “static and controlled” interest groups, in particular, to achieve their needs and benefits. Once their needs (economic, emotional and social) satisfaction, interest groups are influenced the organization's activities, as well as value to the organization (see Figure 1).

Employees bear the greatest responsibility for creating the increased value of many industries because they provide global strategy and goals, creates design work systems to produce goods and sell them to participate in controlling the quality of the allocation of financial resources to market products and services. It is the performance and business value is determined by the organization. Human resource management organization allows the organization to achieve its strategic goals. Human resource management is to create and increase value to the organization by improving quality, reducing costs, creating staff loyalty, initiate new ideas generation and acquisition of long-term competitive advantage to the organization. Meanwhile, workers create value to the organization can meet its economic, emotional and social needs. The successful organization of human resource management determines purposeful, controlled and sustainable development organization that gets the organization value creation, enhancement and competitive advantage Acquisition and staff empowerment, motivation and loyalty to the organization raising the guarantee. Meanwhile, the organization's human resource management leads to lack of development of the organization's unpredictable, unstable in its position in the market and personnel structure of the stagnation that occur unmotivated employees, unproductive work and organizational values decline (Mize, Hallam, 2002).

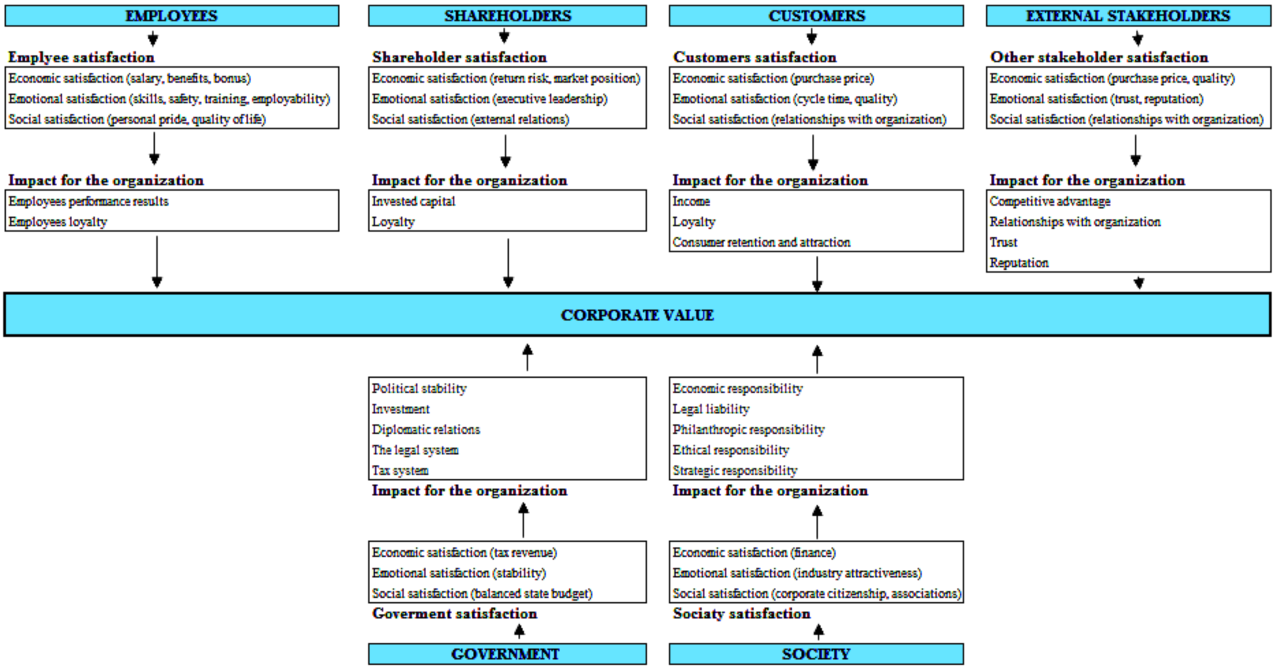

Figure 1. The scheme of the value perception

Shareholders and other investors in connection with the organization's values are very important. The organization's shareholders and other investors are investing financial capital values in the market. Power to control the company, shareholders and investors are expected to generate higher profits. Shareholders and investors is: buy a controlling stake in the company to change the statutes to liquidate the company, pay dividends, to merge, to issue shares. It is the performance and business value is determined by the organization. Effective shareholders and other investors, attracting the entity's orientation towards long-term goals, expressed little risk and investment return. It can be argued that long-lasting and effective operation of the organization, their correct development and improvement of competitive ability depends largely on the level of investment activity and investment levels. Range of questions covering the organization's investment activities require sufficient depth of analysis and decision-management practice adopted in order to effectively direct and shape the company's investment portfolio of cost-effectiveness. It can be argued that investing in long-term goals does not lead to lower risk and lower profitability, but in value terms it is useful, because the value is affected more over a longer period of time (Jurgutis, 2010).

Customers call the regular buyers of goods or services. Customers value were analyzed scientists as Khalifa (2004), Frow, Payne (2011), Payne and Holt (2001), (2004), Kaufman (1998), Smith and Colgate (2007), Treacy and Wiersima (1995), Holbrook, Morris (2005). Organizations in order to survive the intense competition in fast-paced market, should focus on long-term relationship with the customer support. In other words, focus on continuous interactions with customers, rather than on a single transaction. The bottom line is that the organization can offer the customer a value that is manifested not only more tangible benefits, but also the added value that can be created in the user and the organization's long-term interaction. Relationship with the consumer (client) management organization allows the organization to achieve its strategic goals, developing and enhancing the organization's value by creating customer loyalty, attracting new customers to initiate the acquisition of long-term competitive advantage of the organization. Meanwhile, users, creating value to the organization can meet its economic, emotional and social needs. Successful organizations user management determines the organization focused and sustainable development, which occurs in the organization value creation, enhancement and gaining competitive advantage. Meanwhile, the organization's user management lack of the unpredictable development of the organization, its unstable position, which affects the organization values decline.

Suppliers - this is one of the business associates, so it is an element of business partners as a whole. It determines the overall objectives, contribution to the creation of added value (for a particular value-added chain) and of course, sharing an added value. Value of the business - business environment is seen as a value expressed in economic, technical, ancillary services and social benefits of the combination, getting in exchange for the price paid, taking into account the proposals of suppliers and their prices (Näslund, Olsson, Karlsson, 2006; Tai, 2011; Eggert, Ulaga, 2002; Hillman, Keim, 2001; Poon, Lau, 2000; Johansen, Nielsen, 2011;Walter, Ritter, 2003; Jonsson, Zineldin, 2003).

In order to create value to the organization influenced by the authorities, through the effective management of public policies, such as: tax system adjustment, the foreign trade balance improvement, increasing exports, financial assistance, investment in technology, innovation, human teaching, working to improve the productivity of business risk reduction. The *government* can affect the market, either directly (as a market participant, the goods and services the buyer or supplier), or indirect involvement (regulation, taxes, subsidies or other state aid to enterprises, some form of economic activity, and so on.) (Portney, Stavins, 2000; Barrow, Rouse, 2008). Usually, it can choose between traditional interventions and the impact of market-based approaches. Organization's value creation influenced by *society*. It is increasingly important for ensuring that the financial goals of the company next started up to take care of the natural environment and society. After all, the environment and business are closely related, and long-term business success depends on how the company is able to integrate harmoniously into the environment and feel of public social mood (Corporate Social Responsibility, 2006; Boksberger & Melsen, 2011; Clulow, 2005; Klenke, 2005; Chari, Mohanty, 2010).

It can be concluded that interest groups - employees, customers, shareholders, suppliers, government authorities and the society - is directly related to the organization's activities and made an outstanding contribution to the organization's value measurement.

5. Value measurement indicators of the value measurement system

Presented analysis revealed the value understanding from different stakeholders' point of view. Value measurement radically changed after it was discovered that not only financial but also non-financial indicators affect the value. Roos (2005) has formulated a series of conditions which it deems necessary for the successful measure the value of the organization: 1) completeness. Indicators should reflect all organization's resources and how they are used; 2) exclusivity. This requirement helps avoid duplication of effort. The indicator can be acceptable measure, if any of its constituent the next element is not measuring indicator; 3) independence. One indicator of the value not change other parameters change; 4) adequacy. Indicators digital expression should be adequate measurement empirical system. It must have a while completeness, uniqueness and independence; 5) appropriate scale. In the social sphere inappropriate scale option may prevent correct interpret the data. Therefore, it can be said that the value measurement system must be characterized by the relevance and adequacy (model must match reality), adequacy of information (to be given the correct information) as well as practicality and compatibility with the organization's needs (outcome should be practical and to promote actions).

The analysis of the scientific literature revealed that value measurement system is an instrument for governance, achievement of goals and performance management. Modern conception of value determines that value measurement system depends on organization's context or external environment. The context environment includes "dynamic and interactive" interest groups, such as employees, shareholders, customers and suppliers. External environment includes "static and controlled" interest groups, such as the government and the society. Different stakeholders understand the value in different ways, so the value of measurement also includes different indicators. Value measurement indicators, or that what we are measuring is may also be classified in different ways: endpoints (outcome measures) and having an impact on the final (drivers), external and internal, objective and subjective. Table 1 presents value measurement indicators in the value measurement system from an economic point of view.

Table 1. Value measurement indicators in the value measurement system

Stakeholder	Organization's point of view	Stakeholder's point of view
Empoyees	Financial indicators	Financial and non-financial indicators
Shareholders	Financial indicators	Financial indicators
Customers	Financial and non-financial indicators	Financial and non-financial indicators
External stakeholders	Financial and non-financial indicators	Financial indicators
Government	Financial indicators	Financial indicators
Society	Financial indicators	Non-financial indicators

It should be noted that the creation or development of the value measurement system is limited by the competence of top managers, financial resources and time perspective, it determines the value of the measurement system adequacy, appropriateness and adaptability.

6. Discussion

Theoretical analysis of the research showed that the value of the organization reflects the organization's satisfaction, which include financial satisfaction, sustainable satisfaction, satisfaction with public and stakeholder satisfaction. Organization's stakeholders - employees, customers, shareholders, suppliers, government authorities and the public - is directly related to the organization's activities and made an outstanding contribution to the organization's value creation. The value created is the only true source of all taxes, budgets, social funds, salaries and jobs, to maintain and develop the investment return investors pay. On the other hand the added value of benefit to all stakeholders through satisfaction. After scientific analysis of the literature showed that the assessment of each stakeholder separately, must assess the value of the concept and understanding of different perspectives, but the value creation must be seen as interrelated systems as a whole, which requires that all of its sub-function.

Different stakeholders understand the value in different ways, so the value of measurement also includes different indicators, such as financial and non-financial, external and internal, objective and subjective.

Theoretical framework of value measurement system realization should be tested empirically due to different understand of the value. But there are many limitations of value measurement system development.

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