

COORDINATES OF SOCIAL RISK CONCERNING THE COMPANY, IN THE CONTEMPORARY ECONOMY

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The actual global context marked by the economic crisis and the specific manifestation of the economic recession settlement, put in a new light the risks system which accompanies and influences the systemic society evolution. The actual economic crisis, itself a great global economic risk has economic causes (mainly) identified, but its consequences are inter-conditionary economic, social, political, psychological, etc.; varied and complex are also their associated gravities last but not least, the effects of propagation in time and space. Even if the impact of the actual crisis on the world community is significant in all the system variables, social risk, present in different proportions and sizes in the functionality of firms, is among the most significant.

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The world-wide economic crisis has consequences on the entire world economy system; the prospects for the economic growth of the developed countries and the developing countries are eroded, creating the conditions of entry into the global economic recession¹⁶⁷.

The economic growth has declined in all the countries since the second quarter of 2008. In the developing countries, the GDP growth was still significant in the first half of 2008 but decreased levels of growth in the rich countries, the depletion of the capital flows and the losses came against the background of the increasing prices of raw materials, involved a decrease of the industrial production, the investment, the international trade, starting with the third quarter of 2008.

Also, the price increases and the restrictions of the capacity in a number of countries, led to accelerating the inflation, mainly in the developing countries.

The GDP reached 1.3% in 2008 in the countries with high income and approx. 6.3% in the developing countries. According to the forecasts, the economic growth will maintain its downward trend in 2009. The world GDP growth will suffer a decline to 0.9%, while the developing economies will register a 4.5% expansion, however, decreased from 2007 (7.9%). The world trade with goods will diminish, reducing the volume of the world exports for the first time since the year 1982.

The decrease the rate of growth will impact the level of employment¹⁶⁸. The effects have already been felt in the developed countries in the fields of finance, construction, automotive, tourism, services, etc., the first and foremost to the strongest integrated global activities.

The International Labor Organization estimated that the number of unemployed will reach 210 million people by the end of 2009, the number of people living below \$ 1 a day will increase by 40 million and those who subsist on less than \$ 2 per day will increase by over 100 million.

The effects of job loss are inter-conditionary, economic, social, psychological nature, with spatial and temporal extension. In the industrial countries the wages will decline by 0,5% while growing by about 1% globally. As shown the earlier experiences, the economic crisis differentiated affects the social groups, most felt the younger segment of the population. On the other hand, the crisis is more felt on the female population than the male.

¹⁶⁷ www.worldbank.org/

¹⁶⁸ www.worldbank.org/, Commission for Social development, World Summit for Social Development "The global crises and their impact on social development", 4-13 February 2009, p.6-11

On the background of the complex issues specific to that portion of economic reality of the first decade of the millennium III, no economic agent can't remain passive to the already foreseeable changes in the national and the global economic system. The company in crisis, searching the "economic survival" is submitted to many types of risk, of which the social risk assumed in its capacity as employer of the human resources attracted, is among the notable.

At the level of company, the social risk is represented by all the factors internal and/or outside thereof, of human, social, economic, legislative, political nature, likely to affect temporarily or permanently the sustainable operation.

Among the types of social risk faced by the companies, count¹⁶⁹:

- the social conflicts;
- the strikes;
- bad social climate;
- the defective communication;
- the loss of confidence of the employees in the company management;
- low crisis management;
- the alteration of the company image;
- deficiencies on the working conditions;
- the worsening of the relations with the customers and other business partners.

The fact that the individual and the relations established between it and others give tone and strength of the movement economy, make responsible the business managers of organizations producing tangible goods and/or intangible goods to create and to deliver the desired value by the consumer; for it is necessary to optimize the relational established by the company as a prerequisite to optimizing the relational system developed between the economic entity and other economic entities, social - customers, suppliers, etc..

Based on a comprehensive vision compatible the behavior on firms, employees, consumers and the relationships established between these variables, the social risk management can be achieved using different models for analysis, among which is the reference model M@RS.

To make relevant assessments to the social risk is required the identification of the "irritant factors" that contribute to the degradation of the social environment and to the appearance and the development of the social tensions. The "irritant factors" are different types of problems, sources of anxiety, frustration, which can pollute the environment of the firms; for example, if in case of service based on personnel, such as legal consulting services, - the policy of motivation is not based on clear criteria, accurate, representative of those types of services, the main principles of the quality service – the competence, the responsibility and the care for the customer, the professionalism, etc..¹⁷⁰ will not be achieved at the best levels, in which case the social risk will transform from the potential form to the effective form. Similarly, may happen in the area of the tangibles where, even if the human involvement is not always the interface with the consumer or the relationship has a much smaller share compared to the other inputs of the firm, the perceived effects to the employees level and their propagation into production quality assurance lead to unachievement of the desired level of the consumer satisfaction and, possibly, their loss.

According to the authors of the M@RS model, the research quality of the social environment of a company should consider a reference composed of the 32 factors defined in 5 distinct families; based on surveys conducted in-depth it was found that these factors are the most often, the origin of significant damage working relationships.

Based on¹⁷¹ assumption that the risks are not independent from each other but inter-conditionary in the global dynamics and that, under this system which at one time in a given context is a generated factor of risk to another realized risk, and so forth, that, in reality, the potential for risk

169 Landier H., B. Merck, Detection, analyse and quantification du risque social: le modèle M@RS

170 Danu M., The Marketing Services, University of Bacău, 2008, p.72-86

171 Danu M., The Business Risk, Plumb Publishing House, Bacău, 2001, p.63

is in all the situations - which is different is the expression form and the severity. Therefore, under the system of risks, some are risks - causes other risks – effects; and some others are transformed and propagated in time and space. On this basis are distinguish the following families of the social risks¹⁷²:

I. A first family of risks - causes are placed at the top-managers level. From this perspective, the risks that may generate risks - effects are: the decision centers length; the absence of the recognition of the real work value; the incapacity of the projects presentation; the lack of the coherence of decision; the absence of sufficient visibility of the policy applied.

The decision centers length and lack of coherence have an unfavorable impact on the production process, with adverse effects, both on the personnel and on the intermediaries, the consumers, etc.; if the competition is strong, the consumer will not resume the experience with such a firm where, typically, the degree of flexibility and adaptability of preferences is reduced and the risks assumed - financial risk, the risk of lost time, the risk of image, etc.. - inherent.

The absence of the recognition of the real work value has effects on long-term the employees on and on, the consumer; in case of the services the contact personnel will receive this behavior and it will send (via attitudes, behaviors, overall dissatisfaction) to the consumer; the personnel in the area of the internal organization's system, largely invisible to the consumer will send the dissatisfaction by propagation effects in the services system, helping to reduce the overall quality of the promised service.

The absence of sufficient visibility of the applied policy is conditioned, for the most part, from the weak management of the internal communication and may be as long-term effects on the company's the risk of image.

In the conditions of the economic crisis, the struggle between firms becomes aggressive, the consumer bears welfare losses and is more sensitive to the financial risk so, not to be receptive to the need to take the quick decisions, coherent and visible to the internal public, means immediate losses for firm and maybe the bankruptcy.

II. The risks - causes from the middle and inferior management, on the direct employees have the impact and the gravity able to cause large failures. Among these risks - causes, are notable: the lack of respect for employees; the authoritative; the overlapping decisions; no clear information; defining an insufficient job; no response to questions raised, etc..

Some of these risks are related or associated with those derived from the top – managers; for example, the disrespectful behavior and the authoritative creates conditions for depriving an employee – executive, to the possibility of free speech and event, individualized, personalized relationship with client, so adapting to the different needs and demands of it. The activities in the company who use the contact personnel in the relation to consumer – the kindness, the serviceable, verbal and non-verbal behavior thereof are determined largely by the quality of the internal relational environment; the sensible consumer will perceive the vices of the relational established between employees, between employees and managers.

An excessively authoritarian only limited the freedom of movement of the employee in the relationship with the client, the inventiveness, the imagination, the talent, etc.. - searched, requested and expected by the client. Does the phrase well known in services, whereby, one slogan of companies worldwide notoriety "we do not offer products and services, we provide relationships"¹⁷³ would call obsolete in such an environment "limits creator"?

The current economic crisis bring on a higher the importance of the information in economy; to adapt better to the market signals in the crisis conditions, the companies must focus more than before, to optimize the system of information both at the company and in the outside relations. The behaviors authoritarian, inflexible, are not only acute a potential conflict.

172 Landier H., B. Merck, Detection, analyse and quantification du risque social: le modèle M@RS

173 Kotler Ph., Management Marketing, Teora, Publishing House, Bucharest, 1997, p.72-84

III. A family of risks - causes placed at the level of the identification employees elements, namely, the sociological composition of company personnel, have special meanings in the national cross-stage transition, economically, socially, politically, mentally. Of these social risks, are significant:

- the dispute between "old and new";
- the social discrimination - on an ethnic, social, professional criterion;
- low staff representation at decision – making level;
- the competition between the trade union organisations;

If in the developed economies, each of these risks are manifested at the firms in different weights in assessing the overall social climate, released recently in the economies of transition, as is the Romanian the dispute between "old and new" is still among the most visible and most serious risks to the companies. In this case, the dispute goes, for the most part, the mental level, mainly on:

- the arrangements for addressability on the external public company;
- the complete and current significance of the concept of total quality offered to consumers;
- the necessity to create and to develop the stable and sustainable connections with the consumers to fidelize them.

The strategies, the tactics, the tools used in managing the relationship with the customers are dynamic; the client is dynamic and differentiated compared with the another but also with self-himself, in time and space. If the perpetuation of an old mentality, inflexible, quartered in previous experiments and not in need of adaptability - the kindness, the fundamental dimension in assessing the overall quality of the tangible or the intangible, can't become an unique and even the dominant attitude of the company; may be a practical approach applied by some employees, but just so. Then put the question: to what measure we are ready and willing to truly accept the adoption and generalisation of an attitude on the new? On the other hand, can not be ignored some valences of the old experiences in the production process; they can be assimilated and used in the new context, provided rapid adaptation to this.

In these types of risk, the management is difficult in a crisis conditions because, the disputes old - new, any type of discrimination, etc. can be potential achieved as risk of conflict from the employee, as risk of dismissal from the company .

IV. Another criterion for separating the risk – causes on the company is the applied methods management. From this point of view there are the following social risks:

- the failure of general information;
- the misunderstanding of the mode of operation the company and the specific skills;
- negligence in relation to the new employees;
- unjustified wage differentiation;
- insufficient opportunities for the development employee or the incorrect formulation of the rules relating to, or their lack of transparency, each situation can lead to feelings of injustice or inequity.

These social risks injure the interests of the company both short term and in perspective; the gravity of these risks are dependent on the type of activity, stage of the life cycle of the company, the marketing environment and its degree of interaction with other types of risk. For example, the deficiencies in promoted policy of wage have effects, primarily in the short term; the policy of recruitment, the employee selection, have effects in the short term but may involve serious effects in the medium term and even long; a key employee of a very well positioned company by the consumers at a market reference, once demotivated, treated the same as other employees involved in the less efficient relationship with the consumer and, in achieving the performance, will be moving towards competition, becoming from an performing employee, an exponent of the competition interests. Moreover, the fidelized customer will accompany to the new company, so the company will see in the situation not only to be stripped of the valuable human capital but the

fidelized customer further. The result: other risks assumed and realized by the firm: the financial risks and, perhaps most importantly in terms of remanence and the spread, the risk of image.

The economic crisis brings attention to fair establishing the wages; as the company bears some losses, the wage reductions and the dismissal are inherent but is important an objective assessment of the employees to prevent the discrimination.

V. Incorrect perception on the future business and on the relationships with an environment has a large potential for social tension and social climate of poor quality. Among the types of risks - causes of the register are:

- the anxiety concerning the future of the company/employees;
- the uncertainty regarding the intentions of the company;
- a negative development lifecycle of the company's job/professions;
- the fear for the downgrading of the skills related the posts;
- difficult relationships with users or customers;
- the unwanted evolution of the relationships with business partners;
- changes in the legislative and the institutional environment.

Each of these types of social risk is evident in the economic crisis, the probability of achieving being very high. Again, the information management is the most important tool to minimize the effects of the crisis at the company.

Some of these variables are largely exogenous the decision-making system of the company so the position of the employees is submitted, on the one hand, to the social risk generated by the firm, on the other hand, to the social risk at the macroeconomic level. For example, the negative evolution in the relations with business partners is due mostly the managerial vision of the company in question on long-term; but is not excluded, nor the magnitude of changes in the law which make under the risk of survival a business partner, possibly where tradition, or even ceasing temporary or interruption of relations with it.

The social risks - causes able to deteriorate the social climate of a firm can not be identified, analyzed and measured without taking into account the impact of "social history of the company and its stability" by coordinates such as:

- the personnel attachment to the company values;
- the discipline at work;
- the social continuity;
- the traditions in the salary negotiations, etc..

The relatively recent history of some of the companies in Romania and the changes that have occurred in the design of the specific competitive environment of different types of activity, gives a different meaning in part the impact of social history of the company but does not minimize the importance of such variables on long-term in appreciation the quality of social climate of that company.

The reality reflects that more and more types of activities are developing and growing its market competitors that can find and exploit opportunities, identifies and takes calculated and aware risks. But, in this equation, they understood that in order to provide high quality products, strategic approach should be based on optimizing the employment, preparation, grounds the personnel, applying the vision of the internal marketing. The performing firms, focusing on marketing have realized long ago that classical structure for organizing a business as a pyramid, must shattered placing on the top the consumers, followed by the "first people in line" – the contact personnel, who serve customers and satisfy their demands. Follows the leadership of the executive staff must support the contact personnel and on the base – the top management must support the executive leadership to help the contact personnel and further to ensure the consumer satisfaction.

The identification of the social risks concerning a company is followed by assessing their cost (estimating the probability and the frequency of occurrence of the risks, forecasting the

economic, social, etc.) and establishing the procedures for the treatment and control. It is important that risk management in general, social risk, in particular, should not be considered like as the company's effort, an expense but an investment; in the present conditions, the investment in human capital is fundamental.

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