

# A COMPANY'S SUCCESS THROUGH SOCIAL DIALOGUE DURING CRISIS

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## ABSTRACT

*We are living in times of economic, social, political and ecological crisis, a situation of deep confusion where political events affect social problems generated by the economic crisis, altogether on natural unbalance. This is a disconcerting scenario, which, more than ever needs government, state and union's intervention, in order to apply a social dialogue as the most efficient measure against crisis.*

**KEYWORDS:** *Social dialogue; Social partners; Economic crisis; Company's success; Business environment;*

Business environment's social commitment is the inevitable result of intensive globalization determined by technological progress which is the factor that has a high contribution on the state's influence dilution. The limits of the political power are more and more obvious. There is a visible need for globally recognized leaders. This fact can also be blamed on international institutions that are still functioning on unchanged procedures and agreements. On local and national level, and also on regional and international level public government becomes more weakened. Even the most powerful governments can't operate successfully in an inefficient system.

The crisis presents itself like a sum of economic, political, morale, positive or negative effects that happen due to this or that decision, being connected with an economic and innovative activity<sup>1</sup>.

As the state's power is decreasing, the business environment's influence is increasing. The organizations are involved in issues like employees and their children's health and education, or retirement funds. Company's activity impacts all over, from air quality to medicines access. The organizations became essential for government's survival and for regional and national political stability. Multinational and global organization's influence increases continuously.

We can say that, as long as the state's power decreases, the company's influence in communities, people's life and environment is continuously increasing. This major changing of power report at global level convinces the communities and citizens, which not long ago were looking for solutions and people of decision on governmental level, to direct their attention to business environment, demanding support and also complaining about mal practices.

Between 9-13 February 2009, in Lisbon took place the 8<sup>th</sup> European Regional Reunion of International Labour Organization (OIM), its topic being "Overcoming the crisis: strategies for decent labour in Europe and central Asia", where topics were approached regarding working force challenges, decent work, sustainable organizations, social security and social cohesion in time of this crisis that hit Europe.

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<sup>1</sup> Petrescu, I., *Crisis Management*, Ed. Expert, Bucuresti, 2006, p. 70

On this occasion, during discussions with union's representatives, the focus was on financing economy, small and medium sized companies (SMSC), social welfare and social dialogue.

Regarding social dialogue, employer representatives said that this is the main action that could save Romanian entrepreneurs.

Moreover, they emphasized the fact that it's very important for all employers' organizations in Romania to cooperate to find the best measures to support the Romanian entrepreneurs, if employer's unilateral force is strong, it can help to improve investor's situation.

Not always the symptoms that weaken the company lead to a crisis, so one can say the causes lead to the symptoms and factors that confirm a crisis<sup>1</sup>.

Social dialogue can help investors to pass the crisis, and this is the reason for that is necessary to reconsider the social dialogue in Romania.

Romania is affected by economic crisis especially in the private sector which provides 75% from budget incomes and implicit the employees from private sector and the unions must take in account these aspects.

Social dialogue is the efficient and democratic way to solve economical, social and political problems, or any other kind. Finding solutions through intensive social dialogue is very important as the humanity confronts with the largest economic crisis.

The analysts consider that this crisis will continue, and the global effects produced need new solutions, which sustains the idea of extension and empowering the social dialogue.

Overcome the crisis through investments could be one of the solutions that are waited and that are based on European enterprising, business partners and social partner's solidarity and responsibility.

In this respect, the great advantage of European Union in time of crisis is represented by combination between efficiency, solidarity and common action, in other words, we can trust EU capability to decrease crisis effects, to find solutions against its effects.

Lack of long term vision, communication of development goals between different parts of the society lead to feelings of resignation and mistrust towards the country where you work and live.

Country development involves, first of all, that the society accepts the application and implementation of a plan where the state institutions have the main role.

Accumulations in time of some institutional parallelisms lead us today to confront with an inefficient and heavy institutional system.

Turbulences from a society should be decreased through a partnership between different social segments. Considering the experience of developed countries a first step could be setting out by private sector of a development strategy and together with the public sector to develop and implement it, based on specific requirements of each field of activity.

The partnership private-public in key areas of country's development, like agriculture, energy and banking system, could bring important modifications to institutional reforming.

The state has the obvious role to form the needed structures of development, and the private sector can bring added value.

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<sup>1</sup> Petrescu, I., *Crisis Management*, Ed. Expert, Bucuresti, 2006, p. 96

At the same time the state should be the coordinator of social dialogue and partnership with the private sector, and these last ones should be more responsible in setting up development strategies for different activity fields.

Partnership between private and public sector represents a solution to recover the trust in country's development capability. We must learn that the true value of a society is determined by human perception about that society.

One of major problems due to crisis, for Romania and also for entire EU is the lack of job vacancies, work force employment, reason for that today there are entire sectors that have reduced their activity affecting thousands people's life.

Considering this social partners support all those affected by crisis (unemployed) by professional reconversion programs in order to give them a chance to find a new job.

Legally frame of European Social Fund (ESF) for 2007-2013 consolidates the importance and responsibility of social partners to accomplish EU's objective of Lisbon Strategy: development and work places.

Article 3.1 (e) states precisely those partnerships that can be realized by ESF's actions beneficiaries: "promoting partnerships, agreements and initiatives through networking activities between involved beneficiaries parties like social partners and non-profit organizations at national, regional, local and trans-national level in favor of labor market inclusion and employment force reforms".

For 2007-2013 the article 5.3 from ESF regulations states very clearly the social partners' role regarding the Fund's statements application: "the managerial authority of each operational program encourages the social partners' adequate participation based on the 3<sup>rd</sup> article (Application area)".

It's very clear the fact that social partners have been and will always be the beneficiaries of all priorities that pursue from FSE statements in all states members.

According to the article 3.1 (e) from ESF regulations, there will be offered a specific support to *improvement and promoting of partnership and agreements for mobilization to reforms* from work force employment and social inclusion field. These activities present a special importance to improve the labor market situation and promote a good problem management; consequently these are a new and distinct priority for next ESF's interventions – these are "mobilization in benefit of work force employment and social inclusion reforms."

Romanian government makes substantial efforts to solve this kind of problems it's wanted to adopt measures according to the Unique Market rules: creating new work places and promoting mobility opportunities within EU.

Romania needs to increase immediately and significantly its ability to attract European funds. Accelerating the process of using efficiently financings that Romania can benefit in favorable conditions, increasing the ability to attract European funds by flexible procedures applied in this sense, could have major contributions to decrease crisis effects.

### **Business environment. Changes in company's structure**

Global financial crisis brought essential changes in local business environment, in manager's and entrepreneur's thinking and reduced considerable investors' aversion for risk.

Specialists recommend that any investment started in this period should consider the trend of the macroeconomic indicators (consumption price, inflation, unemployment), so that the investment be optimized according to the market's reality. Before the beginning of any investment, a detailed market study is recommended, with target segmentation and analyzing the buying power of the target public.

Exchange volatility and generally business environment's volatility, which complicates long term budget forecasts, important aspect in any business, lead to a major changing.

Also SMSC's capability to attract new resources or to enter on new markets suffered important modifications. SMSC's need financial support from government but also need support from business environment. The state should support them with taxation system, and warrant funds for SMSC's crediting should operate more efficiently in this time of crisis.

Managers are more realistic, have a lot to learn in time of crisis: unknown situations for new companies till now that knew only period of growing, uncertain situation, lack of liquidities, damaged commercial relation who seemed stable till now.

Nevertheless, in this crisis situation there are activities that are still attractive for the investors. On this circumstances business environment allows investments in fields that didn't exist before or were scarcely developed, compared with other commercial fields, in other words, in time of crisis appear businesses that in other situations didn't develop.

Opportunity cost deduction from resources insufficiency condition perverts the real nature of economic phenomenon of cost whose roots must be searched at the level of human actions, at the level of choices that human existence involves<sup>1</sup>.

In line with important society's progresses to discover and attract in economical field of new economic resources there was shaped more precisely the main problem of economy which represents the major restriction that should be considered in organizing and deploying of any activity<sup>2</sup>.

The more insufficiency law action is intense the more durable is the rationale principle of using the resources in human activity generally and in economic activity especially.

#### **Efficient motivation and performances - success priorities settling as final mission of social dialogue**

A social dialogue is efficient when it brings value to company and society and for that is necessary for companies to identify the groups that depend on and that could be affected, to establish what sort of relations they want to develop with communities, to receive and respond at public requests.

The dialogue is a two way communication it isn't enough to be initiated and must be organized, must generate answers from both sides and especially must be considered as a continuous process.

Social dialogue is efficient when it determines real changes in individual's attitudes, either company's employees or society's members. To organize such a dialogue an organization must define its own identity, a mission accordingly with market position and investor's goals, a set of rules and ethic values which should offer guidelines in decision process.

Organization should be aware by their social influence and to build strategies for their relations with community. Briefly an efficient social dialogue with co-interested parties is a process that determines changes to management level, employees, company's products and services and its business partners.

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<sup>1</sup> Cosmin Marinescu, Why opportunity costs can't be ever "zero"... Published on ECOL, [www.ecol.ro](http://www.ecol.ro)

<sup>2</sup> Petrescu, I., *Durable development management*, Ed. Expert, Bucuresti, 2009

Building good relations with company's social and business partners involves a continuous and difficult process.

For a dialogue with their partners organizations can use any decision and communication tools, corporate social responsibility strategies, corporate government, tools for involving co-interested groups in decision process, public relations. Social dialogue's efficiency with partners depends not as much on used management tools, but on company's motivation and openness towards community's problems from social environment where they operate.

Communication tools and interviewing social partner's methodologies provide to companies real information about real people with real problems. As long as become aware about social environment where they operate companies can prevent some risks and can reveal some long term development opportunities.

As long as business people don't understand the social context where they operate these problems and opportunities become threats for companies.

### **Adjusting the mentality towards company's success through social dialogue**

Contemporary society reveals and develops a social dialogue based on collective thinking. There are in this context thinking processes that aren't intra-individuals but inter-individuals. Because of this in many situations collective thinking is different from individual thinking. Just think on needed information for any decision: cumulative mechanisms from many "heads" are different from those of a single one.

New way of thinking orientation involves distinct social processes: intercommunication, person's agreement or disagreement, collaboration or competition. Collective thinking correctness, its efficiency will be assured not only by rules of efficient interpersonal cooperation and communication. Strategies of such thinking will have very important psycho-social components.

Efficient collective thinking technology is nearly at the beginnings. We aren't used to think communally. Taking into account the culture that shapes our behavior we are more familiarized to think by ourselves than together in groups.

As Wild<sup>1</sup> said a group is considered successful when the process of continuous development extends after facilitator's leaving.

The success represents the continuous strive to develop, is the opportunity to develop physically, emotionally, spiritually, intellectually, socially and financially owned by individuals and organizations. The way to success is always in growth to a permanent development and learning and not a goal by itself. Continuous development and learning occur at individual and organizational level, by integrating in the company's culture the concept of continuous learning.

According to Peter M. Senge's idea, "*learning organization*" is an organization where people develop continuously the ability to accomplish the results that they really want, where are developed and cultivated new thinking models, where common goals are adopted and people continuously learn to do everything together (Peter Senge, *The Fifth Discipline*, p.3).

Learning organization is defined by employee's engagement in orientation process, in assuring collective responsibility to change towards organization's values and principles.

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<sup>1</sup> Wild, A., Coaching the coaches, to develop the teams, to accelerate the pace of change, Industrial and Commercial Training, MCB University Press, Vol. 33, No 5. P. 161-166, 2001

Social partners have a very well defined role in managing socio-economic problems: those represents interests and problems from work field under all aspects, even it's about working conditions, continuous professional development or salaries standards.

Social partners have the power to initiate dialogue on behalf of members and to involve in negotiations that could lead to collective agreements<sup>1</sup>.

### **Final considerations**

Finally, social partners do not express only management's or employee's interests but also can during negotiations to commit in their names. Thus, social dialogue could become a powerful tool to solve problems.

Tripartite social focus could engage unions, employer organizations and governments in a deliberate process in order to explain, to argue and to assume responsibility for their actions. Recent examples from some state members show that tripartite social dialogue contributes significantly to political modernization regarding labor market. This new approach regarding tripartism could be developed at local, national and European level<sup>2</sup>.

Promoting initiatives for social partners and developing their capacity as part of social dialogue are areas that should be improved.

By consolidating the administrative capacity could be promoted the developing process of organizational and financial capabilities for social partner's organizations and their intensive contribution at local, regional and national level. In this context could be followed their capability to be involved in decisional process, in local communities development and to monitor public institution's activities, to elaborate strategies and action plans for local development.

Consolidating the partnership between social partners, sector committees, civil society organizations and between those and public authorities and other relevant economic players, could develop and promote the best development strategies at national, regional and local level.

In order to overpass this crisis, the state's concerns should be in line with the business environment's concerns and those of social partners and EU authorities; all these must be discussed through social dialogue – one of the basic stones of the European social model.

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<sup>1</sup> Commission communication COM (2002) 341 final, The European social dialogue, a force for innovation and change

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