

SECTION IV STRATEGIC MANAGEMENT AND ENTREPRENEURSHIP

APPROACHING THE STRATEGY OF ORGANIZATIONS FROM A PERSPECTIVE OF SUSTAINABLE DEVELOPMENT

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Abstract:

Approaching the development strategy of an organization from the perspective of sustainable development is manifested by running the business responsibly, efficiently and innovatively. Creating long-term value for the organization and for stakeholders must be done while respecting the environment, supporting the communities in which the organization operates and contributing to the achievement of the UN Sustainable Development Goals. Based on these considerations, this paper is a plea to integrate the basic concepts of sustainable development into the development strategy of organizations. The role of the approached case study is to justify the theoretical aspects by presenting the way in which companies approach sustainable development strategies. The preparation of sustainability reports and their public presentation justify the companies' concerns for the sustainable approach of the entire activity. The example for OMV Petrom justifies what has been said.

Key words: *sustainable development, company strategy, business.*

Classification JEL: *Q01, L1, O10*

1. Introduction

One of the major goals that companies must set, both globally and nationally, is to establish and update a sustainable development strategy, using the synergy between two major elements: the company's strategy and development goals. Sustainable in business processes in line with the United Nations Global Sustainable Development Goals.

Most activities, especially industrial ones, have an impact on all environmental factors, by affecting the quality of air, water, soil, waste generation of various types and the use of natural resources and energy. In this sense, it is necessary to integrate the priorities imposed by sustainable development in the development strategy of companies by regulating and controlling all activities carried out so as to ensure compliance with legislation in the field of environmental protection and the principles of sustainable development.

The integration of the concepts of environment and sustainable development in the technical-economic decisions implies constraints and opportunities both in the general strategy of the company and in the environmental aspects. Technological innovation has a key role to play in the process of integrating the environment and the economy. The scale of environmental problems suggests that technological progress will not be enough to meet the new challenges. Thus, companies must establish their future strategy as a clear demonstration of the determination to commit the necessary resources to support sustainable development.

The strategy of the organization is established by its management in the form of a statement which must reflect the fact that the principles and intentions of the organization regarding sustainable development are identified, documented, implemented and communicated.

More and more companies are increasingly concerned with achieving and demonstrating an obvious environmental performance, controlling the impact of their activities, products and services on the environment and taking into account their environmental policy and objectives.

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These issues are in the context of increasingly stringent legislation, the development of economic policies and other measures to encourage environmental protection, the growing concern of stakeholders on environmental issues and sustainable development. OMV Petrom, the subject of the case study in the paper, is aware of its role in society as a market leader and has created a strategy based on sustainability and responsibility through its commitment to creating long-term value. for all stakeholders, respecting the environment, supporting the communities in which it operates and trying to support the UN goals of sustainable development.

2. Sustainable development is an integral part of organizations' strategy

In a very general sense of the concept, sustainable development includes the idea of development without depletion of resources, by going beyond the limit of sustainability and regeneration of ecosystems. The foundation for this concept is the need to integrate economic objectives with ecological and environmental protection ones.

According to the statement of the World Commission on Environment and Development, sustainable development meets the needs of current generations without compromising the ability of future generations to meet their own needs. Thus, development can generate prosperity if resources are regenerated and the environment is protected.

Sustainable development addresses the concept of quality of life in complexity, in economic, social and environmental terms, promoting the idea of balance between economic development, social equity, efficient use and conservation of the environment. The key element of sustainable development is the reconciliation between the development process and the quality of the environment, the promotion of the integrated process of elaboration and decision-making, both globally and regionally, nationally or locally. Sustainable development also depends on the correct distribution of the costs and benefits of development between generations and nations.

The objectives of economic and social policy for achieving sustainable development are:

- resizing economic growth in the sense of conserving natural resources;
- changing the quality of economic growth processes;
- meeting the essential needs for all inhabitants (work, food, energy, water, housing);
- ensuring a controlled level of population growth;
- conservation and increase of the resource base;
- technological restructuring and its control;
- integrating decisions on economy, energy and environmental protection into a single process.

Sustainable development is a very dynamic concept, with many dimensions and interpretations, seen as a process of permanent change, closely linked to the local context, needs and zonal priorities, but the major principles that characterize it are the following:

- Concern for equity and fairness between countries and between generations;
- Long-term vision of development;
- Systemic thinking - the interconnection between environment, economy and society.

Sustainable development strategies highlight the interdependence between local and global, between developed and developing countries, emphasizing the need for cooperation within and between the economic, social and environmental sectors. It was found that in order to achieve sustainable development, it must be combined with economic and demographic development, in order to ensure measures to protect the environment and save resources.

Approaching the strategy of organizations from the perspective of sustainable development involves achieving a dynamic economic balance by moving from the concept of economic growth

(quantitative improvement) to development (qualitative improvement), but not a simple development, but an ecologically sustainable, which does not exclude the ability of the environment to make raw materials and energy available and to absorb waste and residues.

The application and development of such a strategy also implies the consideration of the human ecology, respectively the achievement of a socially sustainable development.

The responsibility for defining and implementing the strategy lies with the managers of companies, companies, firms, enterprises, authorities or institutions that seek to establish a policy that takes into account all opportunities offered by the environment, without excluding or violating the principles of sustainable development.

The implementation of the concepts of sustainable business development is manifested at the level of organizations by creating and protecting long-term value, building reliable partnerships and attracting customers, as well as the best suppliers, investors and employees. The sustainable development strategy must be an integral part of the business strategy and is a sustainable component of the objectives set.

The energy transition to unconventional, renewable energy sources is a challenge that organizations, depending on the specific characteristics of each region, must meet in a way that supports sustainable development and economic prosperity.

One of the major objectives that companies must set themselves is to establish and update a sustainable development strategy, based on two major elements: the company's strategy and the objectives of sustainable development in business processes according to the Global Sustainable Development Goals. United Nations.

3. Illustrative example on the integration of sustainable development concepts in the organization's strategy

In the trajectory of the current development of companies, they must establish their development strategy in close correlation with the implementation of the set of sustainable development objectives. Such a strategy is based on three main pillars, namely economic, social and environmental.

The strategy is citizen oriented and focuses on innovation, optimism, resilience and confidence that the state serves the needs of every citizen, in a fair, efficient way and in a clean, balanced and integrated environment.

OMV Petrom, the subject of the case study in the paper, is aware of its role in society as a market leader and has created a strategy based on sustainability and responsibility through its commitment to creating long-term value. for all stakeholders, respecting the environment, supporting the communities in which it operates and trying to support the objectives of sustainable development.

The strategy defines objectives and targets, incorporated in OMV Petrom's business strategy, in five main areas of interest: Health, Safety, Security and Environment (HSSE); Efficient carbon management; Innovation; Employees; Business Principles and Social Responsibility.

The general objective of the development strategy is to minimize the impact of OMV Petrom's activity on the environment, risks and obligations. In this sense, the reduction of carbon intensity within the OMV Petrom Group's portfolio, the identification and efficient management of environmental risks in all operations and the guarantee of zero uncontrolled discharges into the atmosphere, on land and in water.

OMV Petrom is the largest energy company in Southeast Europe. The company is active throughout the energy value chain: from oil and gas exploration and production to fuel refining and distribution, and further to electricity generation and gas and electricity trading.

The company is organized in three operationally integrated business segments - Upstream, Downstream Oil, Downstream Gas Divisions (figure no. 1).

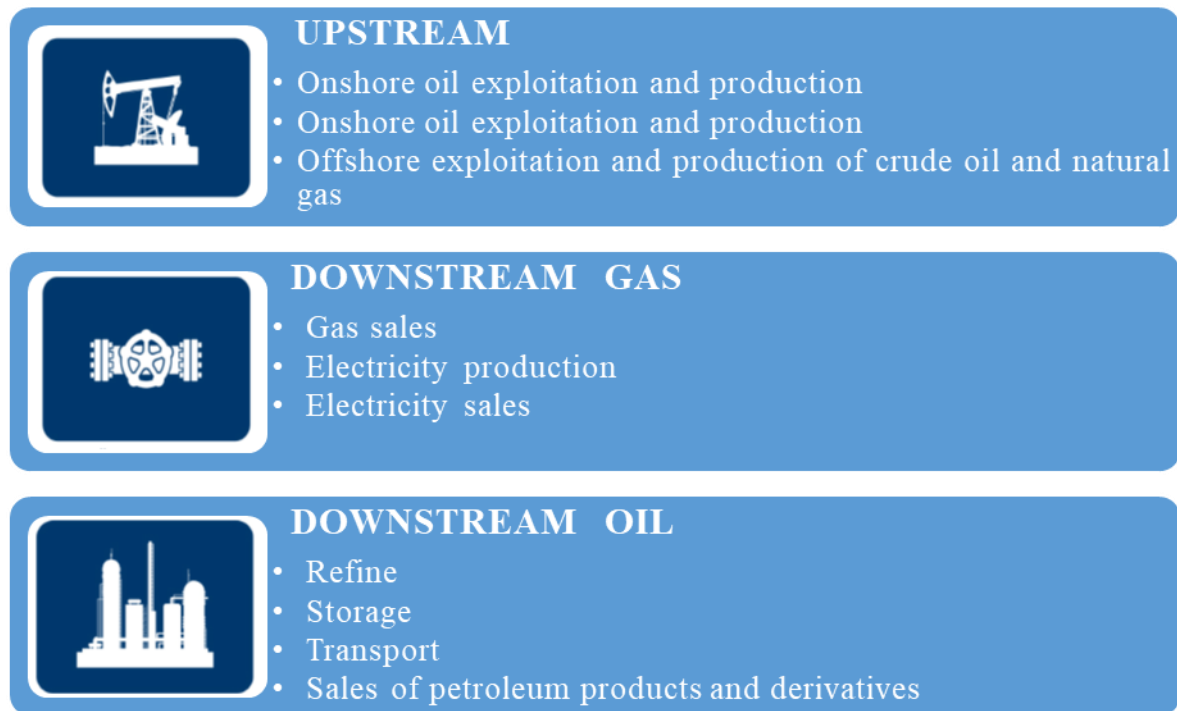


Figure no. 1 OMV Petrom's business segments

Source: Processing after <https://www.omvpetrom.com/ro/sustenabilitate>

The sustainability report of the OMV Petrom 2020 Group presents the impact of the company's activities on the economy, the environment and society, as well as the way in which these impacts are managed in order to consolidate performance and ensure long-term sustainable development.

The company's strategy includes 15 objectives that are aligned with the production, sales and product portfolio plans established by the Business Strategy and are developed to provide the company with a secure and sustainable energy supply.

Current climate and energy policies are major challenges for the oil and gas industry. Industry has a primary responsibility to contribute to security of energy supply as energy demand increases. However, in order to combat climate change, greenhouse gases must be reduced in all economic sectors. OMV is fully committed to developing its sustainable business, balancing economic, environmental and social considerations.

Combating climate change includes strengthening the business of the gas industry, promoting the use of natural gas for electricity production by building high-efficiency gas-fired power plants, and exploring renewable energy sources.

Equally important is the verification and monitoring of GHG emissions, in this regard, OMV has a strong commitment to reducing carbon intensity in its operational activities.

The sustainable development of OMV Petrom is integrated in the company's development strategy and is manifested through five areas of interest (table no. 1):

- Health, safety, security and the environment
- Efficient carbon management
- Innovation
- Employees
- Business principles and social responsibility

Table no. 1 Sustainability objectives of OMV Petrom strategy

AREA OF INTEREST	OBJECTIVES
Health, safety, security and the environment	Integrity of productive activities, loss prevention and risk management
Efficient carbon management	Improving carbon efficiency management in the company's operations and product portfolio
Innovation	Developing a culture based on innovation, strengthening employees' digital skills and implementing new modern technologies in business
Employees	Creating a team that puts employees at the center of business and wants to create a job that is satisfying, diverse and learning-oriented
Business principles and social responsibility	Promoting and carrying out responsible activities, both on the part of employees and stakeholders

Source: Processing after <https://www.omvpetrom.com/ro>

The development strategy followed by the OMV group in recent years has brought new challenges in the sustainable implementation of activities. Among them, the satisfaction of the energy need as well as the support of the living standards and economic development, represent aspects of the permanent preoccupations of the top management. Expanding activities by introducing alternative and renewable energies can be solutions for implementing the sustainable development strategy.

OMV's activities comply with environmental legislation in each country in which the Group operates. In each of these markets, it is desired to develop sustainable activities that respect the environment, being part of it, while pursuing economic performance. The commitments and measures adopted by OMV are set out in the Group's environmental strategy, developed and adopted with a view to ensuring a predictable and successful long-term environmental approach.

OMV Petrom Group's sustainability reports, documents produced and published annually present the impact of the company's activities on the economy, the environment and society, as well as how these impacts are managed to ensure long-term sustainable development.

4. Conclusion

Integrating the concepts of sustainable development into the development strategy is or should be the goal of all organizations, regardless of the object of activity and the size of the business. In this regard, organizations need to practice proactive management that provides resources for the future.

The implementation of the concepts of sustainable business development is manifested at the level of organizations by creating and protecting long-term value, building reliable partnerships and attracting customers, as well as the best suppliers, investors and employees.

The sustainable development strategy must be an integral part of the business strategy and is a sustainable component of the objectives set.

The energy transition to unconventional, renewable energy sources is a challenge that organizations, depending on the specific characteristics of each region, must meet in a way that supports sustainable development and economic prosperity.

From the case study presented we can conclude that OMV Petrom has implemented in the organization's strategy the objectives of sustainable development. The company's management realized that carrying out its activities by complying with the standards of quality management, environment, health and operational safety, while implementing and pursuing the implementation of sustainability objectives, must become the basic strategy of the company.

The development strategy followed by the OMV group in recent years has brought new challenges in the sustainable implementation of activities. Among them, the satisfaction of the energy need as well as the support of the living standards and economic development, represent aspects of the permanent preoccupations of the top management.

Expanding activities by introducing alternative and renewable energies can be solutions for implementing the sustainable development strategy. Focusing on sustainable water use and energy saving are goals that the company wants to achieve at all times. For this, all employees and partners are motivated to respect the organization's policy and its management system. Compliance with all regulations and the application of the best and most efficient technologies are key elements for sustainable and profitable business management.

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