RECENT DEVELOPMENTS OF MANAGEMENT CONTROL: PILOTING AND SOCIAL REPORTING

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Recognition of human resources as the main source of value creation and competitive advantage has led to increased concerns of researchers to measure how important this resource is valued at organizational level. Quantification of the social component, translated through the adoption of appropriate indicators, has a relatively long life, after the accounting attempts of E. Framholtz (1960) and Scandinavian approaches. The paper analyses, in a first phase, the use of social indicators in the control of management, then highlights the latest developments in the field, offering new perspectives of quantification of human resources' contribution in organizational performance, in the new concept of responsibility towards the company environment.

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I. Use of social indicators

I.1. Issues and objectives of social control management

R. Anthony and Dearden define management control as "the process by which managers ensure that resources are obtained and used efficiently and effectively in achieving organizational objectives." In this process human resources constitutes a major chapter, by itself, with a specific name, that of social control management. B. Martory considers the social control management one of the components and extensions and control management system…a system of social support in piloting the organization, with the objective to contribute to the management of human resources in terms of performance and cost.

Management control objectives are socially attached to the four major lines of action which is characteristic, namely:

- *to inform*, which is achieved by tracking social data and measurement results accompanying social policies;
- *to diagnose*, detect the disruptions and the causes that they generate;
- *to foreseen*, respectively to alert about disruptions identified and to anticipate the developments;
- *to manage*, which means to improve social management and guide components for the purposes of human resources policies.

Although they have many similarities and uses mostly the same indicators, the management is different from social audit:

- *social audit* can be internal or external, may be directed to a part of the organization (department, service) or a key category of the employees. It is a fragmentary approach and has no connection with the current systems of managing the company. Social control management is different because it integrates usually to the permanent budget management, providing an essential element of it;
- *social audit* is distinctive in the large decentralized organizations, which have established procedures and check how they are respected by its various sub-units. Its main

objective is not aimed to facilitate the decision, but the appreciation of conformity of information systems and social decision rules and with legal requirements.

I.2. Social indicators

Researches conducted in the management of social indicators have revealed their existence in numerous works since the 1980s, but in practice, in this last case to a lower measure. Analysis is carried out according to various criteria, which are the economic contribution of human resources at the performance of the organization, structural developments of the staff, the development on activities, and developments of quality matter.

Economic and financial indicators. By these indicators can be measured the economic contribution of human resources or the human resources function to the performance of the organization. The most known are the indicators of productivity, efficiency, using in the numerator an indicator of the work submitted, and in the denominator a human environment index, expressed in value or volume.

Table 1 gives examples of using the most economic-financial indicators in the management of social control.

Group III of the indicators occurred recently in the Anglo-Saxon countries, with the emergence of financial performance indicators aimed at assessing the value creation for shareholders, namely: economic value added, market value added, added value of human capital and the rate of investment in human capital.

All these indicators should be analyzed with caution, particularly those specific to labor productivity, named, therefore, apparently because hiding behind their qualitative intangible are factors to be considered, such as the organization, quality of coordination between teams, competence of employees etc. therefore, the size of productivity, for example, may take place by reducing the denominator, increasing the numerator, or by movements of both sides.

No.	**Group of indicators**	**Indicators**
I.	Productivity indicators	1. Turnover / Staff 2. Value added / Staff 3. Value added / Fund salaries 4. Production / Staff
II.	Indicators of human resources costs	1. Personnel expensives / Staff 2. Fund salaries / Turnover
III.	Indicators of financial management	1. Human Economic Value Added (HEVA), as: Economic Value Added / Staff 2. Human Capital Value Added (HCVA), as: Turnover – (Expenses - Remuneration) / Staff 3. Human Capital Return of Investment (HCROI): Turnover - (Expenses - Remuneration) / remuneration 4. Human Capital Market Value (HCMV), thus calculated: Market value added / Staff

The structural indicators. This group of indicators allows the characterization of structure and organization staff and may serve in actions of benchmarking between multiple centers of responsibility. As criteria can be used the level of education, profession, distance from the operational center (direct and indirect employees), but also age and sex in a very used tool in the human resources management, such as the age pyramid.

Specific indicators of human resources function. Basic activities that occur in human resources management such as recruitment, training, remuneration, therefore increasing importance for the human factor in the enterprise, some requirements in terms of quality, deadlines and compliance with budgetary provisions. For each of these activities have appeared indicators that are following the triptych “cost, term, quality”.

Indicators of social climate. Social climate can be identified as the degree of satisfaction that the staff has is an organization and can be appreciated through groups of quantitative indicators, which shows external movements (the turnover), absenteeism, conflictuality but also qualitative, by which is meant to assess its degree of satisfaction and involvement. Measuring staff satisfaction involves conducting a survey or a poll to the staff organization, their own questionnaire or by using a validated questionnaire, such as that proposed by the Minnesota Satisfaction Questionnaire (MSQ). In a similar way may proceed in the case of measuring staff involvement, they get an overall score through the famous OCQ [Organizational Commitment Questionnaire], finished by a group of researchers headed by L.W. Porter.

A more representative and more analytical instrument, which offers opportunities for diagnosis and identification of disruption, therefore with a high operational in May, was finished by B. Martory.

Besides social climate indicators can be placed and those who aim to measure the professional risk of occupational health. They follow mainly the situation of work accidents.

II. Social responsibility of the organization [SRO] and use of the human resources indicators

Social indicators have a new area of application, following the emergence of new management tools and evolution of management models in recent years. The latest developments, characterized by paying attention to social responsibility of the organization, have directed the use of social indicators in models of reporting or piloting of sustainable development.

II.1. Fundaments and factors of evolution of social responsibility of organization

A first definition of social responsibility of the organization is offered by the European Commission, which considers it as "voluntary integration of environmental concerns and social enterprises in their commercial activities and relationships with stakeholders". Social responsibility of the organization is today a concept related to the concept of sustainable development which means that the organization must take care not only to its growth and profitability, but also the impact of its activities on the environment and on all social aspects, present and future. The envisaged stakeholders are shareholders, managers, employees, customers, providers, social partners, community, collectivities etc.

Norms have appeared (ISO 14001, Social Accountability, SD 21000, etc.) and European texts that introduced the concept of sustainable development or aspects of its rules through quality, safety and environment. Several NGOs have passed a reference of principles and standards in the field of auditing or reporting of social environment, such as Accounting 100, Global reporting initiative etc. Following such steps, many European companies are advancing an annual environmental report and social called “report of social development”.

New issues of social responsibility is, for many companies, a set of constraints regarding the financial rules, the environmental, quality, security, health work, pressure from NGOs, new rules of international competition, that compel them to be more transparent and to extend in this way, their reporting practices.

Organizations in OECD countries are faced with increasing demands of the community in respect to major social and ecological balances. Voluntaristic environmental policies of the community and international institutions are well received by the public concerning an increased vigilance for companies. In the face of such changes in attitude, organizations must integrate environmental variables and social systems in their management, to develop systems of reporting and social pilotage.

II.2 Reporting and social responsibility of organization

Most of the western organizations publish an annual report of environment. In France, by the New Economic Rules, Article 116, companies listed on regulated financial markets are required to publish information on environmental consequences and their social activities. As a form, such information is included in special sections in company's annual report (extracted from the social balance through social indicators) or a separate report. These documents can be found and investigated by the Internet, under "Investors" rubric of important organizations.

Regarding this form of reporting, it appeared a full international standard who has the tendency to impose the Global Reporting Initiative (GRI). Adopted at the end of 1997, this rule has the mission to develop directives for global application performance to meet economic, environmental and social enterprises, and to governmental and nongovernmental organizations. Adopted by the coalition for responsible environmental economies (CERES) in association with the United Nations Environment (PNUE), GRI incorporates the active participation of the enterprises, NGOs, accountancy organizations, associations of businessmen and other organizations around the world, proposing a set of structured principles and a battery of important economic indicators, environmental and social.

Given the recent appearance of GRI, the specialists who study issues of social responsibility have emphasized two components may that can appear to the organizations:

- a real reporting, located at the same level with the accounting records of accounts, through which are informed the stakeholders about the existing situation;
- an institutional communication developed by enterprises that are not truly socially responsible and follow only a picture of "civic enterprise."

Identifying the true position of the organization assumes the deepening of the analysis to the level of internal management systems, to realize to what extent the environmental variables and social indicators are included in the balanced scorecards, in the objectives of staff, in its internal management. However, the same experts have pointed out that many large enterprises develop a genuine pilotage at social responsibility level.

II.3. Piloting social responsibility of the enterprise

The most popular approaches for piloting social are those of the "way" type, which suggest the involvement of all actors responsible of the company, through internal audits and self systems. For many companies the question is how to translate into practice the environmental variables and the social ones, how to mobilize all stakeholders around the value and how to take their behavior accordingly. Therefore it appeared in such an application of the BSC method the sustainable development issues.

Although initially Kaplan and Norton have not directly addressed the problem of integrating sustainable development and social responsibility in the BSC, it was more or less mentioned in different versions that have subsequently developed. The social data is on an adequate place in training and innovation axis, in the form of objectives and indicators such as reducing absenteeism and mobility eternal, satisfaction of staff and sometimes more general data such as on "being a good neighbor", accompanied by indicators as the number of ecological accidents or security.

BSC encourages aligning all operational activities to the vision of long-term strategy, and the question of opportunity and integration into the current issues of piloting sustainable development. To answer to these demands, several researchers have proposed the development of the existing model, and thus appeared the 'Sustanaible Balanced Scorecard ", abbreviated SBSC.

A research program supported by the University of St. Gallen, and Lueneburg and INSEAD has made several experiments in entreprises and has submitted proposals in this regard. For many researchers, SBSC is translated by adding a fifth axis, called "Society" or "Non-market" or through the introduction of sustainable development strategies within the existing four axes. Bieker and Gminder identified five models of integration of environmental dimensions in the social and BSC:

- **partial approach**, whereby one or two indicators of sustainable development are integrated in a few well-chosen dimensions of the BSC;
- **additional approach**, which adds a fifth axis of the four axes of the traditional BSC;
- **a total approach** that integrates environmental and social aspects in all axes BSC, thus allowing the organization in promoting a strong knowledge related to sustainable development;
- **addressing the cross**: in this case the strategies of sustainable development are included in the schedule "cause-effect" as indicators of value, allowing the fulfillment of the vision and strategic objectives;
- **the "shared function"** means disclaimer BSC level of a specific Direction for Sustainable Development, by the Human Resources Scorecard, which BSC was adopted to the human resources function.

Conclusions

In further years is remarked a considerable development of social control management, especially through the appearance of piloting and reporting using a well structured overview of indicators. Besides the social management, management control himself integrated in a global and strategic vision, the human dimension in the models that we use. It's a natural evolution, closely related to the general evolution of managerial models that consider human resources, through their knowledge and skills are key resources of enterprise, value creation and competitive advantage.

The evolution of social control management recorded steps with the appearance of Balanced Scorecard, a Scandinavian approaches in terms of intellectual capital and social indicators that is evolving today on a promising through reporting systems and piloting of social responsibility and enterprise development sustainable. These indicators seek to measure social dimension, to transform qualitative variables by their nature (competence, work satisfaction, involvement) in quantitative variables by means of a global score. Other efforts are made in the development of reporting systems and piloting of social enterprise through the creation or adaptation of adequate instruments for measuring.

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