

# COMPANY'S INCREASING PERFORMANCES THROUGH SOCIAL RESPONSIBILITY PROGRAMMES (SR) TOWARDS EMPLOYEES

**Liudmila STIHI**

**Lilia COVAŞ**

**Angela SOLCAN**

Academy of Economic Studies of Moldova, Chisinau

instruire.macip@yahoo.com

liliacovas@yahoo.com

ancolcan@gmail.com

## ***Abstract***

*Socially responsible actions of the companies can be performed not only to society but also to its employees, which can help increase the company's performance. In this article we have identified various ways of achieving social responsibility programmes to employees, being outlined a number of benefits both for the company and for its employees, too.*

**Keywords:** social responsibility, company performance, human resources manager, sustainable development, SMEs.

**JEL Classification:** L<sub>25</sub>, L<sub>26</sub>, M<sub>12</sub>, M<sub>14</sub>, M<sub>50</sub>.

## **1. Introduction**

Nowadays society faces a significant number of transformations. This is mainly due to transition to approach to sustainable development of society. Contributions in this regard are required from all sectors including here the business segment represented by SMEs.

Economic performances are actually the "mirror" that reflects mainly the effect of technical and technological performance of the enterprise. Assessment and evaluation of the overall performance of organizations cannot ignore the social and economic performance. Classic behaviour still records serious issues deficiencies in social and economic performance. Or health insurance, environmental protection, the pursuit of sustainable development consistent with the requirements would lead to more rigorous constraints than economic ones.

Factors that promote the adoption and attitude development of corporate Social Responsibility of the Enterprises are:

- global trend to reduce the state's role in economy, as a result of factors meeting under the name of "globalization";
- liberalization of international trade and of financial transactions;
- consolidation of firms in the global transnational corporations;
- increasing flow of information through new technologies;
- reducing the state's role in achieving the expectations of its citizens, ensuring a social and environmental protection (the Argentina case and environmental disasters, being the most frequently cited in specialists studies).



In this context, a social issue has become a constant concern for current business organizations willing to accept performance and to generate performance.

Extensive transformation in the plan of social performance assessment has created the concept of corporate social responsibility, a relatively new concept, however, able to capture and guide organizations in terms of global competitiveness.

According to the model developed by the European Foundation for Quality Management for quality performance measurement, corporate social responsibility has a total weight of 6% in the factors determining a company's business excellence, while financial performance is 15% and policies and strategies 8%.

A factor that favours the trend towards a greater awareness of socially responsible attitude of enterprises, from large transnational companies, national enterprises, to SMEs, so that business to be successful long term, is given by the need to achieve a balance between development of new global economic structure and expectations of population and other "stakeholders".

Currently, a company's image, its corporate identity, has become of fundamental importance. An organization must demonstrate transparency and fairness, to produce a quality product is no longer sufficient. Moreover, the organization must prove to be a good corporate "citizen".

But what does it mean to be a good corporate citizen? Where did the current come from in business environment and what is its impact on society? The answer can be given by the chairman of the largest manufacturers of consumer goods in Germany: *"We have customers increasingly more sensitive, which become more critical when it comes to social and ethical issues. There appeared a new type of consumer, with very high expectations"*.

The achieved benefits are represented primarily by the three "R": **recognition, reputation, appreciation**. Detailing, we can say that the effects of the company's involvement in the community would be (Dehelean, D., 2008):

- Improved relations with the community (customers, suppliers, authorities);
- Influencing the target audience of opinion leaders, media, etc.;
- Positioning the company to a higher level in society;
- A better picture / more visibility for the company;
- Consumer loyalty to the company and its products;
- Motivation of employees and their loyalty;
- Significant contribution to building excellence in business.

*CSR is essential for long-term prosperity of companies and highlights the human dimension of business, representing a vital link to society in general and with community in which the business is located, in particular.*

CSR is defined by how businesses align their values and expectations, with needs and demands of society; they are not only customers or investors, but also their own employees, suppliers, community, legislators, special interest groups, in other words the society as a whole. CSR is actually the way business environment is committed to align to the society expectations.

## **2. Are all these benefits relevant for the organization?**

They are considered not only relevant, but also necessary for the environment in which we operate and we will activate.

CSR allows us to educate future consumers in this spirit, creating honest future business partners and socially responsible, which will facilitate the implementation of projects not only locally but also internationally.

A survey conducted in year 2000 by the prestigious company Burson-Marsteller in the three most important European markets: Britain, Germany and France confirm the mentioned things. Questions from this survey were raised of opinion leaders, investors, legislators, media representatives:

- 66% of opinion leaders were interviewed strongly agreed that business involvement in the community will matter greatly in the future;
- 64% of opinion leaders surveyed were strongly agree that a company's reputation will affect their decisions as legislators, decision factors, journalists and investors;
- 42% of opinion leaders were interviewed strongly agreed that corporate social responsibility will influence a company's share price in the future.

In Republic of Moldova, this concept is being promoted from 2006 through the Global Compact Network in Moldova, which currently comprises over 58 local members. Network members implement various social responsibility programmes actively involving both company employees as well as society, most of them are large companies.

Conclusion? Involvement in community of the company and its employees become a necessity which would not only desire commercial success, but also the respect of the society in which it operates.

In the world of developed countries, a growing number of companies begin to implement **activities and social responsibility to its employees**. Businesses pass on a voluntary basis beyond the law obligations as regards the social and environmental protection and begin to use a range of tools and measures in this regard.

*Employees are our most important resource of a company. They are also "ambassadors" who can send the most credible messages about this responsibility. In addition, studies show that for an increasing number of employees, social and ethical values of the company at which they work have become important.*

### **3. What is CSR towards the employees necessary for?**

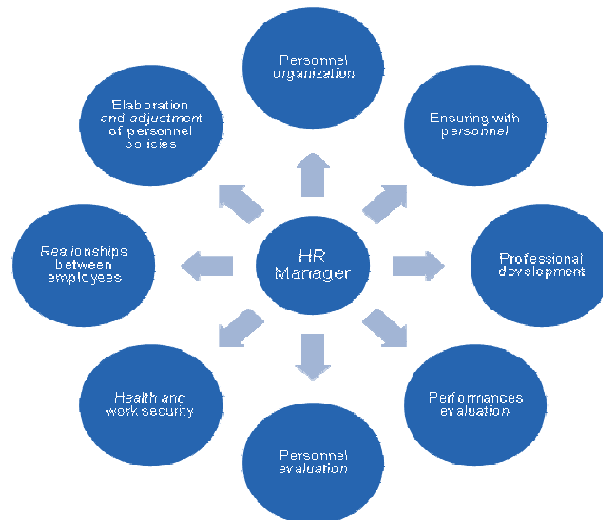
- 80% of U.S. employees prefer to work at a company seen as an ethical and positive image, than to have a higher salary;
- For 81% of Americans the responsibility of a company is of an important factor in job choice.

Policy responsibility for the employees has a final goal to make them happy, to come happy to work every day and find daily joy in what they do. A company is successful when its employees perform, when they are happy, loyal and involved.

In this context a question arises: Who should handle the fulfilment of given activities in SMEs? Normally, these responsibilities should be delegated to all the managers in the company, being monitored by its leader and manager of human resources. In reality, few companies from SMEs have human resource managers (they are lacking in micro and small enterprises), who carry out complex actions shown in the figure below. In many enterprises all these activities fall on the shoulders of the business's owner (Davies, Iain A., Crane, A., 2010, pp. 126-139).

Corporate social responsibility can and should be made in relation to the company's employees, which means ensuring a safe and healthy working environment, providing opportunities for professional and personal development, achievement of a permanent

dialogue in which to monitor satisfaction and expectations of them. Through these actions the company management obtains more capable and loyal employees and the society socially responsible citizens.



*Fig. 1. Activities required in Human Resource field*

The experience of developed countries presents a wide range of actions of SR to employees through which can get the effects mentioned above. Thus the main areas of social responsibility to employees are (<http://www.orange.com/>):

1. professional and personal development, which includes:
  - development programmes focused on skills and competencies;
  - funding participation in MBA programmes;
  - introduction of flexi time programmes.
2. employees' satisfaction, which includes:
  - relationship with the superior manager based on the esteem, respect and trust;
  - community programmes with involvement of employees and their families;
  - the possibility to provide feedback to managers through various channels;
  - development and respecting the code of ethics.
3. continuous improvement of working conditions, focusing on the following actions:
  - implement health and work safety standards;
  - healthcare at the workplace;
  - creating optimal working conditions and ensuring the necessary resources;
4. salaries and benefits policy that includes:
  - compliance with laws and regulations on wages;

- providing benefits package in line with the needs of employees;
- creating transparent systems of employee motivation.

Successful implementation of these areas involves actions from the management of enterprise and from the qualified people's realization, of which include:

- Employees' involvement in the company's decision-making;
- Responsible and fair remuneration;
- Provide adequate financial support for various needs;
- Provide an social package appropriate to needs;
- Ensure a balance between work and personal life;
- Providing equal opportunities for women and minorities;
- Hiring and promoting people with disabilities.

The effects of the above mentioned actions may be higher if the company's management ensures effective internal communication through such actions as:

- informing employees about the company's activity - the company's evolution, changes in organizational structure, the sales situation, strategy, policies and procedures;
- direct dialogue with employees - *the pulse can not be taken from the distance*;
- employees' involvement and participation in company's decisions (delegation and participative management).

According to the study „**CORPORATE SOCIAL RESPONSIBILITY AS A FACTOR OF GROWING THE COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISES AND SUSTAINABLE DEVELOPMENT**” realized by the specialists of AESM from the Faculty of Business and Business Administration, in the autumn of year 2010, the concept of CSR is not so spread and known by the representatives of SMEs sector. According to the realized survey the CSR concept is better known by the entrepreneurs in the Center development region– 65.5% and less known in the South and North regions. From the total of surveyed enterprises, 58.9% have mentioned certain actions performed by the CSR, being, according to the study, action-oriented employees. Among the most common actions are:

- ✓ Services for employees - 34.04%;
- ✓ Training and increasing skills of employees - 28.19%;
- ✓ Health protection of employees - 25.53%.

The findings of the study we have made represent a relatively positive picture with regard to CSR actions which are currently carried out by local entrepreneurs. In particular, we refer to those shares of the companies' employees.

#### **4. What programmes of SR can be made to employees?**

In this sense the portfolio of opportunities is very varied both in terms of actions and in terms of possibilities. Below we present only a few programmes of SR that have been made by different companies famous in the world and from our country (Ciucă, V., Lincaru, C., Atanasiu, D., 2009):

- Days of cleanliness in the company;
- The program of donations payment "1 LEU for your colleague";
- "Together we give the community";
- Children's Academy;
- "Nature is mine";
- "Paper Tree";
- "A Merry Christmas to those who deserve to be happy";
- "HIV / AIDS and the World of Work";
- "Solitary Day";
- "Campaign antitabagism";
- "Green Day";
- "Education for All".

**The benefits of the entrepreneur in case of realization of these actions are enormous, namely:**

- Activity in a professional and efficient team;
- Healthy competition amongst colleagues;
- The positive climate in the workplace;
- Creating a connection and sense of civic solidarity among employees;
- Enhanced possibilities in the implementation of various CSR activities internally and externally to support employees;
- Esteem and respect from colleagues;
- Appreciation of partners.

At the same time, these actions generate direct benefits for employees of the company including:

- Activate in physical and psychological appropriate to the conditions of employment;
- They feel part of our company;
- Increase team cohesion;
- Have a sense of professional and personal fulfillment;
- Pride of saying "I work here".

Strategically the company achieves effects which provide a truly sustainable performance such as:

- Increase work productivity;
- Reduce of costs;
- Increase employee performance;
- Increase the number of loyal employees;
- Better image on the market;
- Higher profits.

The labour market is maturing and potential employees search more than one job in a company they are looking for a job within a company responsible to all its constituents.

One of the reasons why SMEs are sceptical when it comes to employ SR and CSR is the financial problem. Entrepreneurs often make arguments like: "CSR is software for big companies, not for us, who do not have money. We cannot afford to give everything we have".

## 5. Conclusions

Through this article we wanted to show to SME's that CSR also concerns small business and that may even be a business opportunity. Corporate Social Responsibility means integration in a circuit of continuous improvement that will not stop after the introduction of a policy or training. It is important that the entrepreneur see in CSR activities not additional costs, but ways to improve competitiveness.

## References

1. Ciucă, V., Lincaru, C., Atanasiu, D., (2009), *Social responsibility of enterprise – factor of sustainable development. Possibilities of measuring*, The 33rd Annual ARA Congress, Sibiu
2. Covas, L., Braguta, A., (2009), *Responsabilitatea socială corporativă: aspecte practice*, Tipografia Central, Chişinău
3. Davies, Iain A., Crane, A., (2010), *Corporate Social Responsibility in Small-And Medium-Size Enterprises: Investigating Employee Engagement in Fair Trade Companies*, in: "Business Ethics", Vol. 19, nr. 2, Available at SSRN: <http://ssrn.com/abstract=1570254>
4. Dehelean, D., *Research report: Responsibility Social Balance for 2008*, <http://www.secareanu.ro/2009/03/16/social-responsibility-report-2008>



5. Schifirneț, C., (2009), *Europeanizarea responsabilității sociale corporative într-o societate a modernității tendențiale*, Magazine Social Innovation, nr. 2., București
6. Dialogue with HR Directors: What responsibility towards employees means, [http://www.orange.com/en\\_EN/tools/boxes/documents/att00010778/FT\\_RDD05\\_GB\\_144dpi.pdf](http://www.orange.com/en_EN/tools/boxes/documents/att00010778/FT_RDD05_GB_144dpi.pdf)