International Journal of Engineering & Technology, 8 (1.11) (2019) 113-117

SPC

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper



Indicators of Social Performance: Between Efficiency and Legitimacy

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Abstract

This communication studies the social performance (SP). We were able to build an explanatory model that identifies the determinants of the use of SP indicators and spot the real motivation of the company to use them as a control device and Management: Is it to meet a need for effectiveness and efficiency, or rather to have greater legitimacy? The first category of assumptions is related to the contingent theory. These assumptions explain the use of Social indicators for the company's willingness to be more effective and efficient. The second category of assumptions is related to neo-institutional theory. These assumptions explain the use of Social indicators by the willingness of the company to sit its legitimacy in its institutional environment and, above all, to have the confidence

Keywords: *CSP, legitimacy, neo-institutional, contingent*

1. Introduction

These Companies are increasingly publishing information in their annual reports or social responsibility reports (CSR). This rapidly expanding practice enables companies to respond to society's aspirations for sustainable development (Antheaume, 2005). The company must assume a multidimensional responsibility in the economic, social, environmental and governmental spheres. The publication of information on social performance is based on the politico-contractual and institutional paradigms:
The politico-contractual paradigm is based on the agency's theory. In this case, the publication of information allows securing of contracts at the various stages of the contractual relationship. The information is considered a public good (theory of the social contract).
The paradigm of institutional legitimacy is based on the neo-institutional social theory, which seeks to highlight the strategy of the leaders to legitimize their actions and to build the image of the company with the Consumers and citizens.

Performance has long been associated with profit-making and maximizing shareholder satisfaction as residual creditors. The performance sought was financial. However, from the 1990s onwards, the meaning given to the concept of performance evolved into a social vision. Indeed, the emergence of CSR has contributed to the extension of the scope of responsibility to all the stakeholders of the company and, therefore, to the necessary redefinition of the concept of performance.
CSR is often represented by a triangle that highlights the three objectives pursued (economic, social and ecological). The mission of the socially responsible company is, therefore, to balance these three dimensions in order to avoid the pursuit of one objective being at the expense of the other two. In other words, it aims to target and control a global performance that is defined as "the aggregation of social and environmental economic performance" (Baret, 2006, Reynaud, 2003).
In a first part, we will address the concept of performance as a notion polysemic and we'll make an outline of theoretical journals and in a second part, we take the point on the methodology adopted before concluding with a discussion of results obtained from a survey conducted to verify the degree of validation of the selected assumptions.

1.1. Performance, from a financial logic to an integrated logic

1.1.1. Performance: a polysemic concept

For Pesqueux (2004), performance is a word "catch all" and sulfur of a very large polysemy. Indeed, it means both the completion of a process (Bouquin, 2004a), a task with the results (Baird, 1986) and the Success (Bourguignon, 1995) that can be attributed to it. In addition, it has as many meanings as there are users that there are users (Morin, 1992). Saulquin and Schier (2005, p. 6) cite the following example: For an executive the performance may be the profitability or competitiveness of the company: for an employee, it may be the working climate; and for a customer, the quality of services rendered. «Any individual can have his or her own criteria for judging the dimensions that most interest him in the performance of an organization. This makes the performance "a subjective social construct" (Saulquin and Schier, 2007) and gives it some contingency.

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The multiplicity of possible approaches makes performance an indeterminate concept that only makes sense in the context in which it is employed (Morin, 1992). Thus, depending on the context and the actors the evaluation on one aspect of the performance (for example financial performance or even the social one), could be sufficient, while in other cases it would be better to work on a notion of Multicriteria performance. Performance remains, therefore, a matter of perception (Saulquin and Schier, 2005) between individuals, which may lead to conflicts, especially in periods of crises. Its content includes a set of complementary but sometimes contradictory parameters (Lebas, 1995). As a result, performance could translate a compromise of several competing interests from different stakeholders.
The most widely used definition in management sciences is that of Bourguignon, which defines performance "as the achievement of organizational objectives regardless of the nature and variety of these objectives." This realization can be understood in the strict sense (result, outcome) or in the broad sense of the process leading to the result (action)... (Bourguignon, 2000, p. 934). It is a matter of appreciating the activities, the processes and the results. For Lebas (1995). The performance only exists if it can be measured and this measure can in no way be limited to the knowledge of a result.
To synthesize previous work, Marion and al. (2012) Report that in the business world, performance can be defined as:
The result is achieved to the extent that performance is measured against the level of achievement of the objectives.
The action itself (or methods of obtaining the result) insofar as it materializes the transition from a potentiality to a realization. Performance is a process. In this case, its assessment requires that the conditions for obtaining the result be incorporated into the analysis.
The success of the action. This results in representations of success in relation to a repository retained by the company and/or these actors.

Booquin (2004a) represents the general problem of performance as a process broken down into three elements in the following way (Figure 1):

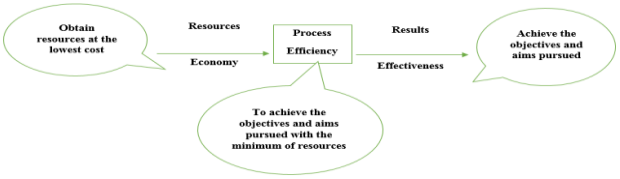


Figure 1: The process explaining the origins of the performance

The issue
To do this, we have chosen to seek an answer through the analysis of a particular control and management device, namely: Indicators of CSR.
This leads us to formulate the following problem:
Does the use of social indicators as a control and management system serve the effectiveness and efficiency of the company or its legitimacy?
In order to answer this central question, we propose the following question:

What are the objective factors that determine the use of social indicators?
Does the use of social indicators as a control and management device really serve the efficiency and effectiveness of the company?
Is not the use of social indicators as a control and management device a response to a need for legitimacy among the various stakeholders?
Efficiency, effectiveness and legitimacy reflect contradictory or rather complementary objectives?

1.2. Social performance: some theoretical landmarks:

1.2.1. The neo-institutional approach and the social responsibility of the company:

According to the institutionalist approach, institutions and the social structure model the specificities of companies. The influences of the institutional environment are manifested through the inter-organizational systems appointed by Powell and Di Maggio (1991) "Organizational Fields". These are coercive in nature (laws and regulations), normative (professional standards...) and mimetic (competitive pressures that lead companies to copy the modes of operation of their most profitable opponents). The company cannot be apprehended without taking into account its relationship with the company.
This approach is privileged to explain the motivations to publish social and environmental data in the annual reports. According to Langtry (1994), companies have to fulfil certain obligations towards stakeholders, most of which are part of a moral dimension. Indeed, organizations are subject to legitimacy.
The theory of legitimacy is based on the idea that organizations must act within the boundaries of "socially acceptable". The company communicates in particular to show that its activities are in line with the company's expectations (Deegan and al, 2002). The company can strengthen its moral awareness. It is also able to play on appearances and divert the attention of stakeholders (Garric and al., 2005). The search for legitimacy also revolves around manipulation (Suchman, 1995). The publication of social and/or environmental information gives a positive image to the company (Point, 2001; O'Donovan, 2002). The choices of legitimation tactics vary depending on what the company is trying to achieve obtaining, maintaining or repairing its legitimacy (Suchman, 1995). Any particularly damaging event is supposed to create legitimacy problems for a company. In this case, leaders multiply revelations to restore this legitimacy (Deegan and al, 2002). Pfeffer (1981) considers that the objective of this legitimacy is to ensure the overall participation, motivation and commitment of all stakeholders towards the values of the organization.

1.2.2. The main models of social performance:

Carroll (1979) conducted the first work on the company's social performance (CSP). He proposed the first true conceptual model of the PSE. This model defines the concept of social performance of the company as the interaction and articulation of three dimensions: the principles of CSP, the way in which the company applies its principles (social sensitivity) and its societal values. Carroll identifies four categories of responsibilities (economic, legal, ethical, and discretionary). This categorization is complemented by a light on the philoso-

phy of response developed by the company. The author distinguishes a continuum from the simple reaction to the pro-action through the phases of defence and accommodation.
Wartick and Cochran (1985) broaden Carroll's approach by highlighting the specificity of CSP as a result of the three-dimensional interaction: The principles of CSP, the process of social sensitivity and the policies implemented to Dealing with social problems (principles/processes/policies). They also recall that CSP is a micro-economic approach to the relationship between the company and its environment and not an institutional vision of the linkages between business-institutions and society as a whole.
According to Wood (1991), Carroll's philosophies of response are in no way an insight into the internal process of social responsibility. It provides conceptual clarifications and incorporates measurable aspects. With this in mind, Wood proposes a renewed PES model it brings real additions to the understanding of the principles by cutting out the latter following three logics: institutional, organizational and individual. Wood also identifies three processes (environmental assessment and analysis, stakeholder management, management of social issues). The results bring together the reduction of negative social impacts, the effective implementation of social programs and policies.
Supplementing the previous work, Clarkson (1995) considers the CSP to be the capacity to manage and satisfy the various stakeholders of the company. The model identifies specific problems for each of the main categories of distinguished stakeholders: employees, owners/shareholders, consumers, suppliers and competitors.
The PES has been the subject of multiple attempts to operationalize. From the work of Decock and Good (2001), it is possible to distinguish five categories of PES measures:

Table 1: Categories of PES measures

Content analysis of annual reports	It is frequently mobilized in the accounting work. It strives to measure the social dimension of the discourse, most often in order to explain the determinants.
Pollution indices	Independent public bodies usually produce them. These data only focus on the ecological environment.
Reputation indicators	The most famous are those of Moskowitz and Fortune magazine. These perceptual measures are produced from surveys conducted with people outside the company.
Questionnaire surveys	They propose to operationalize the different dimensions of the models directly through a set of items measuring each of the dimensions of the built. Aupperle, Carroll and Hatfield (1985) did one of the first attempts at measuring scale construction. This instrument takes over the categories of social responsibility of Carroll (1979) and thus measures only one of the dimensions of social performance.
The data produced by the specialized agencies.	They are agencies that specialize in evaluating the socially responsible behavior of the company.

1.2.3. CSP and the search for a global performance (GP):

The concept of CSP is currently being evoked from a triple-bottom Line ("Trip") that leads to evaluating the company's performance from three angles (Jora, 2002):
Environmental: Accounting between the business activity and the maintenance of ecosystems;
Social: Social consequences of the company's activity;
Economic: financial performance.

➔ Performance has evolved and now requires a broader view of the results.

Table 2: The comparative table of the two management control system

	Traditional management control system	CSP oriented management control system
vision	Deterministic	Contingent with agile behavior
Paradigm	Contractualise, Agency theory	Conventionalist, Stakeholder theory
Mission	Reduce the information asymmetry between the manager and the shareholder Limit the rooting of the leader	Reduce the information asymmetry between the company and all stakeholders Contribute to the creation of a shared value
Environment	Stable and simple	Uncertain and complex
Time Horizon	Past	Past, present and future
Role of the management controller	Supervisor	Advisor
Logic	Functional	Cross
Process taken into account	Market: Processes stemming from trade and contractual relations.	Market (and non-market): Trading (and non-market) and contractual (and non-contractual) relationship processes
Piloted performance	Financial, social and environmental priorities with a priority for financial performance.	Global
Terms of Use	Diagnostic or Interactive vertical	Diagnostic or interactive interactivity is both vertical horizontal and external

Source: The authors

Today the problem of management control becomes that of creativity. That is, its ability to create benefit and to orient the behaviour of the actors.

Table 3: The main characteristics of a performance indicator according to Pesqueux (2004)

Indicator characteristic	Meaning
Operational relevance	The usefulness of the indicator must depend on the action to be piloted (to be launched, to adjust to evaluate). It is therefore closely linked to a specific process of action (for example, a process of machining a process of customer reception).
Strategic relevance	Obtaining the indicator must match a goal by allowing:

	Measuring the achievement of this objective (result indicator) Inform on the proper conduct of an action to achieve this objective (pilot indicator).
Cognitive (or ergonomic) efficacy	The indicator must be able to be read, understood and interpreted easily by the agent to which it is intended.

Source: Adapted from Pesqueux (2004)

It is true that the literature does not give a synthetic definition of the notion of a non-financial indicator (Evelyne and Grégory, 2005). However, they are most often apprehended as opposed to financial indicators.

Table 4: Measurement of environmental, social and global performance

Forms	Tools	description
Environmental Performance	Environmental accounting	"An efficient information system on the degree of depletion of natural elements generated by business activity, usable to reduce this scarcity and to inform third parties..." The objective is twofold: to assess the costs incurred by a company to protect the environment, on the other hand, to estimate the costs of environmental degradation. (Christophe, 1995).
	ISO 14000 Standards	The ISO 14000 family deals primarily with environmental management. ISO 14001 specifies requirements for an environmental management system that allows an organization to develop and implement policy and objectives, which take into account the legal requirements of other requirements To which the organization has subscribed and information on significant environmental aspects. (ISO 14001, 2004).
	EMAS rules	The Community environmental Management and Audit Scheme (EMAS) aims to promote a continuous improvement of the environmental results of all European organisations, as well as public and stakeholder information.

Source: Adapted from Dohou and Berland (2007)

1.3. Methodological epistemological choices and discussion of results

1.3.1. Epistemological and methodological choices

The assumptions identified were divided into two categories:
The first category of assumptions is related to the contingent theory. These assumptions explain the use of CSP indicators for the company's willingness to be more effective and efficient. CSP indicators are therefore designed as one of the tools needed for sustainable management. This variable is: the uncertainty of the external environment.
The second category of assumptions is related to neo-institutional theory. These assumptions explain the use of CSP indicators by the willingness of the company to sit its legitimacy in its institutional environment and, above all, to have the confidence of the most influential stakeholders. This variable is the pressure of the stakeholders.

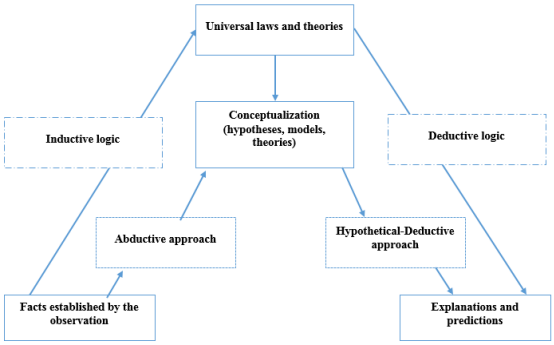


Figure 2: Ways of reasoning and scientific knowledge

Source: Charreire and Durieux (2003)

Table 5: Synthesis of epistemological, methodological choices

Choice	Choice Adopted
Epistemological Posture	We adopt a positivism says « Developed »
Reasoning Mode	Our reasoning is a combination of two modes namely: abductive and deductive.
Methodological choices	Our research exceeds the highly criticized qualitative/quantitative opposition (Grawitz, 1996; Wacheux, 1996; Maumart and Ibert, 1999) and is based on the combination of an exploratory qualitative approach and a hypothetico-deductive confirmatory approach.
Statistical tools	The method of structural equations is retained. The quality of this second generation method is marked by the following distinctive traits (Vallette-Florence, 1988): Process several set of explanatory and explained variables simultaneously; (More systemic approach) Introduce into a single model the notion of latent variable, not directly observable; Take into account errors at the measurement level Offer the possibility of confirmatory factorial analyses (CFA) to stabilise the specified measurement models a priori.

Source: The authors

2. Discussion of results:

Assumptions	Standardized coefficient (beta)	T-Student	P	Decision
H1: the use of social indicators as a management control system is positively correlated with the pressure exerted by regulatory stakeholders.	,232	3,425	***	validated

The contingent determinants of the use of CSP indicators:
Test results contingent assumptions

Assumptions	Standardized coefficient (beta)	T-Student	P	Decision
H1 : The use of social indicators as a management control system is positively correlated with the uncertainty of the environment	,196	3,402	***	validated

The uncertainty of the external environment has emerged as a decisive factor in explaining the level of use of CSP indicators as a control and management tool.
The neo-institutional determinants of the use of CSP indicators:
The high pressure exerted by regulatory stakeholders leads companies to use CSP indicators.
The first is related to the growing development of "responsible and ethical consumption" through customers seeking environmentally friendly products.

3. Conclusion

At the end of this quantitative study, we found that the environmental uncertainty is structural determinants and Of the use of CSP indicators as a control and management device. In addition, the pressure exerted by stakeholders and the visibility of the company are neo-institutional and systematically significant determinants of The use of CSP indicators as a control and management device. In final, we partially validated the contingent model and totally the neo-institutional model. As a result, the company's motivation to use CSP indicators as a control and management device is twofold: to gain both efficiency, effectiveness and legitimacy.

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