Abstract—The objective of the paper is to present the key development stages of business value management. It is a theoretical study based on literature review that includes a resource-based, process-based and relational view as well as the conception of corporate social responsibility. The background of the considerations conducted is a theological view on the company.

Keywords—business value management, corporate stakeholders, process-based view, resource-based view, social corporate responsibility.

I. INTRODUCTION

BUSINESS value, its measurement and universal carriers are one of key problems in corporate management [1]. A direct reason for creation and development of the conception concerning business value was the criticism of profit maximization as the classic and superior objective of business performance. Not questioning the universality of profit and its basic role in motivation to undertake the economic activity, the way of its measurement was criticized [2]. The profit in a balance sheet approach is most often for profit measurement used but it is an imperfect measure [3] [4]. In terms of using the matching principle of revenues and costs as well as accrual accounting, not cash accounting, balance sheet profits are only an “accounting illusion” that should be the basis of real effectiveness assessment of business performance[5]. Moreover, when calculating balance sheet profits the problem of money value and the cost of obtaining equity is omitted. Furthermore, time horizon is not precise either, concerning profits maximization and this maximization in a short time may generate unethical actions and deteriorate competitive position of a company [6] [7].

Apart from the drawbacks of accounting nature, the rule of profits maximization as the superior objective of the company, other issues raise doubts too. Company owners are the ones interested in profit maximization most. Meanwhile, other business stakeholders (e.g. customers, employees) do not see profit maximization as a prior objective [8] [9].

The weaknesses above became a basis for neglecting profit maximization as the superior objective of business performance. A more perfect objective is considered to be business value optimization [10]. The optimization of market value does not neglect and does not dismiss the profits as the goal of the activity. It attempts to adapt it to serve a function of a short-term objective. Moreover, value optimization provides an advantage over the category of balance sheet profits as it includes time and cost of equity in its formula [11]. It also allows taking a wider group of business stakeholders into account.

II. PROCEDURE RESOURCE-BASED VIEW ON BUSINESS VALUE MANAGEMENT

The discussion over redefining the basic business objective started in mid-80s in the previous century within the frames of the trend called Value Based Management (VBM). This trend was started by A. Rappaport [12], furthermore, at the beginning of 90s research in this area was continued by, among others, G. B. Steward and T. E. Copland [13] [14] [15]. According to VBM, all operating and strategic activities undertaken in the company should be oriented towards business value growth. However, the basic condition of value growth is not only to act for the benefit of the owners but also for other business stakeholders, mostly customers and employees.

Business value management is a process that starts the search and implementation of all activities that contribute to business value growth. The undertakings started in this area should provide a return rate higher than the cost of obtaining the capital necessary for their execution. This stage is determined as creating value. At the same time the company should monitor all the actions taken in order to eliminate the ones that contribute to value fall. It is the next step of VBM called maintaining value. The last stage of VBM indicates distributing value, that is transferring the benefits from business value maximization to the company owners. The process of business value management is graphically presented in fig. 1.
Fig. 1. VBM conception as a link between the company customers and owners

Source: [16]

According to VBM creators, this conception should be implemented in all the areas of business performance and should constitute an element of strategic management as its basic indicator is a holistic approach to the company as well as long-term and continuity of reaching goals [17] [18] [19] [20] [21] [22].

The VBM conceptions is strongly connected with Resource-Based View (RBV). The creator of the conception, the beginnings of which are dated on mid 80s of 20th century, defined as Resource-Based View (RBV) is B. Wernerfelt [23]. However, it is worth emphasizing that the influence of resources on company effectiveness was also analyzed in earlier works [24] [25] [26]. It is assumed in this approach that the source of business value growth are unique resources and competences that do not have substitutes and the managers use them in order to generate profits and provide competitive advantage over the competitors for the company [27] [28] [29]. Such view on creating value in the company is quite limited due to a static assumption that even only the possession and utilization of unique resources and competences may become a source of value growth [30]. Therefore, the VBM conception in the first decade of 21st century has been improved and developed.

III. DYNAMIC APPROACH TO BUSINESS VALUE

In the dynamic approach to the creation of value it is assumed that the enterprise needs to synchronize the resources and competences with the operational and strategic actions oriented towards the value growth. Resources and competencies of strategic importance can cause the value growth only when those managing it are able to evaluate and allocate them properly [31] [32]. It is confirmed by the observation of companies with a similar resource competency potential, in which the final effectiveness and value is determined by the way of allocation of resources and competences in the value creation chain, not by the very fact of owning and using them. Therefore, for the resources to create value the following actions have to be done: resource structuring, resource bundling and resource leverage. The characteristics of the aforementioned actions oriented towards the business value growth are included in table 1.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Actions</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>acquiring</td>
<td>Purchasing tangible resources, as well as combinations of those resources and real options granting preferential access to future resources.</td>
<td></td>
</tr>
<tr>
<td>accumulating</td>
<td>Creation and development of resources on one’s own (e.g. training employees, creating alliances, investing in real options).</td>
<td></td>
</tr>
<tr>
<td>divesting</td>
<td>Divesting of those resources that do not take part in the value creation process.</td>
<td></td>
</tr>
<tr>
<td>stabilizing</td>
<td>Taking action making it possible to retain the value of the owned resources in the conditions of changes occurring in the environment.</td>
<td></td>
</tr>
<tr>
<td>enriching</td>
<td>Strengthening the role of resources owned and tying them with other complementary resources of the enterprise.</td>
<td></td>
</tr>
<tr>
<td>pioneering</td>
<td>Creation of new resource combinations with the participation of newly acquired resources as well as those already at the disposal of the enterprise.</td>
<td></td>
</tr>
<tr>
<td>mobilizing</td>
<td>Identification of resources necessary for the utilization of chances in the environment of the enterprise.</td>
<td></td>
</tr>
<tr>
<td>coordinating</td>
<td>Attribution of identified resources to the activities creating value.</td>
<td></td>
</tr>
<tr>
<td>deploying</td>
<td>The utilization of identified resources in the value creation chain in order to execute the assumed plan.</td>
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</tr>
</tbody>
</table>

Source: own work based on: [33]

The dynamization of the VBM concept is not the only modification. As it has been emphasized at the beginning of this chapter, one of the causes of redefining the objective of the business operations was the need to include stakeholders...
other than owners in the process of determining the objective of business operations. As a result, the optimization of the broadly understood business value became the objective unifying the expectations of all stakeholders. However, it has not been precisely stated how this value is perceived and defined by the individual stakeholders. In time it has been noticed that every one of them has his own point of view which makes the business value to be of a relative character, dependent from its beneficiary. Those circumstances initiated further supplementations and changes in the VBM concept, referring mainly to the definition of value for the main stakeholders and the identification, in this context, of resources and actions creating, maintaining and destroying the business value [34].

IV. INCLUDING STAKEHOLDERS IN THE PROCESS OF CREATING BUSINESS VALUE

In fig. 2 the idea of use value (UV) and exchange value (EV) in the company has been presented within the concept of VBM modified by C. Bowman and V. Ambrosini.

Fig. 2. The flows of use value and exchange value

Source: [34].

According to fig. 2, there are two main sources of supplying the business with value. The first one is the flow of value of separable resources (UVs), the second is the flow of value of human resources (UVh). Resources determined as separable comprise mainly of fixed and current assets, utilized by the enterprise in the manufacturing process and/or when providing services. They are differentiated by their repetitiveness and physical form. These resources constitute a contribution to the business value, however, they do not have an intrinsic capability for creating UV. They can be freely configured, modified or perfected within the enterprise. However, these processes are possible only when engaging human resources. In the separated and separable forms, the characterized resources are unable to generate a contribution of value other than the one they embody.

Human resources differ from separable resources mainly by the capability for providing the enterprise with additional UV. Human resources, in the way of utilization of owned separable resources create a new value [35]. This value can be strengthened by actions taken by employee teams, by the informal organizational ties as well as by the organizational culture characterizing the given enterprise [36] [37]. In such an approach human resources also constitute social capital accompanying them [38] [39].

According to the idea presented in figure 2, customers, suppliers of separable resources, suppliers of human resources and owners (capital providers) all are the key stakeholders of the enterprise. Each of the aforementioned groups perceives and defines value in a different way. In table 2 the interpretation of this approach by the particular stakeholders is presented.

Table 2. Interpretation of values by the stakeholders of the enterprise

<table>
<thead>
<tr>
<th>Type of stakeholders</th>
<th>Interpretation of value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td>Value is the surplus of UVc over EVc. The objective of consumers is the optimization of the relation of the use value (UVc) to the exchange value (EVc).</td>
</tr>
<tr>
<td>SUPPLIERS OF SEPARABLE RESOURCES</td>
<td>Value is the surplus of EVs over UVs. The objective of the suppliers is the optimization of the relation of the exchange value (EVs) to the use value (UVs).</td>
</tr>
<tr>
<td>SUPPLIERS OF HUMAN RESOURCES</td>
<td>Value is the surplus of EVh over UVh. The objective of the suppliers is the optimization of the relation of the exchange value (EVh) to the use value (UVh). However, this objective is restricted by personal motivations (e.g. the desire of personal engagement in the work).</td>
</tr>
<tr>
<td>OWNERS</td>
<td>Value is the surplus of EV over EVi. The objective of the owners is the optimization of the return rate on invested capital.</td>
</tr>
<tr>
<td>ENTERPRISE</td>
<td>Business value, taking into consideration the fact that it works first for the sake of the owners, is the surplus of EVr over EVi. Therefore, the objective of the enterprise is to optimize the return rate on invested capital.</td>
</tr>
</tbody>
</table>
The perception of value by the company, presented in table 2, as one of the conclusions of the considerations conducted by C. Bowman and V. Ambrosini, is a modified reference to the primary objective of the enterprise, which is the maximization of profits for the owners of the enterprise. However, in this concept the objectives of other corporate stakeholders are also mentioned. Without their recognition and inclusion the achievement of the superior objective is not possible. Customers will be interested in the products and services only if the value, from their point of view, is optimal, which in practice means that the subjective value of products and services is higher than its price. The suppliers of separable and human resources also sign contracts with the company after accepting the relation of the exchange value to the use value.

According to the above, in the hierarchy of objectives quantifiable using value, apart from the owners, also customers and suppliers are taken into consideration as the direct corporate stakeholders. This group is significantly expanded in the concept of Corporate Social Responsibility (CSR) that is currently being promoted, in which the objectives of the actions of the enterprise also encompass the intentions of social and ecological character. According to the recommendations of this concept, making operational and strategic decisions in the company should include the interests of all participants inside and outside the enterprise. Those managing should work out a compromise between the various, often contradictory expectations of the stakeholders. The enterprise, apart from the value optimization for the owners, suppliers and customers should also create value for local and regional communities as well as for the community as a whole and take pro-ecological actions. Such an approach is in line with the concept of sustainable development in which the activity of the enterprise and the results of this activity should be acceptable not only economically but also socially and ecologically.

V. CONCLUSIONS

In the light of the above it may be assumed that the basic objective of contemporary business performance is value optimization for all stakeholders. It requires a proper balancing of various priorities from the managers as well as acknowledgment that value optimization for the owners, measured as a return rate on invested capital is only possible when other stakeholders optimize their value. A summary of considerations conducted is fig. 3 showing the evolution of a business performance objective.

The beginnings of this concept date back to the 1950s when the term stakeholders was introduced to the area of corporate management, extending the group of subjects related to the enterprise and affecting its activities. Currently, due to the rising level of social and ecological hazards (including, above all else, protection of natural resources) the concept of corporate social responsibility becomes even more significant.

REFERENCES