



Social balance sheet: Strategic management of human resources for sustainable performance



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Abstract

In an ever-changing environment, the social balance sheet becomes an essential tool for the strategic management of human resources. It assesses HR performance through relevant indicators, thus ensuring the sustainability of the company. By promoting proactive and responsible human resources management, the social balance sheet contributes to sustainable performance, creating value for the company and its stakeholders.

Keywords

Intangible indicators;
Human resources;
Performance;
Social balance sheet;
Management control.

الكلمات المفتاحية

المؤشرات النوعية؛
الموارد البشرية؛
كفاءة الأداء؛
الميزانية الاجتماعية؛
مراقبة التسيير.

الميزانية الاجتماعية: تسيير استراتيجي للموارد البشرية لكفاءة أداء مستدامة

ملخص

في محيط دائم التغير، تصبح الميزانية الاجتماعية أداة أساسية للتسيير الاستراتيجي للموارد البشرية. إذ تقيم كفاءة الأداء للموارد البشرية من خلال مؤشرات ذات صلة، مما يضمن استدامة المؤسسة. تساهم الميزانية الاجتماعية من خلال تعزيز إدارة الموارد البشرية الاستباقية في كفاءة الأداء المستدامة، وتخلق قيمة للمؤسسة وللجهات الفاعلة.

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Doi:

I- Introduction :

In an ever-changing environment, companies must adopt a long-term vision and adapt their management tools to enhance responsiveness. Performance, defined as maximizing results relative to resources invested, requires a balance between strategy and adaptability, incorporating multicriteria indicators and considering social issues to promote long-term sustainability.

Human resources (HR) play a crucial role in ensuring the long-term stability and performance of a company. The social balance sheet is a valuable tool for defining relevant HR goals, assessing their achievement, and promoting continuous improvement in organizational performance. By focusing on key indicators, leaders gain a precise understanding of their organization and can identify areas for improvement in HR management.

Utilizing this information allows the company to implement targeted actions to improve HR performance, a key element of lasting success. Thus, the social balance sheet becomes an indispensable tool for strategically managing human resources and ensuring the longevity of the business.

The intangible indicators of the social balance sheet pose challenges to management control. Issues of interpretation and opportunism may arise, requiring adaptation of traditional methods. It is crucial to establish appropriate mechanisms to ensure the reliability and relevance of these indicators.

Problem Statement: How can sustainable HR performance be guaranteed in a changing environment while preserving the effectiveness of management control in the face of challenges posed by non-financial indicators?

The study is divided into four areas. First, it explores the adaptation of strategies and management tools to a constantly changing environment. Next, it focuses on strengthening human resources performance to ensure lasting success. The third area addresses specific challenges related to the management control of intangible indicators. Finally, it offers an empirical analysis of the social balance sheet of an SME, providing concrete illustration of the concepts discussed.

I.1. First Subtitle: Adapting management for sustainable success

In a context where adaptation is crucial to ensure the longevity of companies, proactive management is the key to success. By moving away from a short-term focus solely on immediate profits, companies must adopt a strategic approach that anticipates changes and adapts effectively to an ever-evolving environment.

I.1.1. Proactive strategy for business sustainability

In the face of a constantly changing environment, companies can no longer rely solely on a short-term profit-centric vision (Mintzberg, 1994). To ensure their sustainability, they must adopt a proactive strategic approach, anticipating changes and adapting effectively (Hamel & Prahalad, 1994).

This transformation necessarily involves adapting management tools by modernizing information systems, fostering smooth cross-functional communication, and empowering employees (Drucker, 1954; Cappelli et al., 1999). Such agility will allow companies to respond quickly to market and environmental changes, providing them with an undeniable competitive advantage (Eisenhardt & Martin, 2000).

I.1.2. Towards a proactive strategic approach

Performance evaluation should no longer be limited to financial indicators, which can often be reductive and do not accurately reflect the overall performance of the company. It is crucial to incorporate multicriteria indicators (Kaplan & Norton, 1992) that take into account social and environmental issues, such as employee satisfaction, contributions to the local community, or environmental footprint (Elkington, 1997). These more comprehensive and relevant indicators allow for a more holistic and sustainable assessment of the company's performance.

I.1.3. Reevaluating performance beyond financial indicators

By adopting a long-term vision, adapting management tools, and incorporating multicriteria indicators, companies can address the challenges of a changing environment and ensure their sustainable success. This proactive approach enables them to navigate effectively in an ever-changing world, creating value for their stakeholders and making a positive contribution to society.

II. 1. Strengthening HR performance for sustainable success

In a dynamic environment where companies are constantly evolving, human resources are crucial for ensuring sustainable performance. Understanding and enhancing this dimension is essential to guarantee the success of companies.

II.1. 1.Valuing human resources as a performance lever

Human resources (HR) are no longer just an administrative department but a real performance lever for companies (Ulrich, 1997). They play a crucial role in creating a positive corporate culture, attracting and retaining talent, and developing employee skills. By investing in its HR, a company ensures it has the necessary human resources to achieve its strategic objectives and guarantee its longevity.

II .1. 2. Using the social balance sheet to drive HR excellence

The social balance sheet is a valuable tool for driving HR performance and promoting continuous improvement (Le Débat, 2002). It allows for the collection of data on various aspects of HR management, such as employee satisfaction, training and development, diversity and inclusion, and health and safety at work. These data, analyzed rigorously, help identify areas for improvement and implement concrete action plans.

III.1.Overcoming challenges in managing intangible indicators

Integrating intangible indicators into the social balance sheet provides a more comprehensive view of a company's performance, going beyond mere financial indicators. However, these non-financial indicators pose specific challenges to management control in terms of reliability and relevance (Kaplan & Norton, 2000).

III.1.1.Reliability of intangible indicators

The reliability of intangible indicators can be compromised by their subjective nature and difficulty in measurement. Concepts such as employee satisfaction or contribution to the local community can vary depending on individuals and the methods used. To address these challenges, it is crucial to establish rigorous and standardized data collection methodologies based on surveys, interviews, or structured observations (Kaplan & Norton, 2000; Epstein & Brown, 2000).

III.1.2.Relevance of intangible indicators

The relevance of intangible indicators may also be questioned if their link to the overall performance of the company is not clearly established. It is essential to choose relevant indicators that align with the company's strategic goals and effectively reflect key value-creating factors (Kaplan & Norton, 2000; Neely, 2005).

III.1.3.Optimizing management control of intangible indicators for sustainable performance

To overcome these obstacles, it is essential to adapt traditional management control methods by developing specific tools and techniques for measuring and analyzing intangible indicators (Kaplan & Norton, 2000; Epstein & Brown, 2000). Moreover, it is crucial to establish mechanisms that ensure the reliability and relevance of collected data, such as validation procedures and quality control (Neely, 2005).

Addressing the challenges of managing intangible indicators is critical for ensuring the quality of information and the relevance of evaluating company performance. By adopting a rigorous approach and implementing the necessary tools and mechanisms, companies can fully leverage the potential of these indicators to improve their overall and sustainable performance.

By mastering the challenges associated with intangible indicators, companies can transform the social balance sheet into a powerful performance management tool, comprehensively and effectively evaluating their contribution to value creation for all stakeholders.

IV.Empirical study

The dairy company chosen for this case study is located in the western region of Algeria. It employed 762 people in 2021 and produces a wide range of dairy products, such as milk, yogurt, cheese, butter, and cream. The company is a major player in the Algerian dairy market and contributes to the country's food security.

IV.1. Workforce by professional category

The analysis of the table highlights variations in the workforce by professional category over the period in question (2021-2023), providing an overview of the changes in the company's structure.

Table No. 1: Workforce by professional category

	2021	2022	2023
Management	72	65	58
Supervisory	210	185	143
Operational	480	320	285
Total	762	570	486

Source: Company documents

- Analysis of workforce changes**

The analysis of the data from Table No. 1 reveals a significant evolution in the workforce of the studied dairy company from 2021 to 2023. This evolution is characterized by an overall reduction of 37%, going from 762 employees in 2021 to 486 employees by the end of 2023. This decrease is particularly pronounced in the management (-39%) and supervisory (-32%) categories, while the operational category is less affected (-43%).

- Analysis by Professional Category**

- **Management.** The management category experienced the largest decrease in workforce during the studied period, with a 39% drop from 72 employees in 2021 to 58 employees by the end of 2023. This decrease may be attributed to various factors, such as unfilled retirements, internal restructuring, or outsourcing of certain functions.
- **Supervisory.** The supervisory category also saw a significant decrease in workforce, with a 32% drop from 210 employees in 2021 to 143 employees by the end of 2023. This decrease may be due to reasons similar to those observed for the management category, such as unfilled retirements, internal restructuring, or automation of certain tasks.
- **Operational.** The operational category is the least affected by the workforce decrease, with a reduction of 43% from 480 employees in 2021 to 285 employees by the end of 2023. This relative stability may be explained by the essential roles played by employees in this category in the production and distribution of dairy products.

- Impact of Workforce Reduction**

The workforce reduction of the studied dairy company has led to several consequences, including:

- **Increased workload for remaining employees:** Remaining employees have had to take on a heavier workload, which may have led to decreased motivation and productivity.
- **Deterioration of social climate:** The workforce reduction may have created an atmosphere of uncertainty and concern among the staff, potentially harming social dialogue and cohesion within the company.
- **Recruitment challenges:** The company may have faced recruitment challenges for certain positions, particularly for management and supervisory roles.

- Recommendations**

To address the challenges related to the workforce reduction, the studied dairy company should implement several measures, including:

- **Establishing a proactive competency management policy:** This policy should identify critical competencies for the company and implement training plans to develop these competencies internally.
- **Improving working conditions:** Improving working conditions, particularly regarding remuneration, health and safety, and leave, can help motivate employees and reduce turnover.
- **Developing effective internal communication:** Effective internal communication can reassure employees and engage them in the company's projects.

IV.2. Changes in workforce by gender and professional category

Between 2021 and 2023, the fluctuations in the paid workforce by gender and professional category provide an overview of the trends observed within the company. The table below presents this distribution for the years considered.

Table No. 2: Changes in workforce by gender and professional category

	2021	2022	2023
Male			
Management	48	42	36
Supervisory	135	120	90
Execution	400	280	250
Total	583	442	376
Female			

Management	24	23	22
Supervisory	75	65	53
Execution	80	40	35
Total	179	128	110

Source: Company documents

The number of male managers gradually decreases from 48 in 2021 to 36 in 2023, representing a 25% decrease over the period. In the supervisory category, this trend is also evident, with 135 in 2021, 120 in 2022, and 90 in 2023, resulting in respective decreases of 11%, 25%, and 25%. Similarly, in the execution category, a similar trend is observed, with 400 in 2021, 280 in 2022, and 250 in 2023, representing respective decreases of 30%, 30%, and 11%.

For women, the number of managers remains relatively stable, fluctuating between 20 and 24 over the three years, with variations of less than 10%. In contrast, in the supervisory category, a slight decrease is noted, going from 75 in 2021 to 53 in 2023, a decrease of 29% over the period. As for the execution category, the number of women experiences a significant decrease, going from 80 in 2021 to 35 in 2023, representing a 56% decrease.

Overall, a downward trend in the number of employees is observed in all categories and for both genders, with significant percentage variations. This could result from various factors such as changes in organizational structure, staff reduction policies, or fluctuating economic conditions.

IV.3. Staffing by age and professional category

A close examination of the table reveals notable trends in the distribution of paid staff by age and professional category during the period analyzed (2021-2023), revealing major shifts within the company. This diversity in employee ages, ranging from under 30 to over 60 years, exhibits unique characteristics and trajectories over the years studied, thus illustrating the dynamic complexity of the workforce composition over time.

Table No. 3 Distribution of workforce by age and professional category

	2021	2022	2023
Under 30 Years			
Management	/	/	/
Supervisory	25	20	15
Execution	260	60	50
Total	285	80	65
From 30 to 40 Years			
Management	/	/	/
Supervisory	70	30	15
Execution	100	180	60
Total	170	210	75
From 40 to 50 Years			
Management	25	20	10
Supervisory	60	90	45
Execution	40	50	70
Total	125	160	125
From 50 to 60 Years			
Management	40	35	30
Supervisory	85	50	60
Execution	10	/	45
Total	135	85	135
Over 60 Years			
Management	50	50	20
Supervisory	/	/	/
Execution	/	/	/
Total	50	50	20

Source: Company documents

During the period studied, several significant trends emerged in the distribution of the workforce according to age and professional category.

In the under-30 category, the total number of employees decreased markedly by 77%, going from 285 in 2021 to 65 in 2023. This decrease is mainly attributable to a massive 81% reduction in the execution category.

For the 30-40 age group, a slight decrease of 56% in the total workforce is observed between 2021 and 2023, primarily due to a 40% decrease in the supervision category.

In the 40-50 age group, a decrease of 33% is noted over the studied period, largely due to a 47% decrease in the execution category.

The 50-60 age group shows a slight decrease of 7% over the period. However, a remarkable increase of 350% is observed in the execution category in 2023 compared to 2022, although the 2023 data for this category in the 50-60 age group is missing.

As for the over-60 age group, the total number of employees decreased by 60% over the study period, primarily due to a 60% decrease in the executive category.

These analyses highlight changing trends in the distribution of the workforce according to age and professional category over time, with notable decreases across all age groups, particularly in the execution and executive categories.

IV.4. Recruitments and retirements

The analysis of the data in the table below, illustrating recruitments and retirements within the company from 2021 to 2023, reveals noteworthy trends in personnel flow. This study thus provides insight into workforce renewal dynamics.

Table No. 4. Recruitment and retirements

	2021	2022	2023
Recruitment			
Management	10	20	5
Supervisory	15	10	8
Execution	30	5	10
Total	55	35	23
Retirements			
Management	8	12	6
Supervisory	25	15	9
Execution	10	20	15
Total	43	47	30

Source: Company documents

During the period under study, significant fluctuations were observed in recruitment and retirements, reflecting varying dynamics across different professional categories.

Regarding recruitment, a roller coaster trend was noted. For executives, recruitment decreased by 50% between 2021 and 2022, then increased by 150% between 2022 and 2023. In the supervisory category, recruitment initially decreased by 33.33% between 2021 and 2022 before increasing by 20% between 2022 and 2023. For the execution category, a decrease of 83.33% between 2021 and 2022 was followed by an increase of 100% between 2022 and 2023. Overall, total recruitment decreased by 36.36% between 2021 and 2022, then increased by 52.38% between 2022 and 2023.

As for retirements, significant variations were also observed. For executives, retirements increased by 50% between 2021 and 2022, then decreased by 50% between 2022 and 2023. In the supervisory category, retirements decreased by 40% between 2021 and 2022, then increased by 40% between 2022 and 2023. For the execution category, retirements increased by 100% between 2021 and 2022, then decreased by 25% between 2022 and 2023. In terms of total retirements, there was an increase of 9.30% between 2021 and 2022, followed by a decrease of 36.17% between 2022 and 2023.

These data illustrate complex and changing trends in recruitment and retirement flows, possibly reflecting strategic adjustments or external factors impacting employment dynamics within the organization.

IV.5. Resignations

The analysis of resignations according to the table above for the period 2021-2023 reveals interesting fluctuations across different professional categories, with varying trends in terms of percentage increases and decreases.

Table No. 5 Evolution of resignations by professional category

	2021	2022	2023
Management	2	3	1
Supervisory	/	/	/
Execution	5	2	8
Total	7	5	9

Source: Company documents

Resignations experienced significant variations across different professional categories. For the executive category, there was a 50% increase between 2021 and 2022, followed by a 66.67% decrease between 2022 and 2023. However, no data is available for the supervisory category. In the worker category, the number of resignations decreased by 60% between 2021 and 2022, before seeing a dramatic 300% increase between 2022 and 2023. Overall, there was a 28.57% decrease in resignations between 2021 and 2022, followed by a strong increase of 80% between 2022 and 2023.

IV.6. Promotions

The analysis of promotions by professional category over the period 2021-2023, according to the table below, reveals significant trends in employee recognition and advancement within the company.

Table No. 6. Evolution of promotions by professional category

	2021	2022	2023
Management	4	5	3
Supervisory	10	8	4
Execution	/	/	/
Total	14	13	7

Source: Company documents

The analysis of promotions by professional category over the period 2021-2023 reveals interesting trends. For management positions, the number of promotions increased by 25% between 2021 and 2022, followed by a decrease of 40% between 2022 and 2023. Regarding the supervisory category, there was a decrease of 20% between 2021 and 2022, followed by a further drop of 50% between 2022 and 2023. Promotions within the operational category were not reported, so their evolution is not available. Overall, there was a decrease of 7.14% in promotions between 2021 and 2022, followed by a more significant decline of 46.15% between 2022 and 2023.

IV.7. Levels of absence in the company

The analysis of absences within the company over the period 2021-2023 highlights notable variations in absenteeism levels, reflecting the potential impact on productivity and the operation of the organization.

Table no. 7. Evolution of absence levels by professional category

	2021	2022	2023
Management	3	2	4
Supervisory	8	6	5
Execution	15	10	12
Total	26	18	21

Source: Company documents

The analysis of absences between 2021 and 2023 reveals interesting trends. For management, a slight increase of 33.33% is observed between 2021 and 2023. Regarding the supervisory category, absences decreased by 37.5% between 2021 and 2023. As for the execution category, an increase of 20% in absences is observed over the same period. Overall, total absences increased by 19.23% between 2021 and 2023.

IV.8. Bonuses

The analysis of bonus data reveals significant trends in the remuneration of different professional categories during the period studied.

Table no. 8. Evolution of bonuses by professional category

	2021	2022	2023
Management	58 300	43 800	37 100
Supervisory	52 125	40 875	34 940
Execution	6 250	3 175	2 380
Total	116 675	87 850	74 420

Source: Company documents

The analysis of bonuses by professional categories reveals significant variations over the years studied. For management, a notable decrease of 27.69% is observed between 2021 and 2022, followed by a further decrease of 31.33% between 2022 and 2023. Regarding the supervisory category, bonuses also experienced a decrease of 21.26% between 2021 and 2022, then 8.38% between 2022 and 2023. For the execution category, bonuses decreased by 38.94% between 2021 and 2022, then 14.28% between 2022 and 2023. These variations reflect specific dynamics within each category, representing internal and external factors to the company that may influence compensation policy.

IV.9. Employer contributions

The analysis of employer contributions over the period 2021-2023 provides an overview of the changes in the distribution of costs according to different professional categories within the company.

Table No. 9. Evolution of employer contributions by professional category

	2021	2022	2023
Management	34 956	26 340	22 284
Supervisory	24 450	19 750	15 492
Execution	34 956	26 340	22 284
Total	69 874	54 227	44 452

Source: Company documents

The analysis of employer contributions from 2021 to 2023 reveals interesting trends in the distribution of costs across different professional categories. For executives, there was a significant decrease of 24.54% between 2021 and 2022, followed by another decrease of 15.16% between 2022 and 2023. The supervisory category also saw declines, with a decrease of 19.28% between 2021 and 2022, then 21.50% between 2022 and 2023. Similarly, employer contributions for the execution category experienced corresponding decreases of 24.54% between 2021 and 2022, then 15.16% between 2022 and 2023. These variations highlight specific dynamics in each professional category and may be influenced by various internal and external factors to the company.

IV.10. Hygiene and safety conditions

Data on hygiene and safety conditions for the years 2021 to 2023 provide an overview of changes in workplace safety and health within the company.

Table No. 10. Evolution of hygiene and safety conditions

	2021	2022	2023
Number of workplace accidents	12	14	10
Short-term illnesses	08	05	06
Long-term illnesses	04	03	04

Source: Company documents

The analysis of hygiene and safety conditions from 2021 to 2023 reveals interesting trends in occupational health and safety. The number of workplace accidents fluctuated during this period, increasing from 12 in 2021 to 14 in 2022, then decreasing to 10 in 2023. Short-term illnesses also showed variation, decreasing from 08 in 2021 to 05 in 2022, then slightly increasing to 06 in 2023. On the other hand, long-term illnesses experienced a slight change, remaining at 04 in 2021 and 2023, with a decrease to 03 in 2022. These data highlight the ongoing importance of maintaining high standards for occupational health and safety while identifying areas that need special attention to improve working conditions and prevent risks for employees.

IV.11. Potential impacts of training on the company

The analysis of artificial intelligence (AI) training provided within the company between 2021 and 2023 offers insight into trends and the potential impact of these initiatives on various parameters.

Table No. 11. Evolution of training

	2021	2022	2023
Management	09	03	06
Supervisory	07	03	03
Execution	/	/	/
Total	16	06	09

Source: Company documents

The analysis of AI training data reveals significant trends and sheds light on the potential impact of these initiatives on the company's actual productivity. A notable decrease in the number of training sessions is observed between 2021 and 2022, with a decline of 45.45%. However, a gradual recovery is seen between 2022 and 2023, with a 40% increase in the number of training sessions. Despite the initial decrease, the recovery in 2023 demonstrates the company's continued commitment to AI. Its integration can drive innovation and optimize processes, positively impacting productivity.

The company is considering the potential impact of this technology to:

- Automate repetitive tasks
- Improve decision-making
- Optimize business processes
- Enhance customer satisfaction

Conclusion

Our analysis of the dairy company's social balance sheet for the period from 2021 to 2023 highlights its crucial role as a valuable tool, particularly in terms of human resource management and the overall performance of the company.

The social balance sheet provides executives and stakeholders with key information to inform strategic decisions regarding human resource management. Indeed, it helps identify key trends in employment, training and development, occupational health and safety, and employee satisfaction. This information enables executives to understand the strengths and weaknesses of their organization in terms of human resources and make informed decisions to improve the company's overall performance.

Furthermore, the intangible indicators of the social balance sheet can contribute to enhancing the company's social performance. These indicators, such as employee satisfaction rate, staff turnover rate, and the number of workplace accidents, allow measurement of the company's social impact on its employees and the community. By analyzing these indicators, executives can identify areas where the company can improve its social performance and implement concrete action plans.

In conclusion, the social balance sheet is an essential tool for companies that wish to improve their overall performance and social performance. By providing key information on human resources and enabling the measurement of the company's social impact, the social balance sheet allows executives to make informed strategic decisions and contribute to the sustainable development of the company.

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