Business Organizations' Positive Socio-Economic Impact on Society - A Step Beyond CSR

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Abstract
In this article the authors argue the necessity of taking a step beyond CSR and tackling the issue of measuring the impact businesses have on society, in general. Even if CSR points out the idea that organizations have responsibilities regarding the well-being of the entire society, it has certain limitations listed in this article. Furthermore, the authors briefly present the socio-economic impact of business organizations including (1) some basic concepts, (2) the most relevant areas/fields for measuring the impact, and (3) the main advantages regarding the development and implementation of effective impact measurement practices. The general purpose of the empirical study refers to the identification of perceptions related to the Romanian business organizations' socio-economic impact. In this regard, we set the following main objectives: (1) identifying the extent to which Romanian organizations undertake a process of measuring, assessing and managing their impacts on society, (2) analyzing clients, managers and owners' perceptions regarding the positive impact of seven Romanian organizations' activities, and (3) identifying the perceptional differences between clients and managers plus owners. The empirical results show that in the managers' plus owners' opinions the areas in which the organization's activities always or almost always have a positive impact are: collecting and paying taxes, keeping a strict control over the costs, and fulfilling government regulations plus obeying laws. The highest differences in clients' and managers' plus owners' perceptions refer to creating jobs and improving people's personal security and the general well-being of society.

Key words: *construction field, CSR, SMEs, socio-economic impact, stakeholder.*

JEL classification: *M14.*

INTRODUCTION

At the beginning of the third millennium mankind can brag about tremendous riches, spectacular progress in all fields, advanced technologies, skills and innovation capacities, etc. All these are extremely useful in the better usage of resources and in identifying all the opportunities that lead to the increasing prosperity and competitiveness, in everyone's favor. And still mankind is troubled by poverty and other social problems, the most attention being addressed to climate change and environmental degradation. For example,

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the EU statistics show that (1) between 2008 and 2012 the number of people at risk of poverty or social exclusion grew by 8.7 million and still almost one in four people in the EU were at risk of poverty or social exclusion in 2013, (2) in 2013, the richest 20% of the population earned about five times as much as the poorest 20%, (3) even waste treatment practices have improved considerably in the EU, in 2011 landfilling was the main way of disposing of waste (more than 90%) in Bulgaria, Croatia and Romania (Eurostat, 2013, pp. 13, 15; Eurostat, 2015, pp. 45, 47). In this context we consider that redefining measures of success via measurement of business organizations' positive socio-economic impact and communicating with all stakeholders about the inputs, outputs, outcomes, and impacts of an organization's activities, are imperative necessities.

An important role in providing and implementing the innovative solutions to tackle key environmental and social challenges goes to business organizations. In this respect, the arguments are multiple. On one hand, the environment is in crisis especially due to organizations' unsupervised activities, which must be compelled/encouraged not only to donate money for the environmental protection and preservation, but also to analyze the impact of their activities and to take the necessary corrective measures to reduce and even stop pollution, respectively to minimize any "aggression" on certain stakeholders. One to other hand, as a result of its economic, social, political, and ethical reflection on its role in society, organizations have moral duties towards other social actors and society (Argandoña and von Weltzien Hoivik, 2009, p. 225) and they are responsible for their impact on the society, but also for maximizing the creation of shared value for all stakeholders and society at large (European Commission, 2011).

Everyone expects business organizations to prevent and minimize possible negative impacts of their operations and to enhance the positive impacts on society. But just over one third of Europeans (36%), respectively Romanians (33%), say they feel informed about what companies do to behave in a responsible way towards society (European Commission, 2013, p. 9). More than that, a recent study shows that: (1) the logic needed to consider and measure impacts is not embedded in managerial thinking, so impact thinking is relatively poorly developed in organizations, (2) the idea of systematically measuring, monitoring and especially managing over time the performance and impacts of a company's activities is not commonly found (this is not caused by a lack of willingness of most companies to do so but by the lacking impact mentality), and (3) it appears that European companies today are ill equipped to assess, manage and transparently communicate on their impacts for society, despite the aspirations and expectations of European policy makers and citizens (European Commission, 2014, pp. 15, 26, 72).

Market errors and the existence of social and environmental problems generated, maintained and/or tolerated by both business organizations (preoccupied only by the financial interests of their shareholders) and by the weaknesses of legislative, executive and administrative institutions from various countries, are well known facts. Consequently, the public opinion wishes that researchers and academics to focus especially on the incitement and sensibility of managers, respectively on the transparent promotion and communication of the socio-economic impact on society, in general.

Due to the above considerations we strongly believe that the subject of this article is very important with major implications for both business organizations and their stakeholders because it tackles the issue of measuring the impact businesses have on society. This topic is relevant for society also because the world needs growth but not all growth is the same. For example, many developing countries have growth, but often it is not translating into the jobs or wider societal benefit they need (PwC, 2013, p. 3).

We begin the research by examining the limitations of CSR. Then, based on the theoretical and empirical studies available in the literature, we briefly present the socio-economic impact of business organizations including (1) some basic concepts, (2) the most relevant areas/fields for measuring this impact, (3) two relevant tools developed to help organizations measure the socio-economic impact, and (4) the main advantages regarding the development and adoption of effective impact measurement practices.

The general purpose of empirical study refers to the identification of perceptions (of clients, managers, and owners) connected to Romanian business organizations' socio-economic impact on society. Finally, conclusions, limitations, and directions for future research are presented.

1. THEORETICAL BACKGROUND

1.1. A step beyond CSR

Most studies and research have stressed and still stress the importance of taking on social responsibilities of business organizations. As Schermerhorn (2012, p. 74) shows there are two contrasting views that stimulate debate in academic and public-policy circles: (1) the classical view of CSR holds that management's only responsibility in running a business is to maximize profits and shareholder value, and (2) the socio-economic view of CSR holds that management of any organization should be concerned for the broader social welfare, not just corporate profits.

Corporate social responsibility (CSR), a 'fluid concept that fits a wide range of concepts and classifications' (Monachino and Moreira, 2014, p. 55) highlights that business's responsibilities are to take good actions that ensure a positive impact on society. Certainly, the measuring impacts on society, in terms of opportunities and risks for any organization is a preceding step, but also a final one in any managerial engagement made for the taking on social responsibilities.

It is a well-known fact that CSR has become a key factor to corporate value creation and sustainable operations, as well as a common value in the world (Huang et al., 2014). Consequently, without contesting the importance and major role of the CSR phenomenon, we argue further on the necessity of reshaping the debate from CSR to the impact measurement. This does not mean that we give up on CSR, but we move a step beyond it.

Even though CSR can be understood from the corporate, individual, and team perspective (London, 2012, p. 228), some might appreciate that taking on social responsibilities, even voluntarily, ads pressure as this represents an outside constraint, perceived as a bourdon. Moreover, there are certain situations in which individuals or organizations claim they do "enough" for their stakeholders and that they do not have the adequate abilities and competences to foresee the most urgent social issues and to solve them in an efficient manner. Therefore, in our view, a step beyond CSR means suggesting to managers not so much to assume additional responsibilities, but rather to become aware of the impact their decisions have, namely to identify the best solutions/tools with which to measure the impact of their organizations' actions.

Even if CSR points out the idea that organizations have responsibilities regarding the well-being of the entire society, the measurement of the socio-economic impact is more gainful because CSR has certain *limitations,* some of which are listed hereby:

- ✓ There are many useful definitions of CSR (a fundamentalist and dynamic concept), but there is not (and probably cannot be) a unique, precise definition of CSR (or a set of universal „best practices" in CSR), because its content and application vary from one country to another, change over time and also differ among firms; one global CSR standard is, therefore, unlikely (Argandoña and von Weltzien Hoivik, 2009). Thus, those seeking to promote responsible business practice need to be sensitive to the specificities of the national contexts in which they operate and should be more cautious in the use of CSR and concepts related to the term (Fassin et al., 2015, p. 451). Furthermore, the definitions of CSR use rather vague phrases to describe how the often conflicting concerns of the stakeholders should be taken into account (Pérez and Rodríguez del Bosque, 2013) and do not provide any description of the optimal performance or how (these) impacts should be balanced against each other in decision making (Dahlsrud, 2008), not even within CSR reports.
- ✓ Although CSR definitions proposed in literature do not differ much at a conceptual level -'business has always had social, environmental and economic impacts, been concerned with stakeholders (…) and dealt with regulations' (Dahlsrud, 2008) - the problem arises at the operational level (Pérez and Rodríguez del Bosque, 2013, p. 266).
- ✓ In general, CSR initiatives and programs do not always get full support from organizations and employees on the long term. Moreover, Deegan and Shelly (2014, p. 521) left with a perspective that organizations—who are 'passionately opposed to legislation'—might continue, on average, to produce products that are environmentally damaging to the extent the public and 'the market' demands them; however, corporations will probably feel absolved from any responsibility because their behavior was 'market driven'.
- ✓ Klein and Dawar (2004) proposed that CSR has value for the organization as a form of insurance policy against negative events. Commonly, CSR initiatives and programs focus on correcting measures of the negative effects organizations have on the community in which they operate, with the purpose of protecting their reputation and image. In this way, through CSR some organizations try to minimize the "public rebellion" as a consequence of their wrongful operations and consequently we cannot always refer to the obvious intention of business organizations to measure the socio-economic impact and to multiply the positive effects on the society.
- ✓ Through CSR some organizations focus on certain areas/specific fields, sometimes for limited periods of time, neglecting the threats and opportunities in other areas of great importance to society that could lead to positive effects much more varied for a large number of stakeholders.
- ✓ Stakeholder engagement requires dialogue, negotiation, and transparency, both severally and jointly, and when agreement cannot be reached Dawkins (2014, p. 292) have proposed mediation and arbitration as appropriate dispute resolution techniques. In this way, CSR incites to dialog and negotiation with stakeholders,

but more often these initiatives are perceived as propaganda and fashionable exercises, "done in/for the public eye", especially in favor of the organizations. In addition, stakeholder dialogue (and, therefore, social reporting) is primarily a defensive practice aimed at preventing stakeholders from forcing change on companies through formal government intervention (Fooks et al., 2013, p. 294).

- ✓ The realities confirm that, for certain reasons, some organizations cannot initiate effective CSR actions and cannot permanently handle equally all the needs/requirements/expectations of the stakeholders. CSR activities are corporate actions affecting all of the firm's stakeholders including shareholders, employees, communities, government, clients, etc. (Hoi et al., 2013, p. 2026). So, by addressing CSR organizations have little chance of satisfying all stakeholders, and there is even a risk for some organizations to invest money that multiply unjustified costs; some CSR activities have a positive impact on the non-shareholder stakeholders and a negative one on shareholders, and vice versa. Because one solution would be directing a selective approach and focalized attention and efforts towards relevant stakeholders, even more towards those in need, this requires in depth the measurement of the impact organizations' activities has on them.
- ✓ In general, CSR refers mostly to what must be done (well underlined in the literature) and less to what is actually done, namely to the business organizations' behavior and their activities impact on the social order and well-being.
- ✓ Various countries, bodies and international institutions have elaborated a series of standards for defining CSR and for helping business organizations to point out and to communicate their contribution to the development of the modern society. However, these remain unknown or difficult to apply for SMEs.

In order to face the numerous criticism of the business world and also those of the stakeholders, social responsibilities investments must be accompanied and supported by a costs and benefits evaluation, which leads to the measurement of the socio-economic impact (including the risks, threats and opportunities). For organizations to be able to demonstrate their efficiency and effectiveness, inclusion of social and environmental concerns in business strategies and activities, and to truly contribute to the socio-economic progress and the well-being of the entire community, it is mandatory for them to move beyond CSR and to address differently the impact measurement.

1.2. The socio-economic impact of business organizations

Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations (Gavrea et al., 2011). In the most basic view business organizations are businesses that conduct production activities or offer services for the society's general good. They offer to society not only products or services, but also business ideas, competing tactics, advance technological innovation, entrepreneurial culture, good business practices and policies in their own operations and along the value chain, opportunities for others to succeed, consumer habits and leisure alternatives, philanthropic initiatives, and more.

The impact is the reflection of social and environmental outcomes as measurements, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement), and for effects declining over time (drop-off) (SIIT, 2014, p. 27).

As shown in the literature, companies' impacts are conceptualized in two ways (European Commission, 2014): (1) *external* to the company (regards social, economic or environmental effects of business organizations located on level of society) and (2) *internal* (regards effects located on company level, namely performance, in general, or more precisely outcomes).

Consequently, managers must consider not only the *input* (the resources) and *output* (the results; i.e., the tangible products or services from the activity) but also the *outcome* (performance, social effect (change); i.e., income level) and *impact* (i.e., well-being). The outcomes include changes or effects on individuals or on the environment that follow from the delivery of products and services, while impacts are changes or effects on society or the environment that follow from outcomes that have been achieved (SIIT, 2014, p. 6).

In many academic sources, authors refer to CSR in terms of outcomes and impacts. For example, Mason and Simmons (2014, p. 83) suggest that responsible organizations will draw on stakeholder perspectives in their cumulative evaluation of CSR, and utilize these to assess CSR's influence on the organization's (1) *efficiency* (the extent to which CSR principles and standards are incorporated into organization control and performance management systems), (2) *effectiveness* (an overall cost-benefit analysis of its organizational impact over an appropriate timescale), (3) *equity* (by utilizing stakeholder perceptions of the justice of CSR processes, interactions, and outcomes), (4) *environmental impact* (by the level of sustainability in the organization's resource acquisition, utilization and disposal), and (5) *external reputation* (influence by the extent to which its ethical capital has been enhanced across stakeholder groups).

Socio-economic impact, in the technical sense, is a change in the goals, assets, capabilities, opportunities, and standards of living of people, and it can be positive or negative, intended or unintended, planned or unplanned, temporary or sustainable over time, direct (i.e., creation of jobs within the firm) or indirect (i.e., the creation of jobs within the supply chain). Direct impacts are to a large extent within the control of a company, meanwhile indirect impacts are within a company's influence. Positive and sustainable impact is to the development community what sustainable profit is to the business community; it is the end goal and ultimate measure of success (WBCSD, 2013).

Business organizations, having a big influence on society and on the way we live our lives, are major drivers of socio-economic impact, and socio-economic impact is a major predictor of business success, especially in the long term (WBCSD, 2013). The socio-economic impact refers mainly (but not exclusively) to the impacts of (1) strategies, operations, activities, etc., (2) products or services, (3) inputs/outputs/outcomes on society, on environment and on economy, in general.

1.3. Measuring the socio-economic impact

Clearly defining, articulating, promoting and measuring the impact of the business organization's operations in the community and the environment are essential corporate tasks in the global business arena. Companies are increasingly interested in measuring

socio-economic impact and the tools available for companies (for measure socio-economic impact) are incredibly diverse because they are based on different assumptions, they offer different functionality, they focus on different types of impact, and they suit different purposes (WBCSD, 2013, p. 4).
Impact measurement requires the integration of social and environmental considerations into deeply-rooted market dynamics and investment management processes; because impact measurement is still emerging as a global practice, an enabling infrastructure has yet to exist (SIIT, 2014, p. 5).

Measuring the socio-economic impact of business organizations includes considering various areas/fields. Generally, any business organization, using the adequate tools and methods may identify some of the following major areas:

1. *Social impact:* points out the contribution of business organizations on improving (or degrading) the general quality of life in society. Of course, the positive impact is higher if the business organization takes into consideration actions and behaviors such as: fulfilling government regulations and obeying laws, collecting and paying taxes (including the personal taxation payments of employees, other payments to government), paying over-market fair wages/rewards to the employees, providing social protection of the employees (i.e. occupational safety and health, safe working conditions), providing training and career opportunities to the employees, adhering and respecting the field’s codes, standards and policies, creating jobs, developing innovative products and services (producing high-quality and healthy goods and services that cover human needs), improving people’s personal security and the general well-being of society (investing resources to solve surrounding community social problems and to improve education, charities, the arts, paying attention to the long-term shifts in the social environment), participating with additional funds for social projects, providing financial or material support to local people, supporting open dialogue with other stakeholders to create a shared understanding of business impacts and their needs, working in collaboration with NGOs, etc.
2. *Environmental impact:* underlines the contribution organizations have to the preservation (or degradation) of the natural environment. The positive impact is the outcome of actions and behaviors such as: combining environmental and economic operational excellence to deliver goods and services with lower environmental impacts and higher quality-of-life benefits (using recycled or eco-friendly materials, using resources in smarter and more efficient ways, providing solutions (including technologies) to many of the problems that threaten the environmental sustainability of a region, etc.), paying attention to the long-term shifts in the ecological environment on which the organization depends on for its resources (e.g., buying new technology, reducing pollution, donating for environmental protection and preservation), promoting efficiency (in energy and resource usage) and recycling, protecting the natural environment, etc.
3. *Economic impact:* refers to the contributions business organization have to the economic development (or decline) of the community in which it activates, respectively to the economic sustainability, to healthy value chains and to creating a stable business environment. The positive impact regards creating value added to the economy through: ensuring organization’ survival and long-term success, keeping a strict control over the costs, adding value, providing return to investors, maximizing profits and shareholder value, delivering products and services available to clients, establishing procedures to comply with customer complaints, treating clients

honestly, dealing fairly, developing business through new investments, improving business principles and practices, transferring technology, respecting and meeting direct stakeholder expectations (i.e. suppliers, distributors, retailers, direct collaborators, etc.) and helping them develop their own businesses, complying sustainable practices in supply chains, providing assistance to local suppliers, building physical infrastructure, etc.

Many *tools* are being developed to help measuring socio-economic impact, organizations having only to select the options that work best for their business. For example, a flexible framework that enables business to develop a better understanding of how to create sustainable value for their shareholders while generating value for the wider communities they affect is TIMM —Total Impact Measurement and Management (PwC, 2013, p. 3). This framework looks beyond the narrow notions of input, output and profit, taking also into account the outcome and impact of an organization's activities, and providing a holistic view of how business delivers value through (1) the value chain and communities they operate within, (2) their contribution to the economy and public finances, and (3) their impact on the environment and wider society (PwC, 2013, p. 4).

More, WBCSD's publications help organizations navigate the dynamic and complex landscape of socio-economic impact measurement. The business activities included in the WBCSD Measuring Impact Framework are grouped into four clusters: (1) *governance and sustainabilit*y (corporate governance and environmental management) – the governance and sustainability policies and practices followed and managed by the company; (2) *assets* (infrastructure and products and services) – the creation of assets or resources by a company for use by individuals, groups or institutions, which have value beyond their creation; (3) *people* (jobs and skills and training) – the human side of business operations, including the people employed and trained by the company; (4) *financial flows* (procurement and taxes) – the financial contribution of a company to the community in which it operates (WBCSD and IFC, 2008, p. 12).

Knowing how certain factors positively contribute to the development and growth of the company is essential as the existing trends impose clear variations between factors and their power of influence (Crișan-Mitra and Borza, 2015, p. 876). Many studies available in the literature (i.e., Erhemjamts et al., 2013; Fich et al., 2010; Ioannou and Serafeim, 2012; Klettner et al., 2014; Matten and Moon, 2008; Peng and Dashdeleg, 2014) were focused on the identification and ranking of the main CSR determinants, such as: (1) firm-level factors (such as firm size and firm's prior financial performance), (2) industry-level factors (such as intensity of competition, and (3) national-level factors (such as laws and societal culture). Supposing that the organizations that take on social responsibilities make the necessary efforts to report the obtained performances and are involved also in measuring the socio-economic impact, we can assume (based on previous studies) the following regarding the *key determinants* of the decision to measure the positive impact of business:

- ✓ Approximately one-third of the total explainable variance in firms' positively impact commitment belongs to national-level factors, while firm and industry effects account for over 50%.
- ✓ Larger firms tend to draw a higher level of attention from the public and are more likely to engage in impact measurement. Overall, large corporations take into account the fact that efforts towards improved impact measurement are not only expected but are of value to the business.

- ✓ Older and more mature firms will get more involved in measuring the socio-economic impact to maintain/improve their reputation as their profit margins decline, while younger firms will do this in order to differentiate themselves from their competitors. A firm's propensity to engage in impact measurement, in adapting future strategies also depends on its financial health.
- ✓ Bigger firms with higher levels of free cash flow, larger boards, busy outside directors, and a higher governance index (higher level of the index indicates weaker governance) are more likely to pay attention to assessing the influence and disseminating information regarding the positive socio-economic impact from some narrower fields.
- ✓ Business organizations' socio-economic impact approach is different from nation to nation because of the differences in cultural traditions. The individualism and uncertainty avoidance have positive impacts on firms' positively impact commitments, whereas power distance and masculinity have negative impacts on firms' positively impact commitments.
- ✓ R&D intensive firms, financially stable ones, and those in new economy industries are more likely to engage and to invest generating positive impacts, while riskier firms are less likely to do so.

The extent to which the recommended guidelines are adopted, and the speed at which a long-term impact measurement convention is achieved, will depend on how each stakeholder acts on and contributes to four overarching long-term priorities: (1) embrace impact accountability as a common value, (2) apply best practice guidelines, (3) establish a common language and data infrastructure, and (4) evolve the field through ongoing learning and adaptation (SIIT, 2014, p. 22).

2. EMPIRICAL RESEARCH

2.1. Study objectives

The general purpose of our study refers to the identification of perceptions connected to the Romanian business organizations' socio-economic impact on society, in general. In this regard, we have formulated the following objectives:

1. Identifying the extent to which business organizations develop a process of measuring, assessing and managing their impacts on society.
2. Analyzing managers', owners' and clients' perceptions, regarding the positive impact of organizations' activities on society, in general.
3. Identifying any perceptional differences between the managers, the owners and the clients, on the business contribution/impact.
4. Identifying the advantages of measurement and management of business socio-economic impact on society.

2.2. Questionnaire, sample, and data collection

In order to attain the objectives, firstly we developed a set of interviews with 4 general managers for testing practitioners' opinions on and establishing a common language regarding the topic of the research. Secondly, we elaborated a questionnaire in which the following questions (and answer alternatives) were included:

1. Does the organization measure, asses and manage the potential impacts on society, in general? The respondents had the possibility of choosing one of the following answer alternatives on a Likert scale: never, rarely, sometimes, very often, always, or I do not know/I do not answer.
2. In which areas/fields do the organization's activities have a positive impact on the society in general? The respondents were asked to analyze 27 areas/fields that shape the business organizations' impact in the society and for each one to select an answer on the same Likert scale. Also, the respondents were given the possibility to add to the list new fields appropriate to their organization.
3. Which are the benefits/advantages of measurement and management of business socio-economic impact on society? The respondents were firstly invited to name them according to their own opinion. Secondly, respondents were requested to analyze a number of 14 benefits/advantages we identified and agree or disagree by choosing an alternative on a Likert scale: strongly disagree, disagree, undecided, agree, strongly agree, or I do not know/I do not answer.

Our research was conducted in June 2015 and included 7 small and medium size organizations (SMEs) from the construction field (construction services and construction materials). We chose to investigate SMEs because they remain under-researched entities in the CSR field even though about 99% of all business organizations in developed economies are SMEs, and they make a substantial contribution to national turnover and employment (Lee, 2008; Spence, 1999; in Fassin et al., 2015, p. 434). More than that, Europeans are much more likely to say that small and medium sized companies (71%), rather than large companies (48%), make efforts to behave in socially responsible ways (European Commission, 2013, p. 7).

In our research 75 people participated, and we received 73 valid questionnaires. The final samples included the following categories of respondents: (1) a number of 51 managers and owners (all with a college degree and at least 2 years of experience in the organization) belong to *the first sample* which is the group of 7 organizations we analyzed. Out of them 9 are majority owners, 7 are general managers, 21 are functional managers, and 14 are department managers. In the first sample only 9.8% are women; (2) *the second sample* comprises 22 loyal clients of one organization (we chose out of the 7 included in the previous sample). Under these circumstances, we eliminated some variables (such as: level of education, experience in the company, gender) that we first took into account from the processing and analysis of statistical data. Moreover, because the perceptions and opinions of the 51 respondents belonging to the first sample (managers and owners) are very similar, we choose the overall data processing, eliminating variables related to hierarchical position and functional specialization (finance and accounting, marketing, technical, and human resources).

2.3. Results and discussions

Each organization plays an important role throughout its existence and through their activities' impact can shape the environment, culture, organizational behavior, etc. in the coming years. Unfortunately just over half of European citizens believe that companies have a positive influence on society but there is a wide diversity of views across EU27 countries: from the 85% of respondents in Denmark who think the influence of companies on society is generally positive, to 49% of those in Romania, and to 36% of those in Italy and Slovenia (European Commission, 2013, pp. 6, 56).

In this research we were not able to identify the extent/degree to which the organizations we investigated undertake a process of measuring, assessing and managing their impacts on society. Furthermore, we could not determine the significance various impacts of business activities have on society, respectively the magnitude of the contribution (high or low), because 100% of the respondents said that in their organizations such a process is not done on a regular basis.

These results confirm that the idea of systematically measuring, monitoring and especially managing over time the performance and impacts of a company's activities is not commonly found. In many cases today, only one part of it (either performance or impact) gets measured, monitored and managed; this is not caused by a lack of willingness of most companies to do so but by the lacking impact mentality, impact thinking, relatively poorly developed in companies and other organizations (European Commission, 2014, p.15).

As shown in Table 1, according to the respondents' perceptions (*managers plus owners*; the first sample which is the group of 7 organizations we analyzed), the areas/fields in which the organizations' activities have always and almost always a positive impact on society (mean higher than 4.5) are: collecting and paying taxes, keeping a strict control over the costs, fulfilling government regulations and obeying laws, protecting the natural environment, providing social protection of the employees, treating clients honestly, promoting efficiency (in energy and resource usage) and recycling, delivering products and services available to clients (e.g. the ratio quality/price better than the one the competitor have, health and safety, good product/service delivery issues), ensuring organization' survival and long-term success, adding value/maximizing profits/providing return to investors. These good results can be partially explained by the fact that SME owner–managers do have a clear mental model of concepts related to CSR; in addition SMEs, more constrained in their resources than large organizations, particularly depend for their survival on exchanges with their economic, social, cultural, geographical and political environments (Fassin et al., 2015, pp. 436, 439) and with their stakeholders.

Table 1. The positive socio-economic impact of business organizations on society (managers' plus owners' perceptions within the 7 SMEs analyzed, N=51)

[Never = 1, Rarely = 2, Sometimes = 3, Very often = 4, Always = 5]

		1	2	3	4	5	Mean
Does the organization measure, asses and manage the potential impacts on society?		100%	-	-	-	-	1.00
In which areas/fields do the organization's activities have a positive impact on society in general?							
1	Collecting and paying taxes	-	-	-	-	100%	5.00
2	Keeping a strict control over the costs	-	-	-	3.9%	96.1%	4.96
3	Fulfilling government regulations and obeying laws	-	-	-	11.8%	88.2%	4.88

		1	2	3	4	5	Mean
4	Protecting the natural environment	-	-	-	19.6%	80.4%	4.80
5	Providing social protection of the employees	-	-	-	21.6%	78.4%	4.78
6	Treating clients honestly	-	-	9.8%	3.9%	86.3%	4.76
7	Promoting efficiency (in energy usage)	-	-	-	23.5%	76.5%	4.76
8	Delivering products available to clients	-	-	-	25.5%	74.5%	4.75
9	Ensuring organization' survival	-	-	9.8%	13.7%	76.5%	4.67
10	Adding value/providing return to investors	-	-	15.7%	7.8%	76.5%	4.61
11	Combining environmental and operational excellence	-	-	21.6%	9.8%	68.6%	4.47
12	Paying over-market fair wages	-	-	13.7%	27.5%	58.8%	4.45
13	Improving people's personal security	-	-	19.6%	19.6%	60.8%	4.41
14	Establishing procedures to comply with customer complaints	-	-	17.6%	25.5%	56.9%	4.39
15	Paying attention to the ecological environment	-	-	21.6%	29.4%	49.0%	4.27
16	Adhering and respecting the field's codes and policies	-	-	-	94.1%	5.9%	4.06
17	Providing training and career opportunities to employees	-	21.6%	9.8%	21.6%	47.1%	3.94
18	Developing innovative products	-	-	23.5%	76.5%	-	3.76
19	Improving business principles and practices	-	11.8%	29.4%	39.2%	19.6%	3.67
20	Respecting/meeting direct stakeholder expectations	-	13.7%	13.7%	72.5%	-	3.59
21	Supporting open dialogue with other stakeholders	-	-	72.5%	15.7%	11.8%	3.39
22	Creating jobs	-	31.4%	23.5%	21.6%	23.4%	3.37
23	Participating with additional funds for social projects	-	13.7%	66.7%	19.6%	-	3.06
24	Providing financial or material support to local people	-	11.8%	76.5%	11.8%	-	3.00
25	Developing business through new investments	-	17.6%	82.4%	-	-	2.82
26	Working in collaboration with NGOs	-	35.3%	64.7%	-	-	2.65
27	Building physical infrastructure	86.3%	13.7%	-	-	-	1.14

Note: The areas in which organizations' activities have a positive impact on society are ranked in the second column, in a descending order of the mean (last column), according to the perceptions of the 51 respondents. Results had various decimals, in this table we included results rounded up at two decimals only.

Conversely, with a mean lower than 3, the areas in which the organization's activities never to sometimes have a positive impact on society are: building physical infrastructure, working in collaboration with NGOs, developing business through new investments, and providing financial or material support to local people. It seems that in Romania, as "in Spain and in Italy, philanthropy is seen as an SME managers' personal initiative rather than a business initiative" (Fassin et al., 2015, p. 447).

In order to identify any perceptional differences between the clients and the managers plus owners regarding the positive socio-economic impact of business organizations on society, we analyzed the questionnaires of the second sample that included 22 loyal clients of a single organization out of the 7 investigated.

As shown in Appendix 1, *clients* consider that the main areas in which the organization's activities always have a positive impact on society are: delivering products and services available to clients (e.g. the ratio quality/price better than the one the competitor have, health and safety, good product/service delivery issues), treating clients honestly, keeping a strict control over the costs, establishing procedures to comply with customer complaints. Conversely, a less probable positive impact (never to sometimes) is assigned to the following areas: building physical infrastructure, improving business principles and practices, participating with additional funds for social responsible projects/philanthropic programs, working in collaboration with NGOs, and developing business through new investments.

All in all, for a thorough analysis of *the perceptional differences between the clients and the managers plus owners*, the results (means) obtained from the second sample (of 22 clients) were compared with the ones of the respondents within the one organization analyzed which represent a smaller part of the first sample (11 respondents, out of the total of 51).

As shown in Table 2 (last column), in some areas we obtained some negative differences, meaning that clients trust less the positive impact of organization's activities compared to managers plus owners, such as: creating jobs (-1.41), improving people's personal security and the general well-being of society (-1.41), collecting and paying taxes (-1.36), paying over-market fair wages/rewards to employees (-1.36), improving business principles and practices (-1.27), providing training and career opportunities to employees (-1.09). In all other areas included in Table 2 the differences are very low. Positive differences suggest that in various areas the clients, compared to the managers plus owners, actually have a better opinion about the organization's positive impact; for example, respecting and meeting direct stakeholder expectations (+0.55), and treating clients honestly (+0.32). This is explained by the fact that the clients have chosen a provider of construction materials and services they can fulfill their expectations, and trust this organization.

In general, measuring the socio-economic impact of business organizations has certain *advantages*, such as the following:

- ✓ Providing guidance for organizational decisions.
- ✓ Building trust to sustain license to operate, establishing credibility, and building a reputation for impeccable integrity.
- ✓ Improving the quality of stakeholder engagement.
- ✓ Managing risk more effectively.
- ✓ Identifying new business opportunities.
- ✓ Proactively promoting value-creating activities, creating sustainable value for shareholders/ owners while generating value for the society.
- ✓ Improving the business environment.
- ✓ Strengthening value chains: measuring socio-economic impact can help companies predict the loyalty, performance, stability, and capacity for growth of suppliers, distributors, and retail partners – identifying vulnerabilities and opportunities to address them.

- ✓ Fueling product and service innovation: can help companies understand the needs, aspirations, resources, and incentives of their clients – enabling them to develop winning new products and services and improve existing offerings.
- ✓ Helping business, government, and civil society design more effective collaborations by providing insight into the value.
- ✓ Using resources in smarter and more efficient ways.
- ✓ Delivering the "good" growth that people and modern times require.
- ✓ Improving the positive impacts of business in society.
- ✓ Minimizing harms and maximizing benefits, etc.

Table 2. The perceptional differences between the clients and the managers plus owners regarding the positive socio-economic impact of one SME

Areas/fields	Mean, clients [N=22]	Mean, managers & owners [N=11]	Differences
Creating jobs	3.32	4.73	-1.41
Improving people's security and the general well-being	3.32	4.73	-1.41
Collecting and paying taxes	3.64	5.00	-1.36
Paying over-market fair wages/rewards to employees	3.36	4.73	-1.36
Improving business principles and practices	2.27	3.55	-1.27
Providing training and career opportunities to employees	3.73	4.82	-1.09
Fulfilling government regulations and obeying laws	4.09	4.82	-0.73
Providing social protection of the employees	4.45	4.91	-0.45
Adding value/providing return to investors	4.50	4.91	-0.41
Adhering and respecting the field's codes and policies	3.73	4.09	-0.36
Developing innovative products and services	3.23	3.45	-0.23
Working in collaboration with NGOs	2.91	3.09	-0.18
Providing financial or material support to local people	3.05	3.18	-0.14
Ensuring organization' survival and long-term success	4.73	4.82	-0.09
Participating with additional funds for social projects	2.82	2.91	-0.09
Combining environmental, economic operational excellence	4.55	4.64	-0.09
Supporting open dialogue with other stakeholders	4.45	4.45	0
Promoting efficiency (in energy and resource usage)	4.73	4.73	0
Building physical infrastructure	1.23	1.18	0.05
Keeping a strict control over the costs	4.95	4.91	0.05
Protecting the natural environment	4.68	4.64	0.05
Developing business through new investments	2.91	2.82	0.09
Delivering products and services available to clients	5.00	4.82	0.18
Paying attention to the long-term shifts in the ecological environment	4.73	4.55	0.18
Establishing procedures to comply with customer complaints	4.91	4.64	0.27
Treating clients honestly	4.95	4.64	0.32
Respecting and meeting direct stakeholder expectations	4.55	4.00	0.55

Note: The areas in which organization's activities have a positive impact on society are ranked in the first column in a descending order of the differences (last column) between clients means (N=22) and managers plus owners means (N=11) analyzed from only one organization. Results had various decimals, in this table we included results rounded up at two decimals only.

Overall, there appears to be a developing acceptance amongst large corporations that efforts towards improved corporate sustainability are not only expected but are of value to the business (Klettner et al., 2014, p. 145).

In our study all 51 respondents (managers plus owners) strongly agree and agree to *the advantages* of measurement and management of business socio-economic impact on society included in the questionnaire. The highest mean (5) was calculated for the following advantages: providing guidance for organizational decisions, minimizing harms and maximizing benefits, proactively promoting value-creating activities, strengthening value chains, using resources in smarter and more efficient ways, creating sustainable value for shareholders/owners while generating value for the society, improving the business environment. Other studies have also shown that (1) more than 90% CEOs believe that measuring total impact would help their businesses to identify and manage their risks more effectively, (2) more than 80% of CEOs believe this would provide more insights than conventional financial reporting and would also help to identify new business opportunities (PwC CEO Total Impact Pulse Poll Survey 2013, in PwC, 2013, p. 4).

CONCLUSIONS

Worldwide business dynamics and the globalization have forced in recent years debate regarding the importance of the socio-economic impact business organizations (on society), sustainability, and fare distribution of social wealth. Generally, the impact includes anything that affects stakeholders and their relationships, such as: going from payment alternatives for providers to production impact on the environment, from employees' treatment to the consumption of certain products' impact on human health, etc.

From the theoretical point of view this article explores the vast field of positive socio-economic impact measurement, focusing on highlighting some basic concepts, the most relevant areas/fields for measuring this impact, and the main advantages regarding the development and adoption of effective impact measurement practices.

From a practical perspective, this study contributes to the literature because, in essence, the empirical research sought (1) to find out if Romanian SMEs are currently assessing and measuring their socio-economic impacts on society, (2) to analyze the stakeholders' perceptions regarding the positive impact of construction organizations' activities, and (3) to identify the perceptional differences between clients and managers plus owners, regarding the positive socio-economic impact of SMEs from the construction field.

We analyzed only the positive impact because business organizations can and really bring many social and economic advances for society, and we believe that it is important to start from the premise that businesses are not being socially irresponsible and managers/owners are not being immoral.

Even if we could not determine the significance of the SMEs' activities impact on society, respectively the magnitude of the contribution (high or low), the empirical findings suggest that the areas in which the organizations' activities have always a positive impact on society are (a) collecting and paying taxes, keeping a strict control over the costs, and fulfilling government regulations plus obeying laws, as perceived by managers and owners, and (b) delivering products and services available to clients, treating clients honestly, and keeping a strict control over the costs, as perceived by clients.

The results of present study suggest that the areas in which clients trust less the positive impact of organization's activities, compared to managers plus owners, are: creating jobs, improving people's personal security and the general well-being of society, collecting and paying taxes, and paying over-market fair wages/rewards to employees.

If we consider the perceptions of the managers plus owners, the organization's activities have a positive impact on the next stakeholders (ranked in descending order): (1) government, (2) owners, (3) clients, (4) employees, (5) direct collaborators (other than clients), and (6) society (see Table 1: government – items 1, 3; owners – items 2, 9, 10; clients – items 6, 8, 14; employees - items 5, 12, 17; direct collaborators (others than clients) – items 16, 19, 20, 21; society (communities, NGOs, charities and causes, environmental campaigners, etc.) – items 4, 7, 11, 13, 15, 18, 22, 23, 24, 25, 26, 27).

The theoretical and empirical findings of our study are relevant and useful because business organizations must seek not only to maximize economic performance, but also simultaneously delivering social and environmental performance to help them effectively stand out in the social environment in which they operate. In this regard, strategic management dialogue with stakeholders is mandatory, meaning ranking their expectations, balancing their interests and minimizing the medium and long term risks that can affect organization's reputation and profitability.

For creating higher standards of living for people both within and outside the organization, as well as, the economic welfare of the international/national/local/community, it is necessary for business organizations (and their managers) to find and select the appropriate solutions, tools and indicators (related to business performance) for conducting a regular process to measure, asses and manage their socio-economic impacts on society. Under the generally recognized principles of rationality, profitability, utility, freedom, morality, responsibility, free initiative, etc., business organizations must relate to the socio-economic and political context and to the characteristics of the society in which they operate and to use the most appropriate tools to measure their socio-economic impacts. Certainly, they cannot ignore the multitude of legal, economic, moral, social, professional norms, conditions and trends that shape the organizational culture and the external environment, and also the relations and connections between them.

In conclusion, we would like to add that business people must acknowledge their role in the society and be constantly preoccupied of their business activities contribution and the critical levels of impact. The measurement and management of socio-economic impact of business organizations are more necessary than ever if we want to solve the social problems and environmental ones in a sustainable manner. If we wish to continue the trend towards corporate sustainability there is a need to encourage and guide organizations to improve their strategies, activities, processes etc., and evaluate/measure their impacts and success.

Even if our study explored an important issue for society, it has some limitations, such as: (1) the results of the empirical research cannot be generalized over the entire population due to the small number of respondents; (2) a large number of organizations with different characteristics (size, field of activity, types of ownership, etc.) in order to underline the differences among them were not analyzed; (3) opinions of other important categories of stakeholders (besides owners, managers, and clients) was not evaluated; (4) the instruments that measure the impact on society were not discussed and a complete guide to help managers in this regards was not provided. Nevertheless, we have attained the main objectives included in this research and we keep clear focus of the future research directions that derive from this prominent subject.

Future research may address the following questions: are today's business organizations ready to face new and restrictive laws with only a finite set of resources? What about the obligation to increase wealth? How will success be measured in the ever changing future?

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Appendix 1. The positive socio-economic impact of business organizations (clients' perceptions, N=22)

[Never = 1, Rarely = 2, Sometimes = 3, Very often = 4, Always = 5]

	Areas/fields	1	2	3	4	5	Mean
1	Delivering products/services available to clients	-	-	-	-	100%	5.00
2	Treating clients honestly	-	-	-	4.5%	95.5%	4.95
3	Keeping a strict control over the costs	-	-	-	4.5%	95.5%	4.95
4	Establishing procedures to comply with complaints	-	-	-	9.1%	90.9%	4.91
5	Ensuring organization' survival and success	-	-	9.1%	9.1%	81.8%	4.73
6	Paying attention to the ecological environment	-	-	9.1%	9.1%	81.8%	4.73
7	Promoting efficiency (in resource usage), recycling	-	-	9.1%	9.1%	81.8%	4.73
8	Protecting the natural environment	-	-	-	31.8%	68.2%	4.68
9	Respecting/meeting direct stakeholder expectations	-	-	18.2%	9.1%	72.7%	4.55
10	Combining environmental & operational excellence	-	-	18.2%	9.1%	72.7%	4.55
11	Maximizing profits/providing return to investors	-	-	4.5%	40.9%	54.5%	4.50
12	Providing social protection of the employees	-	-	-	54.5%	45.5%	4.45
13	Supporting open dialogue with other stakeholders	-	-	9.1%	36.4%	54.5%	4.45
14	Fulfilling government regulations, obeying laws	-	-	18.2%	54.5%	27.3%	4.09
15	Adhering, respecting the field's codes, standards	-	4.5%	18.2%	77.3%	-	3.73
16	Providing training/career opportunities to employees	-	-	27.3%	72.7%	-	3.73
17	Collecting and paying taxes	-	-	45.5%	45.5%	9.1%	3.64
18	Paying over-market fair wages	-	9.1%	45.5%	45.5%	-	3.36
19	Creating jobs	-	9.1%	50%	40.9%	-	3.32
20	Improving the general well-being	-	22.7%	22.7%	54.5%	-	3.32
21	Developing innovative products	-	13.6%	54.5%	27.3%	4.5%	3.23
22	Providing financial/material support to people	-	22.7%	50%	27.3%	-	3.05
23	Developing business through new investments	-	9.1%	90.9%	-	-	2.91
24	Working in collaboration with NGOs	-	22.7%	63.6%	13.6%	-	2.91
25	Participating with additional funds for social projects	-	31.8%	54.5%	13.6%	-	2.82
26	Improving business principles and practices	-	72.7%	27.3%	-	-	2.27
27	Building physical infrastructure	77.3%	22.7%	-	-	-	1.23

Note: The areas in the organization's activities that have a positive impact on the society are ranked in the second column in a descending order of the mean (last column) according to the perceptions of the 22 clients the organization operating in the construction field has. Results had various decimals, in this table we included results rounded up at two decimals only.