

# Research on Strategic Emerging “Energy Conservation and Environmental Protection” Enterprise Performance Control—Based on the “X Inefficiency” Research Perspective

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Received: April 7, 2018

Accepted: October 31, 2018

Online Published: November 8, 2018

doi:10.5539/ibr.v11n12p38

URL: <https://doi.org/10.5539/ibr.v11n12p38>

## Abstract

Corporate performance is the foundation of the company's growth. Researching corporate performance issues is the eternal theme of corporate research. This paper specifically analyzes the inefficient allocation of non-material resources in energy-saving and environmentally-friendly strategic emerging enterprises, and proposes various countermeasures for the “X inefficiency” problem of energy-saving and environmentally-friendly strategic emerging enterprises, which will be a strategic new development for energy conservation and environmental protection in China. The development of the enterprise is provided a theoretical basis and methodological guidance.

**Keywords:** energy saving and environmental protection, X inefficiency, influencing factors

## 1. Introduction

In the “12th Five-Year Plan” national strategic emerging industries development plan issued by the State Council, strategic emerging industries were defined as major technological breakthroughs and major development needs as the basis for the overall economic and social development and long-term development has a significant role in leading ties. With high knowledge and technology, low consumption of material resources, large growth potential, and comprehensive benefits, it is at the high end of the high-tech industry and will grow rapidly in the next 10 to 20 years. Accelerating the development of strategic emerging industries is a major strategic plan made by the Party Central Committee and the State Council, and it is also a major strategic choice for many developed countries to seize the commanding heights of future economic development during the post-international financial crisis. It is directly related to the future of the Chinese nation and the country's long-term competitiveness. Therefore, it is of great significance to study the development of strategic emerging industries.

## 2. Definition of "X Low Efficiency" of Energy-saving and Environment-Friendly Strategic Emerging Enterprises

Corporate performance is the foundation for a company's sustained and healthy growth. It is an eternal theme in both theoretical and business circles to study how corporate performance is improved. There are two important aspects affecting corporate performance: material allocation efficiency and non-material allocation efficiency. Allocativ efficiency refers to the production of “optimal” product quantity combinations with the best combination of input factors. The traditional theory holds that under the condition of constant investment, through the optimization and combination of resources and effective allocation, the efficiency will increase and the output will increase. However, some studies have found that this conclusion is not inevitable, and even negative efficiency may occur. The reason for this lies in the immaterial allocation efficiency that affects corporate performance. Judging from the existing research literature, the earliest economist studying the issue of immaterial allocation efficiency was the American economist H. Libnstin, who published the “configuration” in the “American Economic Review” in 1966. Efficiency and 'X inefficiency' are described in the article as “X inefficiency” and “X inefficiency” which is not caused by misalignment of physical resources is listed as the top ten management problems in the world today. One of them is a major discovery in the economics of the 20th century. Later, he found through a large number of investigations and studies that “X inefficiency” is widespread among enterprises and is a “X inefficiency” that is closely related to human instinct motivation or organizational structure. It is simply referred to as inefficient allocation of non-material resources of enterprises. . Obviously,“X

inefficiency” (inefficient allocation of non-physical resources of enterprises) is different from “X inefficiency”, and it has more extensive connotations than “X inefficiency.” As far as the research object of this thesis is concerned, this paper is to study the problem of “X inefficiency”, rather than just the problem of “X inefficiency” of Lebinstein. In this paper, “X inefficiency” refers to the sum of all efficiency losses that are not caused by misconfiguration of material resources.

### **3. Influencing Factors of “X Inefficiency” of Energy-Saving and Environment-Friendly Strategic Emerging Enterprises**

#### *Characteristics of strategic emerging industries*

Technical uncertainty. Technical uncertainty refers to the uncertainty in the path, speed, and level and effect of energy-saving and environmentally-friendly strategic emerging enterprises. At the same time, this technical uncertainty also reflects the lack of a series of mature methods in business operations and Regulations, such as the structure of the new series of products and management technologies in the new network environment, are difficult to determine. They are like energy-saving and environmentally-friendly strategic start-ups such as Huawei and CITIC. When they determine the trend of several technologies, Usually three or four choices are identified, resulting in the generation of “X inefficiency”.

Market uncertainty. Energy-saving and environmentally-friendly strategic start-ups do not form their own sales network and brand. The purchasers of products or services are basically first-time buyers. They take into account the short life cycle of new products, many customers wait and see, and look forward to a new generation of new products. When it appears, it is difficult for companies to predict the market, and thus it is difficult to efficiently produce and operate, resulting in the generation of “X inefficient”.

Uncertainty in the industrial structure change. The emerging stage of the industry is accompanied by a large proportion of newly established companies, because there are no established game rules and barriers to economies of scale at this stage. Sprouting companies are relative to new companies that have established themselves in the newly established enterprises. In addition, there are many other portal companies, namely new companies founded from employees who have already gone out of business. Another portal phenomenon stems from many factors. Uncertainty in the changes in the industrial structure makes it difficult to maintain a basic balance between supply and demand in the industry, leading to excessive competition or lack of competition in the industry, resulting in the generation of “X inefficiency”.

#### *Network structure of strategic emerging industries*

The loss of organizational network structure efficiency refers to the loss of efficiency in the coordination of organizational structure. According to Mrton, “The validity of the social structure ultimately depends on the participants of the group who are encouraged and inspired by the right attitude and emotions. These emotions are often more stressful than the technical requirements.” It reveals the dependence of social structure validity on human emotions. Lebinstein analyzed the various inefficiencies of the hierarchical structure, and considered that the division of labor increased the efficiency and also produced a hierarchical structure. Compared with a single person, this hierarchical structure organization has a differentiation in organizational identity, trust, work motivation, coordination, information, and goals. As a result, an intricate network of relationships is formed within the organization to form various groups. The degree of deviation between group goals and organizational goals affects organizational efficiency.

First, sometimes there are conflicts between operating units or between operating units and task teams due to differences in business objectives and conflicts of interest, which often do not work together very well, resulting in efficiency losses. Second, multi-headed management may obscure responsibilities, rights, and benefits. Third, resources are not shared and there is waste between departments. Fourthly, emotional factors of products sometimes cause operating units to see no signs of their products starting to decline. Fifth, operating units serving different industries may have fierce competition for the company's resources.

#### *Employees' psychological contract violations in strategic emerging industries*

“Psychological contract” is a term proposed by Professor, a famous American management psychologist. The employee psychological contract refers to a subjective feeling of employees' understanding of organizational responsibility and self-responsibility. The employee's psychological contract violation refers to the individual. The expected value after the performance of the responsibilities is less than the actual value of the responsibilities performed by the organization, resulting in the employee's expectations of frustration, resulting in a psychological phenomenon. The existence of “informal organizations” in an enterprise is an indisputable fact. While the existence of informal organizations can be more closely integrated with people in the

“organization”, it is invisible to people outside the “organization”. The boundaries are felt to be unfair, and when this feeling arises, employees may reduce their investment, reduce efforts, and lead to the “X inefficient” generation. The existence of an informal organization also makes it easy for the company to become a synthesis of multiple informal organizations, which is detrimental to the establishment and popularization of corporate culture, and is more likely to develop into an informal organization due to the dissatisfaction of certain members of the informal organization with the company’s personal dissatisfaction. The dissatisfaction of the members caused the work efficiency of the entire work team to decline, and the work attitude became worse, resulting in the generation of “X inefficiency”.

#### **4. Energy-Saving Environmental Protection Strategic Emerging Enterprises X inefficiency Control Measures**

##### *Based on the “four errors” control*

In terms of ideological understanding, we must recognize that employees' psychological contract violates the negative impact on the enterprise, insist on human-based management, and avoid “ideological misunderstandings”.

In the management of employees, the responsibility of both employees and the company must be clearly defined and reduced. It is lower than the occurrence of employees' expectations and evades the “misunderstanding of responsibility”.

In management decision-making, it is necessary to clarify differences in the content of psychological contracts between different groups of employees, to reduce blind decision-making, and to avoid “decision errors.”

In the post-event behavior, compensation measures must be taken, and the negative impact of the reduction of psychological contract is the least to avoid “growth errors”.

##### *Implement PATC management of psychological contracts to improve corporate X inefficiency*

Performance feedback management. Organization managers should also provide clear and explicit feedback on employee performance, so that they can clearly understand their own work level and room for improvement. Especially those employees who are not able to fulfill their responsibilities, the feedback will make them realize that their activities have led to the organization's failure to honor its commitments.

Attribution management. When the original psychological contract is broken, the next mood is not necessarily destructive, because the organization can manage the employee's failure to fulfill the contract, in order to achieve the understanding of the staff to the organization and reduce the employee's sense of injustice. Especially when the uncontrollable external causes the contract to be difficult to perform, the organization can ensure that employees recognize this through a sincere and adequate explanation. Deficit in the psychological contract is to pay the price, and the result is the same as the failure of the formal contract. When untrusted or inconsistent psychological contracts are to occur inevitably, managers can use attribution management methods to reduce losses and reduce corporate X inefficiencies.

Training and Socialization management. Regardless of how well the organization works in the selection and recruitment of personnel, it is impossible for new employees to clearly understand the requirements of the organization at the beginning of the company and fully adapt to the organization's culture. Organizations provide employees with some training to increase their understanding of the organization, adjust their unrealistic fantasies and expectations, and enable them to integrate into the organization more quickly. The process of adaptation of new employees is called a socialization process. After socialized collisions and adjustments, new employees will have a clearer understanding of the company's business philosophy and cultural values, clarify the organization's expectations and requirements for employees, and correct the cognitive structure of the psychological contract that exists in the mind. At this point, many large companies have done well, such as IBM, Lenovo, TCL, and so on.

##### *Establish a cyclical management system for psychological contracts to improve corporate X inefficiencies*

Sometimes organizations will face many major and rapid changes, such as new employees, high-level substitutions, and organizational restructuring, which will affect the foundation of the psychological contract between senior talents and organizations. In particular, when corporate decisions deviate from the expectations of high-level talent, they will feel that these changes have undermined psychological contracts. At this time, they may take the initiative to revise their own psychological contract or directly depart from the psychological contract. In order to control the departures that occur in such situations, the organization must have executives who communicate regularly with the employees. Supervisors must have patience and keen insight. They must

keep abreast of their job satisfaction through exchanges with senior talents, allow them to freely express their opinions, dissatisfaction, and complaints. They should also selectively adopt their suggestions and counsel. Their misunderstandings are insightful about their new expectations for the organization so that the psychological contract can be continuously strengthened. At the same time, the organization should try its best to perfect its own institutional policies and management methods, and constantly revise its organizational management strategies. This can also guide the re-strengthening of employees' psychological contracts.

In short, the analysis of the inefficiency of the inefficient allocation of non-physical resources can expand the decision-making space for decision makers. In the analysis of the inefficiency of the non-physical resource allocation in the enterprise, it involves the individual's psychological and behavioral law, the rationality of the person's choice, the assumption of the individual's effort diversification, and the hypothesis that the individual's behavior is characterized by inertia. Although these analyses are preliminary, because of their novel perspectives, they can expand the decision-making space for decision makers, improve the quality of decision-making, and improve the inefficiency of non-material resources allocation. In addition, the study on the inefficient avoidance strategy of non-material resource allocation in enterprises can also provide policy makers with operational countermeasures.

### Acknowledgments

The research of paper is supported by Hunan Province University Innovation Platform Open Fund Project (16K012) and Hengyang Normal University Platform Development Fund project (HJ16K02).

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