

SOCIAL PERFORMANCE OF THE ENTERPRISE, A CHALLENGE AND A NEW CULTURE OF ETHICS AND RESPONSIBILITY IN BUSINESS

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In the context of sustainable development, financial performance is not sufficient for the assessment of a business. Thus, this concept was expanded to take into account social responsibility of the enterprise (the term is used by the European Commission) concerning the interested parts, including environmental issues. Corporate social responsibility (CSR) is the integration of social and environmental concerns to business activities and to relationships with stakeholders. They expected from these entities to report on how they conduct activities and how they assume the impact on employees, shareholders, environment, society, etc. In this sense, the concept of global performance is used to assess the application of sustainable development strategies and to report on the social responsibilities to various partners. Performance has long been reduced to its financial size. For this purpose only, it has consisted in achieving the desired return on turnover for the shareholders and the market share which would lead to an enterprise that will continue in operation indefinitely. But now there goes systematically from a financial representation of performance to its global approach that includes social and environmental dimensions. Other interested parties are emergence and the notion of performance gains wide use. Currently, the going concern for the enterprises no longer depends only on the financial aspect, but also how they manage the relation with the internal and external environment.

Key words: sustainable development, environment reporting, social responsibility, social and global performance

A deep crisis of confidence affects today's enterprises, their managers and all those involved in the production, testing, analysis and dissemination of financial information. This crisis of confidence is reaching a particular conception of capitalism of Anglo-Saxon origin, which highlights shareholders' monism. It sees the enterprise as a thing, a property, a package of measures that aims to maximize value. The model is based on individual success and short-term financial profit.

A second model of capitalism considers the enterprise as an institution invested with social responsibility, pursuing multiple purposes. From its perspective the concept of social performance has a position as important as the financial performance. The enterprise is defined through a pluralism of partnership which aims the reconciliation of the interests of customers, shareholders, employees, and to a certain extent, of the environment. Model values collective

success. In response, we are witnessing the emergence and expansion of sustainable development, term defined since 1987, which is defined as “satisfying the needs of current generations without compromising the ability of future generations to meet their own needs” (according to the World Commission on Environment).

In this optic, the proponents of this concept take into account the three dimensions of sustainable development: economic growth, social progress and ecological debt. In this context, the concepts of social responsibility of the enterprise (RSE) and socially responsible investment (SRI) is translated into the micro-economic sustainable development.

MATERIAL AND METHOD

In this study, we took into consideration both the concepts that build social performance of the enterprise and the issues that affect competitive advantage from this perspective, promoting the social responsibility of the enterprise. The approach is based on ensuring a balance between socio-economic systems and the natural elements, known under the name of sustainable development.

Next we present the results and conclusions obtained from the study.

RESULTS AND DISCUSSIONS

The sustainable development, global concept in the XXI century, is built on several approaches based on appropriate topics such as social responsibility of the enterprise, business ethics and socially responsible investment [4]. It includes three aspects: economic (increasing economic efficiency), social (with the purpose of equity and social cohesion) and environmental (valuating, improving the environment and preserving natural resources for the future). These requirements correspond to a triple bottom line or the 3P (planet, people, profit) of Anglo-Saxon society.

By filling financial information with the non-financial one, for the sustainability of performance, the purpose is to transmit to markets an image more transparent through the use of extra-financial information.

The expression „business ethics” can be defined by a detailed analysis of the ways of applying the moral rules of individuals to take concrete decisions in the enterprise. The model of financial capitalism, which makes creating value for shareholders and the return on equity the only criteria for a good management, is now put into question. In this new context, ethical concerns are emphasized in business as a certifying and deontological ethics charter.

Corporate Societal Responsibility (CSR) designates the responsibilities towards the stakeholders and the strictly professional relationship between employers and employees, according to a practice which is designated by the term of social responsibility. RSE is the answer to business concerns of sustainable development. The enterprises become socially responsible as citizens. CSR presents some specific elements:

- considers the interests of all co-interested groups (stakeholders) from shareholders, employees, business partners, to consumers and to the community;
- implies developing a socially involved strategy that is integrated in the long-term development and communication strategy;
- responsibility programs can not be designed separately, outside of a vision which will integrate the objectives of management and marketing of the company.

The definition of social responsibility entails decisions and actions made by managers for economic or technical reasons. Committee for Economic Development (CED) deepens the concept of RSE, referring to three aspects:

1. The first one covers the responsibilities based on the accomplishment of the essential functions, relative to production, employment and economic growth;

2. The second one incorporates the first one extensively and includes the extended notion of responsibility with a sensitivity for developments and expectations of the society, taking into account issues of environment protection problems, social relations or information on customers;

3. The third one takes into account the exercise of responsibilities which occur and lead to environmental improvements, such as targets for employment for disadvantaged populations.

To define European approach of RSE, we begin from the definition of the European Commission, which states that RSE designates voluntary integration by companies of social and environmental concerns to trade relations and to relations with the stakeholders. It allows enterprises, whatever their size, to help reconcile economic, social and environmental ambitions in the cooperation with their partners [7].

In this way, the RSE is aligning to a political context which proposes and sustains the applying of the principles of sustainable development in European companies. To promote application of such principles, in June 2001 the Council of Europe from Goteborg shifted Lisbon strategy for sustainable development and RSE entered in the first rank of political priorities. In July 2001 a Green Paper of the European Commission addresses the subject of responsibility for societal undertakings. On 22 March 2006 European Commission launches the Alliance for Social Responsibility of Enterprises, which aims to encourage the widespread of RSE to businesses. After the Rio conference in 1992 and the Johannesburg conference in 2002 the Commission encourages any EU country to have a national strategy for sustainable development. France adopted its strategy on 3 June 2003, Romania on 6 May 2004 (National Strategy for Sustainable Development - Horizon 2025).

Socially responsible funds are elements of the application of the concept of sustainable development. Those who invest in such funds are not disinterested. They expect a financial long-term return at least equal to that of other investments. Sustainable development funds do not exclude economic activities. They start from the principle under which the businesses which have minimized the environmental

risks and are more advanced in their policies to employees, shareholders, customers, suppliers and other partners, improve their medium and long-term economic performance.

Once taken into account, these elements lead to the opinion that the value a company is based in the proportion of 35% on non-financial elements [6]. In this perspective, the consequences of commitment in terms of profitability, competitive advantage and risk are related to sustainable development and have influence on profitability.

From those mentioned, we can appreciate that the social performance of the enterprise (SPE) has three dimensions:

- The first one corresponds to the goals pursued by undertaking social responsibility. This involves not only economic imperatives of profitability and compliance with legal obligations but the recourse to an ethical behavior, as social norms and expectations, including a more discretionary and voluntary philanthropic inspiration;
- The second one matches social sensitivity. It is measured according to four possible situations: a refusal, in which the enterprise is opposing any changes. In this case it chooses to appeal, usually working at least legally. Adaptation is a progressive situation. Finally anticipation allows one to obtain the position as a leader and pioneer of the field;
- The third one proposes, according to a more pragmatic view, a non-exhaustive list of areas in which responsibility can be exercised.
- Using extra-accounting information, especially environmental and social one, the assessment of the performance of the company has some particularities that we detail below.

The financial indicators are considered insufficient for the delineation of target performance which allows better assessment of the company value. Development concepts which are not necessarily related to the financing problems are associated to environmental, social and ethical issues.

The success of the concept of sustainable development has led many companies to publish non-financial information grouped as an environmental sustainability report or stakeholders report, in addition to their annual financial reports [2]. This document represents the way to quantify the concrete operational concept of sustainable development through suitable indicators. Creating the concept of global value involves the wider concept of goodwill. Equity markets are starting to consider new elements such as reputation, responsibility to partners or ethical and social commitment. The positive relationship between financial and social performance is recognized by managers.

Thus, the competitive advantage is influenced by the following aspects:

1. Better management of image and reputation. The definition of performance has grown with globalization, becoming more complex. New parameters such as responsibility and reputation came to enrich the methods of valuation of enterprises.

2. A commitment of the appropriate human resources. The commitment to sustainable development is a means of motivation and loyalty of employees. To say that the company, beyond its economic role, is the carrier of a mission and of values is a starting point to trigger the mandatory processes of psycho-sociological adhesion. Social criteria and environmental values are essential in obtaining a sustainable competitive advantage. The care for ethics meets an economic efficacy advantage.

3. *The short term limits and long term allocation. A recent approach impugns that markets are animated by a short term vision assisted by the processes for assessing performance. The concept of sustainable development reconsiders the economic activities which have no connection with the dominant short term vision. To act responsibly is to pay the cost of actions that are not financially advantageous in short-term in hope of a return on long term investment.*

4. *Overcoming the concept of shareholders value. The scope extends beyond the financial value. Governance is not in the administration of a single horizon of profits for the shareholders but in the continuous optimization of the interests of various partners in an optical of perennality and long-term development of the company.*

The enterprise can not ignore externalities anymore, respectively the direct effects on other businesses, on the mass public, and the incidents on the environment, health and social balances. These items can be positive or negative, measurable or not.

CONCLUSIONS

Three main factors influence the creation of value: the risk, the growth and the performance.

The risk is considered a key element of assessing the expected business performance. It is defined by the uncertain situation that affects the objectives of the enterprise. Before the enterprise can treat and monitor its risks, it needs to identify their nature and evolution over time. We take into consideration to create a capital trust that companies have to mobilize. Risk, trust and image are indissoluble [5].

Assessing social performance involves understanding all the environmental, social or ethical factors. Taking into account all the partners leads to overcome the shareholders' value and to design the systems based on open governance. The model of value is displayed on complementary levels whose social value takes into account the overall environment of the enterprise. It sets as its objective the harmonization of the financial short-term value to long-term partnership value.

As for performance, it is associated with the relationship effort/effect and with the profitability. Managing a business in the context of promoting sustainable development requires both a careful tracking of the return related to the economic life of the enterprise (financial, economic, commercial), and a promotion of its social performance. In the world of protecting the environment, enterprises have

their first characteristic to investing in sustainable clients, people, products, handicrafts. These entities also have an attachment to the values they protected. Currently the performance of an enterprise can not only be assessed from a financial perspective. This analysis makes use of extra-accounting information, especially environmental and social one.

The effective translation of social performance is about making an enterprise's social mission a reality and putting it into practice in line with accepted social values that relate to serving larger numbers of poor and excluded people, improving the quality and appropriateness of financial services, creating benefits for clients, and improving social responsibility of an enterprise.

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