THE GROWTH OF ORGANIZATIONS COMPETITIVENESS THROUGH THE DEVELOPMENT OF SOCIAL RESPONSABILITY INVESTMENTS PROJECTS

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In terms of globalization and intensification of technology and information transfer, the assurance of a economic competitiveness corresponding level represent a major concern for the organizations. Their efforts concentrate on different parts of the activity, one of the most important is the intensification of investments projects. Classic investments projects orientated on solving precise problems on short and medium term pass now in the sphere of complex preoccupation, with a systematic view towards everything which assumes the substantiation, accomplishment and the exploitation in a strong connection with the environment. Even if the social responsible investments are a new economic concept, it constitutes one of the elements with a significant impact for the organizations competitiveness. The present working presents some aspects regarding the way in which the involvement in social responsibility investments project could assure the growth of the competitiveness related to the actual context of the social and economic development.

Key words: competitiveness, investments, social responsibility

The economic systems, even if situated on different positions and apparently independent, constitute component parts of a macro system which works and it is governed by common and complex principles, related to the development at demographic, political, administrative level or to the sustainable development requires. Even if the main actors of the macroeconomic system have a decisive role in the principles and directions establishment, the last period has proved the fact that certain states, according to some competitor advantages, real or potential, can determine changes and can generate conflicts with major consequences. In this context, the economic growth and implicit the competitiveness have passed from the relative independence sphere to the one of interdependence linked with the actual stage and the development perspectives.

In the globalization context, the economic growth is strictly related to the competitiveness level of the main activity domains from the social-economic environment. If at the beginning the competitiveness was especially a concept of theoretic concept, with the mission to point out certain aspects or independent parts of the developed activities, the practice has proved that the competitiveness became one of the most important factors of the economic development, of the attractiveness in the investments projects field or of the built of some classifications at macroeconomic level.

The major preoccupation at national and European level were concentrated around a reference document, elaborated in the year 2000 „The strategy of economic and structural reform from Lisbon", recently submitted to some revisions in the years 2004 and 2007. The respective documents establish as reference objectives that until 2010, the European Union becomes the most competitive and dynamic economy based on knowledge, capable to assure the sustainable economic growth, more jobs and a more intense social unity.[32] Beside the performances evaluation of the 15 members (in 2004), the Lisbon diary attracts the attention over the performances of the candidate countries to adhere to the European Union with the goal of

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[32] Lisbon European Council 23 and 24 march 2000: Presidency Conclusions, The European Union's Lisbon Strategy (http://www.etuc.org/a/652)

reducing the economic and social development dissimilitude's between these and the states members EU, through the engendering of a additional gross intern profit growth of 15-20% until the year 2015.[33]

The European integration brought the national economic systems in front of some challenges and major opportunities determined by the corresponding growth rhythm, by the available investments founds in different activity domains, by the principles of the sustainable development.

The position occupied by Romania in the classification regarding the economic competitiveness made evident disadvantageous positions for our country, both in the pre adhering period and the post adhering one. According to the top in 2006, realised by the World Economic Forum, among the 125 developed and emergent, Romania is situated on the 68 position from the economic competitively point of view, in descent with one position comparing with 2005 year.[34] Behind Romania it was Bulgaria, which has descended from the 61 position to 72, the Moldavia Republic, which has ascended 3 places, to the 86 positions, and in the top of the classification is was Switzerland, meanwhile the United States of America, and the leader from 2005, descended on the 6th position. From the competitiveness perspective, the Romanian economy was estimated through the global index of competitiveness, taking in account many criterions, among those the infrastructure state, institutions, macro economy, health, primary and superior education, market efficiency, innovation. By comparison with the states which adhered in May 2004 at the European Union, Romania is situated on the last positions at all the mentioned criterions. At the corruption chapter, favouritism in the governmental decisions, the respecting of the laws and contracts – made oblivious in the pillar of the institutes qualities – we are situated on the 87 position. In the same time, at the infrastructure area, the situation is even more drastic, which means we are on the last position among the states which adhered at 1st of January 2007, the position in the classification was 77.[35] From the macroeconomic point of view, Romania, in the documents, occupies again an unhonnoring place, 97, only Hungary being after it. Similarly situations are being remarked in relation with the technological contribution, Romania (position 49), but before Poland (51), but again on the 76 position at the competition.

Published speciality reports, The Global Competitiveness Index 2007-2008, place Romania on the 74 position with a score of 3,97 among 131 analyzed states. The occupied place makes obvious an inferior position towards the previous years, important aspect in comparison with the macroeconomic policy and strategy adopted at country level; from the offered dates it seams that they didn't reach the entire proposed objectives.

The confirmation comes from the fact that Romania is at the end not just in the competitiveness classification, but also in the top of the investments at one inhabitant, statistic at which leaders were Estonia, Hungary and Czech Republic. As long as there were less economic environment difficulties and the public institutes were stronger, more foreign investments came to solve the competitiveness problem. Even if the total volume of the direct foreign investments was a significant at the country level too, their effect regarding the economic growth, the competitiveness and sustainability it wasn't as big as it was expected to be.

The causes for this situation are complex and they are related to the wide sphere of involved factors, from beneficiaries to financiers, public authorities, organizations of profile, etc. Among the identified problems, we can mention the incoherent substantiation of the necessity, the utility and the feasibility of the investments projects, the instability of the economic environment and of the legislature on medium and long term, the allocation and the use of the investments stocks to solve the current problems, without a preceding strategy, authorities incapacity to manage efficiently a batch of programs and projects financed by the European Union and by the international business environment or the allocation of the investments stocks, especially the public ones, relied on some requests and criterions sometimes subjective. It is obvious the fact that the presented situations can't be curried just a strong involvement of all the actors,

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[33] World Economic Forum (2004) The Lisbon Review - An Assessment Of Policies And Reforms In Europe (www.weforum.org)

[34] World Economic Forum Classification is realised based on available economic dates, but also on a sounding opinion realised by a batch of partners research institutes and business organizations

[35] World Development Report 2007 - Development and the Next Generation, ©2006 The International Bank for Reconstruction and Development / The World Bank

which has to generate a major change regarding everything related to the strategy and the policy at micro and macroeconomic level.

The actual context of economic development made evident the fact that the economic systems that had taken into consideration the social side of the investment process had an important growth due to the tough national and international competition. Countries like Switzerland, Sweden or Denmark, in which the economic strategies are mainly oriented on the social side, are in the top position regarding the international classification.[36] Aspects like the necessity of regularization, the compensation of the labour grade of occupation, life quality improvement, ranging to different kind of plans of standards and principles of developed nations , pollution reduction or the ecologic rehabilitation, represent the main factors which influence the process of obtaining and use the investments founds.

More and more organizations and private institutions take into consideration the social, ecologic and ethic factors when they have to take the decision regarding the investment. Lately, the management of many SME began to understand the importance that the ethic standards and social responsibility play in the project, in order to have a long life and to strengthen the position on the unique market.

At the international level, in the documentation specific to investments began exist clearly requirements regarding the opportunity, the ecologic utility, because this aspects are well evaluated, in concordance with statistics about the actual situation and the development objectives. More and more financial institutes put strict ecologic requirements that need to be satisfied by a project in order to be accepted.

Because of the varied type of problems, an issue that occurred and affects a big part of the community, the local public authority see they obligated to take position and involve themselves in the projects that have a major impact on a specific region. Investments with a public character, oriented on community services, based on the alignment to standards, characterized by varied effects, social, cultural, regional effects and less economic effects. This type of investments objectives is minion to bigger strategies, for a regional community, and as a result their effect will have a diffuse character related to the community level.

The appearance of the social in the investments process lead to a new concept, which is: social responsible investments. For the first time this concept appeared in the 1950-1960, when in the economy of the United States of America appeared the first concerns about the integration of social principles in the investments projects. The concept was developed at a higher level, and outside the USA, after the 1995.

According to the study named „Voice of the Leaders Survey", the company's reputation is one of the main factors that lead to the business success. The results of the study show that 60 % of the interviewed think that a good reputation help to the market capitalization of the companies in 40% of the cases.[37] Many other studies show that for the costumers the company reputation and the trust that they can have in the company is very important, indeed. They are willing to pay extra for their honesty and the commitment to their promises. The companies, as well, are aware of the business benefits that can be gained if the costumers have a big interest regarding the companies' reputation.

A good reputation it's also very important for the continuous performance of the company. The social responsible companies, those who respect some ethic standards are able to attract more capital and they can get loans at smaller cost. This is, also, one of the arguments that lead to the growth of social investments all over the world. According to the social organization „Social Investment Forum" (Washington)", in 2005 more than $2 trillions of capital , from the administrative portfolio in USA, where social investments, which is a growth of 80 % comparing with 1997 – a remarkable achievement , taking into consideration the economic decline from that period.[38]

A study made in Europe shows similar trends related to social investments in the last years. The opinion poll „CSR Project on Managing and Communicating CSR for Value" realized through the European founds managers, financial analysts and the responsible for the good relationships with the investors show that a percentage of 50 % from the investors see the social and environment consideration as main futures of the investment decision in the next couple of years. The non-financial risks are regarded more and more, as

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36 Word Economic Forum - The Global Competitiveness Report 2007 – 2008 (http://www.gcr.weforum.org/)

37 Word Economic Forum on Latin America - Worldwide Survey Highlights Lack of Faith in Leaders in an Uncertain World, Geneva, Switzerland, 15 January 2007.

38 Social Investment Forum - 2005 Report on Socially Responsible Investing Trends in the United States, 10-YEAR REVIEW, Industry Research Program, January 24, 2006.

being important aspects of a investment process, less than 50 % of the interviewers said that professionals investors have already realized the importance of this aspects for the corporate rule, risk management, and costumers relations. In other words, for the social responsible companies, in the financial management the reputation has a important place, being very important for the company and for the clients, as well. [39]

An interesting role in this working is played by the motivation that lead to social responsible investment decisions. A study made in 2004, relates the main reason that were used : 86 % respect for human rights, 85 % a proper environment for business; 85 % respect for the environment, 76 % clients relation quality, 73 % working condition and ambiance and 68 % politics for employers satisfaction. [40] The identified motivations have the purpose to point out organizations preoccupation, first of all for the social climate, human resources, stakeholders and the environment.

The big companies can have a big role in the process of improving trade practice on a big market, by creating and stimulating a general atmosphere of responsibility in business and by promoting standards and international agreements, but the small companies might play an important role to in the development of the local communities where they activate. The involvement of the economic systems and of the organizations in social responsible investments projects is justified and governed by the positive outcome towards competitiveness and the factors that generate it. By the following we must take into consideration all the interests of the co-interested groups ranging from stakeholders, employees, business partners, suppliers, clients, creditors, distributors, to consumers and community and building a strategy of social involvement, a strategy that would integrate the strategy of the organization on a medium and long notice, because the programs of social responsibility can not be conceived separately, besides one vision which integrates them in the management and marketing company objectives.

In order to adopt the social responsibilities practices toward the national plan of investments projects is needed to implement some international principles and practices. One of these sets of principles is the one promoted by The International Finance Corporation (part of the World Bank group) under the name The Principles of the Equator.[41] In this context, the finance of the complex investments projects (power stations, transportation infrastructure, environment and telecommunication) of which values is over 10 millions dollars it is conditioned by the accomplishment of some requests and strict conditions regarding the potential impact and the social and environmental risks associated. [42] Through the assumption of these principles it is pursued the avoidance of the negative effects which the financed projects can have on different ecologic systems or communities, or, in case these effects are unavoidable, their reduction or/and compensation, in a corresponding way. The extension and the adheration to these principles in the organizations practice at national level in the investments projects substantiation, brings significant benefits for the economic growth and competitiveness. The ethic code, standards and principles of social responsibility defining which the organizations apply in the investments projects assure a supplement of institutional transparency for the developed actions with benefits on the level of informing towards the rights and the obligations which the company has towards the groups interested for the project.

Another factor which favours the economic competitiveness is related to the periodical publishing of reports through which the company presents the way in which they respect the assumed obligations through the investments project, unto the environment and the society. In fact, these constitute guarantees of the involvement and bring a supplement of image for the stakeholders, financiers, customers, business partners, authorities.

The experience of the companies developed in the social responsibility investments programs pointed out the fact that for the markets and the organizations at different development levels, it can not be applied an universal model for the current activity in the social responsibility spirit. From this perspective we

[39] Department of Trade and Industry (2002), Corporate Culture - CSR Project on Managing and Communicating CSR for Value, DTI, London.

[40] The European Survey on Socially Responsible Investment and the Financial Community, 2004

[41] The Principles of Equator reffer to the way in which one project finance has to take in consideration the aspects related to the social responsability practices. At thede adhered over 50 banks which have more than 80% form the finance of the biggest projects from the entire world.(http://www.equator-principles.com/principles.shtml)

[42] The "Equator Principles" - A financial industry benchmark for determining, assessing and managing social & environmental risk in project financing, July 2006.

appreciate as being useful the realization and the development of some activities for the civil society development, especially, making sensitive the customers regarding a responsible production, to promote taking responsibility by the organizations, these representing a long term engagement and relevant for the national context and the regional one, in particular.

In the same time, the way in which the companies social responsibility it is perceived stimulates, influences the dialogue and the partnership between the local and central public authorities, the private sector and the civil society, with implications onto the impact for the current and investments activities organization. The direct consequence of the implication in social responsibility investments generates the some contradictions between the economic and social interests of a project. In case between the two perspectives of the projects exist significant difference related to the resources, to the substantiation and realizing way, it can constitute a factor of major risk. We appreciate that in this kind of situations, the project manager has the essential role and he has to identify the common pints of the two directions and to promote them, and on the other side to harmonize the differences with the goal of reaching the project objectives at the organization and society level.

To draw a conclusion we can say that the transfer from a classic investments policy, orientated on the temporary organization difficulties, to a strategic policy of responsible investments, three- dimensional orientated: organization, environment, society, doesn't constitute an easy step. More the organization and its action environment understand and act more rapidly in the wanted way, more the main goal, competitiveness growth will be easier to be accomplished.

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