

# SOCIAL DIALOGUE MANAGEMENT AT THE COINTERESTED GROUPS' LEVEL

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## ***Abstract***

*A uniform reglementation of the social dialogue system in Romania, of its functionality and development, in the context of clearly defined responsibilities, can lead to the harmonization of construction, the avoidance of omissions and parallelisms, the assurance of all premises for an effective social dialogue - autonomy, representativeness, communication and negotiation skills, vision, organizational capacity and responsibility.*

**Keywords:** social dialogue, management, social partners, dialog and social ethics, social responsibility.

**JEL Classification:** M<sub>12</sub>, M<sub>54</sub>.

## **1. Social responsibilities and implications at the corporations' level**

Romanian companies begin to realize the advantages and problems arising from the relations they have with the groups they interact. More and more Romanian managers seize the chance to create business opportunities through social dialogue, through responsible management, aimed at sustainable development.

For several decades, Western business environment has created management tools and a concept for managing the companies' relations with their social and business partners. The so-called interested groups (stakeholders) are those groups who can affect or are affected by an organization's activities. The organizations' dialogue with the interested groups involves the development and implementation of mechanisms for communication and feedback to support the efficient and balanced management of these groups' expectations. The cointerested group management is the systematic and strategic management of the relationships with companies, their partner groups, and the integration of social and business partners' expectations into the organizations' management strategies.

Dialogue with social partners is useful not only for strategic reasons, but for preventing certain risks. It implies, above all, a learning process that all the involved parties take advantage of. For such a dialogue, understood as a learning process, a constant communication is needed to determine the exchange of arguments, accepting critical opinions, common actions and, ultimately, sustainable partnerships.

A company can balance its own objectives with the business partners' interests by applying the so-called rule of tyranny of "or" and of the "and" genius. In his "Built to Last" work, Jim Collin shows that the partners' interests do not necessarily claim the scarification of the company's interests. Decisions should be taken in agreement with the principle "company's interests and partners' expectations", not according to the rule "company's interests or the others' expectations". If one acts according to the "and" rule, in time, we can identify those strategies beneficial for both the company and the cointerested groups. This is possible through a gradual process of awareness of the needs of the others. Such an effort leads to lasting results.

The companies' dialogue with the cointerested groups proves to be effective when specific mechanisms of communication, consultation and feedback between partners are created. They help organizations to better know the social context in which they operate, to respond to their real needs, to transform the potential risks into business opportunities. There are several principles that should underpin the relationship between companies and cointerested groups:

- 1) knowledge – identifying the cointerested groups and their expectations;
- 2) responsibility – assuming the company's obligations of the interested groups;
- 3) reciprocity - companies have not only responsibilities, but also rights in relations with the cointerested groups; companies and their partners should identify profit strategies for all parties in decisions;
- 4) right - in the relations of the companies and the cointerested groups, the rights and responsibilities should be distributed equitably, in line with the investments and risks assumed by each party.

In Romania you can not speak of a mature business community, with ethical codes defining moral standards and values. Companies fail to define and cultivate an ethical dialogue with the cointerested groups.

An effective dialogue with the cointerested groups claims, first of all, the identification of the partners relevant for an organization. Relevant groups are either those that, by their interests, influence the future and prosperity of the company, or those whose interests are or may be affected by the company.

Also, a company's effective dialogue with the cointerested groups implies a strategy of their involvement in the organization's activities:

- to understand and take into account their expectations and problems in the decisional process;
- meet these expectations according to the company's policies and practices and in line with the economic context in which it operates.

A good dialogue strategy involves the construction of several channels of communication that provide companies credible information on the cointerested groups' needs and expectations and offer these groups relevant information about companies. An effective dialogue requires communication in both directions: companies talk, but listen, too. Companies often do not listen. It is a mistake. Because, listening, they can learn more and, understanding more, they can devise better strategies( Stephen B. Young, 2003).

Companies must also identify their main social and business partners and know their expectations. An effective dialogue with partners involves constant communication and the identification of the company and the social groups' common objectives.

Communication with the cointerested groups can be effective when discussion forums will be created, in which the companies interact with the representative groups from the community. Building social relationships outside the channels of communication specific to the business environment is a safe way of involving the community in defining the companies' mission and strategies.

Communication with interested groups allows companies to understand the environment in which they operate.

Dialogue with partners is necessary for strategic reasons, and it should be managed not only for the purpose of immediate interest, but also for identifying the opportunities arising from the today's society new demands of the environment.

In the absence of systematic dialogue with communities, the organizations miss the opportunities given by the understanding of the social environment in which they operate. The management of the relations with partners is especially important for the Romanian companies, who just begin to realize the issues arising from their relations with the groups they interact. Romanian managers have the chance to create business opportunities through social dialogue, through responsible management, sustainable development oriented.

Eiichi Shibusawa, called "the father of the Japanese capitalism", claimed the possibility of a harmony between morality and business. Romanian business leaders have the great chance to join those who attempt to restore their society's moral values.

It is important to understand that the involvement of social partners in management strategies is beneficial for both companies and communities.

Social responsibility is a company's obligation, beyond its legal obligations or those imposed by the economic restrictions, to pursue long term goals, which are for the society's benefit.

Socially responsible firms respond not only to shareholders, but also to all those interested in their work. The goal pursued by firms in support of responsible behavior is, on the one hand, *improving the image* and, on the other hand, *promoting the management based on the values* spread within the organization.

Building good relations with a company's social and business partners involves an ongoing and difficult process. For a dialogue with partners, organizations can use any decisional and communicational tools, strategies of corporate social responsibility (CSR), corporate governance, instruments involving the cointerested groups in the decisional process, public relations.

A research report of Ashridge Business School from the UK highlights two basic words for a successful Corporate Responsibility (CR) practice: integration and relevance ([www.euractiv.ro](http://www.euractiv.ro)). Social responsibility is a general term that refers to the companies' role in society and should be made according to each company's activities. Social involvement has the greatest effect when combined with the companies' main activity.

The efficiency of the dialogue between partners depends on the company's motivation and openness to its community's issues. In order to be effective, the dialogue between partners should build a healthy relationship between the company and the groups it interacts with. For this purpose, the social responsibility policies should be part of the companies' management strategy. No one speaks of social responsibility in the case of a company that is not profitable, that does not comply with laws and fails to provide the products and services required by the market.

The companies must understand the nature, the problems and the responsibilities of each and every group they interact with. Knowing the social environment is essential for developing an effective dialogue with the cointerested groups.

## **2. The concepts of business ethics and corporate responsibility**

In recent years, more and more scholars and international organizations develop ethical standards regarding the relationship between companies and the cointerested groups, and methodologies for evaluating the companies' practices in dealing with partners.

The level and accuracy of the managerial ethics are determined by the following factors (Puiu, Al., 2000, p.261): legal regulations, rules, local regulations, sectoral ethical codes, the company's ethical codes, the managers' characteristics, the organizational culture, the social

pressure. The organizational culture contributes to creating an ethical climate due to the imposition of some rules and ethical standards. They determine the conduct within the company and represent, in fact, ways to support the organization's mission, objectives and vocation.

To increase ethical accountability of employees and managers it is necessary to intensify the actions of moral development and training through seminars, workshops, role-plays. In such activities, moral dilemmas arising in the decision making process are presented and alternatives for solving them are proposed ( Popa, I., Filip, R., 1999, p. 270).

A manager's behavior in business should consider the following values (Gavrilă, T., Lefter, V, 2002, p. 275): honor, integrity, trust, fairness, concern for everybody's good, compliance with laws, pursuing excellence, taking the leader's position, responsibility of their acts. In practice, it is not sufficient for managers to monitor the compliance with ethics in their organizations. The entire organizational culture must support social responsibility and strengthen ethical actions (Ionescu, Gh. Gh., 1997, p. 230). Managers are those who create ways of planning, implementation and control of social responsibility and ethical behavior.

Companies wishing to legitimize in the social environment in which they operate must manage, in a strategic way, the dialogue with the cointerested groups. Thus, they can identify and rank the different social and business partners' expectations, and balance their interests, minimizing the long-term risks, which could affect their reputation. Until recently, in business social responsibility meant observing the laws. Today, social responsibility involves much more, including meeting the countless demands of the cointerested groups.

In the current context, marked by uncertainty and rapid changes, investors and analysts see the dialogue with social partners, a strategic component of the long term risk management.

The companies' sole objective is not to maximize the investors' profits. Owners and shareholders are not the only people in the world of business. Attention to the communities' interests, the involvement of companies' social partners in the decisional process, meeting the consumers' demands, transparency and reporting of social performance are ways in which management seeks to meet the expectations of a wider number of cointerested groups.

In an era in which the environment is fading day by day, corruption in business is being emphasized, and the level of poverty is increasing, the community's pressures are more obvious on the companies. Communities claim the latter should assume certain social and environmental obligations, reducing the negative impact of their economic activities.

Business leaders start to admit that their decisions are beyond the economic sphere, affecting, often negatively, the social and political areas. To a growing extent, they require the

business ethical standards and different actions, such as, voluntary programs of corporate responsibility and evaluations of the companies' social and environmental performance.

Non-governmental organizations that advocate for the rights of employees and consumers or for protecting the environment gave a widespread global issue to corporate moral responsibility.

Managers began to be tempted by the role of community champions, grasping the chance of promoting businesses and products as socially responsible and nonaggressive towards the environment. Thus, the concepts of business ethics and corporate responsibility amend the classic concepts of firm and business.

Companies must change their strategies, giving them a moral and social dimension, for the simple reason that it allows long-term development. "Companies need to admit that they have responsibilities not only to investors, but also to the public and to the society as a whole. To the extent that they accept their social obligations, companies will have a beneficial influence on the community, contributing, perhaps even better than governments, to solve many of the today's social problems" (Nicholas, I. -coordonator, *Beyond Branding*, Kogan Page, 2003).

Development of a company involves not only obtaining profit, but its reinvestment. On the other hand, a company needs not only financial capital but also assets, human resources and a social capital created on trust and reputation.

The success of the communication of the social dialogue does not rise, yet, to the challenge, the development of social progress being kept back, with considerable effects on the social life and inefficiency of social dialogue management both in theory and practice. This trend should be extended, which will make the vector of the social development, its priorities and aims become the major from the significance point of view.

The condition of resolving this global problem lies in accelerating social progress, increasing its social maturity through the implementation of collective wisdom, resources of innovation in regulating social space, through the means of social dialogue management.

### **3. Final Considerations:**

➤ For companies, knowing and understanding the partners' needs is not just a way of identifying and preventing risks, but also a source of opportunities.

➤ Organizations can identify and create long term benefits through dialogue and ethics in dealing with social and business partners.

➤ Companies must understand that, in business, the concern for the cointerested groups' needs is not an additional cost, but a means to generate added value on long term.

➤ Any company that initiates and maintains a prophylactic dialogue with the groups that may affect its development can prevent any image damage on long term. In addition, social dialogue allows companies to better meet the society's expectations. Social dialogue allows companies to address such problems.

➤ Those companies who can exploit the knowledge gained through dialogue with social partners innovate in a durable way. Companies can turn into competitive advantages impulses received from the dialogue partners.

➤ The business environment has the social responsibility of producing welfare. Capitalism is a process of "creative destruction" in which change is constant and risk, a condition of survival. Communities live with the fear that the negative consequences of change and the risks taken by the companies are put, unjustly, on their shoulders. The business environment must use power in a socially responsible way.

➤ The actions of social responsibility bring direct benefits to the society and indirectly to the companies that take them. Thus, through the specific organizational culture, companies are much closer to the community, feeling its needs and satisfying them as closely as possible; the responsible behavior is to meet successfully the society's interests and the companies' own interests.

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