

EUROPEAN SOCIAL MODEL.COMPETITIVE ADVANTAGE OR ECONOMIC HANDICAP.

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“Corporate social responsibility” (CSR) represents equally a very actual debate, but also an appraisal criteria of the dynamic of eco-social integration quality process at European level. Especially that the protection need is demanded by the current economic crisis.

This concept is meant to combine the position, attitude and behaviour of the trade-unions with the interests of employer’s organisations in search of possible influential mechanisms of the competitive advantage at European level. Due to the current economic crisis, the implications on the labour force market are causing an explainable anxiety.

The attention of the decision takers is oriented towards joining the objectives “social well being with economic well being” in view of an expected economic come back. This approach proves a significant change at the level of economic and social policies within the European Union.

Key concepts:

- European social model*
- Social responsibility*
- Socially responsible enterprise (responsible entrepreneurship)*
- Triple profitability line*
- Workforce flexicurity*

The implementing measures of the Lisbon Strategy have pointed out the huge efforts of the European and newly joined countries, materialized in achievements but also in failures and arrears in what is concerning the proposed objectives. On top of these, the effects of the eco-social crisis have added major implications on the employment level at the European market of labour force.

The idea of equal opportunities for all citizens of Europe, without discrimination, represents a principle and it is a well-known European value. Equal opportunities for all represents a desire and one of the substance components of everywhere democracy, next to liberty and respect of the fundamental human rights.

The aim of the present work is to prove that, in the current crisis context, there is essential for Europe’s future to correlate the economic adjustment efforts with new coordinates of European social models.

In this regard, we will draft some dimensions of the eco-social approach of the effects and implications of the crisis at European level, comparing several models of economic⁶¹ and European social models⁶².

1.- „Social Europe” in time of crisis

With no exaggeration, it can be stated that we are now living a temporary crisis of the European labour force market. Indeed, more and more insistently it is spoken of the „European overponderability” in what is concerning the enlargement wave. In this direction, the

⁶¹ William J. Baumol, Robert E. Litan, Carl J. Schramm - *Capitalismul bun, capitalismul rău și economia dezvoltării și a prosperității*, Ed. Polirom 2009

⁶² Anthony Giddens - *Europa în epoca global*, Ed. Ziua 2007

Euroscepticals are formulating their opinion on the basis of the negative effects and lack of efficiency of enlargement on EU space on work conditions and life of the rest of the population. The problem of the labour market it is not summing up just to quantitatively analyse the demand and the offer of workforce.

The approach of the qualitative size of the labour market requires an interpretative analysis of the qualification level, of the creative potential and other skills that has to possess the worker. The confrontation of workers differently trained in East and West emphasis opposite, if not contradictories qualities and lacks, mentalities and behavioural attitudes.

The social aspect has been ignored for a long period of time, the European market focusing almost entirely on the economic issue to obtain a competitive place in the world. The inclusion now of the social issue on the EU concerns due to an enlargement towards states from Eastern Europe that primed the socio-economic conflict, has determined a reorientation of the logics behind economic – social connection.

Now days, it is stated unreservedly that the binomial becomes social – economic. The performances and economic competitiveness can be achieved only through the social responsibility (SR) of the employer. *The ethical investments* are in this case, the motivation of the companies to realise and obtain the “*triple profitability line*”, which express the join of the obtaining criteria of economic rentability with social and environmental ones⁶³.

The concept of “*European social model*” pleads for an in-depth investigation of the opportunities provided by the new good-practice of a global Europe. Confronted with the domino effects of the economic crisis, the EU citizens are asking themselves pressing questions regarding the economic – social future of the Europe that is suffering nowadays on the conflicts of community versus national interests. An anxiety attitude it can be notices in what is concerning “*the future of the European identity*”.

The scenario of a “*social model*” is in the same time, questionable and disputable.

The European social model (ESM) is, in Giddens opinion, a disputed notion, since there are views according to which, the model is neither social (entirely), nor European (by tradition), nor... properly a model !

In order to sustain the relevance of the eco-social report, ESM is absolutely dependent on *two essential economic factors: economic prosperity and redistribution schemes*.

In spite of these, ESM is suffering due to the lack of economic support, both factors being put under impossibility sign, since of the actual crisis.

The golden era of the “*welfare state*” has passed since unemployment, inflation, globalisation, lack of social protection measures have gathered and questioning ESM, even determining its collapse. If it is respected the connection ESM – economic prosperity, then the indicator GDP/inhabitant is eloquent to prove that the economic performances are supporting the high level of social performances and standard of living.

The different types of social models: northern (providence state), conservative or corporate (Germany, France, Italy), liberal or Anglo-Saxon (Great Britain, Ireland), Mediterranean (Spain, Portugal, Greece)⁶⁴ are a starting point in the analysis of the most suitable development forms of the social space with mutual implications on the economic performances.

In support of the veracity of these correlations, it has been added three criteria that form “*the trilema of economy working*” (according to Esping-Andersen). These are:

1. a balanced budget,

⁶³ The information documents concerning the ethical investments (RSI) are low as number, which indicates a lack of concern for this category of investment. They are reaching a level of 5% only in Great Britain. Nowadays, the attitude has significantly changed also at EU level, by reaching a greater level of interest for the RSI products. Thus, 30% of the managers consider RSI of important success on short term and 86% appreciates its profitability on long term.

⁶⁴ The classification of welfare state from Europe has been realised for the beginning by Gøsta Esping-Anderson, and reviewed then by other dedicated authors.

2. reduced economic inequalities, and
3. a high level of employment.

We need to mention that these criteria are to be found in Lisbon Treaty.

Of course, the capacity of governments to promote satisfactory policies for all three lines of action is limited. This is why the social models are distinguished through the different combinations of those three criteria; clearly, though never it will be possible to simultaneously achieve all three objectives.

And then, how should we obtain economic growth and social justice in the same time?

An economically disputable idea is that of the correlation of a high level of employment (70% in accordance with Lisbon regulations) with a minimum decent wage. In our opinion, the present European context is marked by the struggle of trade-unions for a level of *European income*, which makes questionable the above-mentioned correlation. The flexibility of the labour market is another dimension that, in theory sounds well.

In reality, the pronounced practice of protectionism by EU leading countries is an opposite reaction to the right of free movement of the workforce.

2.-Competitive advantages of economic development models.

The classification of economies in four categories: state managed capitalism, oligarchic capitalism, big companies capitalism and entrepreneurial capitalism⁶⁵ leads to the idea that in the companies behaviour it is compulsory to be introduces the concept of “*corporate social responsibility*” (CSR) in order to define an European system suitable to the human being and not only to the business world. *The responsibility and social cohesion are integral parts of the competitiveness.*

This term has acquired new connotations since, with great insistence, *social affairs, workforce and equal opportunities* have represented at European level the three forces that have expressed the concern and interest for the fundamental objective: creation of new jobs in view of modernizing economies.

The motivation of introducing CSR in the behaviour of companies, it can be found actually in their attitude towards the issue of the hired worker. It is well-known the fact that businesses that disregard or neglect the man and its social problems, especially the position of workers employed, do not meet the ethical criteria. The existence of the market and the analysis of its eco-social dimensions highlight the inequity and the need of social justice caused by the competitive mechanism. Moreover, a behaviour that proves neglect of accountability and social responsibility of the employer towards the employees leads to conflict, unfavourable tensions for work climate and finally to a decrease of the profit.

The second reason for taking into the account the CSR by the companies is the desire to be successful in business, to display a reference example in business world on how to approach the employer to employee, always ready to respond to the issues related to the place and work conditions, the level of income claims, social insurances, etc.

Since the competitiveness is a qualitative feature, it arises that CSR is expressing a trait and a quality of management style and activity organisation that contributes, through its positive effects, to the development of the individual and society progress, diminishing in the same time, the environment impact. *In this case, the social responsibility it can be considered as added value for the company and society.*

⁶⁵ The classification belongs to Baumol-Litan-Schramm authors and it is welcomed to explain the advantages/disadvantages of guiding the development efforts of its suitable markets.

3.- The responsible entrepreneurship and "triple profitability line"

The assessment of the company responsibility level is performed through the awareness of the positive effects of SR on businesses. The transfer of know how among good practices of the companies contributes to the improvement of the application framework of the social responsibility.

The inclusion of SR in the European policies significantly contributes to the European strategy for economic growth and job creation.

In the partially confuse application and assessment circumstances of SR at European level, there are several approaches that try to prove nevertheless the existence of interest and concerns related to the concept implementation in business behaviour.

Involvement of social actors in policy formulation and search of SR implementation related solution is a task and an objective of U.E social-economic policy.

„The culture” of a company is fundamented on compulsory and voluntary basis to adopt economic and social responsibilities. The firms have a economic accountability towards the shareholders and a ethical and social responsibility towards employees.

The adversity and opposition of the enterprises comes even from the incumbency feature of the constraint and the need to assume the SR measures.

Major issues facing the EU today are:

- ***The social-responsible approach*** to the problems at European level which can lead to successful economic recovery;
- Application and generalization of a ***European "social model"*** confirms that ***economic competition can be reconciled with social and environmental responsibility***, which means that economic profit can be assimilated with the social-human one;
- Determination of leaders to build a better and stronger Europe, ***for the benefit of citizens***.

If the European Commission does not support more vigorously the implementation of CSR principles, it is possible that the UN initiative "Global Compact Network" and the "Global Reporting Initiative" to take the bar in the procedures for implementing CSR.

In the current context of qualitative development of European space, CSR must prove its viability and to manifest as fundamental element of the European social model. The practices related to the social responsibility are a contribution to the sustainable development and providing equal opportunities to all members of the society becomes a long term strategy of the sustainable development.

In a society fully marked by risk and uncertainty of today and tomorrow, the restoration policies do not provide job security or continuity of employment. ***The restoration interventionism*** as positive approach of social protection comes to ensure further coverage of the risks.

Diversity and welfare, immigration and citizenship, lifestyle changes, environmental issues, climate change associated with energy shock are all the issues of the current period, which we are living in.

Europe's right to a second chance has become an obsession. The idea is fair and retains its identity in the throughout the conceptions marked by a unite Europe's ideology. Here it is a reflection subject for us all.

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