

The role of social responsibility in improving ethics corporate governance -case of enterprise Sonatrach-

دور المسؤولية الاجتماعية في تحسين الأخلاق وحوكمة الشركات -حالة مؤسسة سوناطراك-

Bessaid Oussama Nabil¹

Higher School of Management / Tlemcen- Algeria
bessaidoussamagr@gmail.com

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Abstract:

This study aims to demonstrate the importance of social responsibility in improving ethics and corporate governance to provide quality of systems and services that preserve the human and the environment, especially in light of the technological developments and the increasing social and economic requirements that led to major environmental changes, by adhering to ethical principles with different parties. The study reached a set of results, the most important of which is that the social responsibility works to bring prosperity to the internal and external customer, society and the environment as a whole in order to improved global performance and development.

Keywords: social responsibility, quality, ethical principles, governance, development.

ملخص:

تهدف هذه الدراسة إلى تبيان أهمية المسؤولية الاجتماعية في تحسين الأخلاق وحوكمة الشركات بتقديم أساليب وخدمات ذات جودة ونوعية تحافظ على الإنسان والبيئة، خاصة في ظل التطورات التكنولوجية و تزايد المتطلبات الاجتماعية و الإقتصادية التي أدت الى تغيرات بيئية كبيرة، من خلال الإلتزام بالمبادئ و القواعد الأخلاقية السليمة مع مختلف الأطراف التي تتعامل معها، وتوصلت الدراسة إلى مجموعة من النتائج أهمها أن المسؤولية الاجتماعية تعمل على تحقيق الرفاهية للزبون الداخلي و الخارجي و المجتمع و البيئة ككل من أجل الوصول إلى تحسين الحوكمة و التنمية.

الكلمات المفتاحية: المسؤولية الاجتماعية، الجودة، القواعد الأخلاقية، الحوكمة، التنمية.

1. INTRODUCTION

In light of continuous developments, the Company is working to achieve development in all its fields by leveraging its human and natural wealth and resources, but the inefficient operation has resulted in serious repercussions on the internal and external environment of the Company. increase in occupational diseases and the depletion and pollution of nature, which have necessitated reversing this trend of companies implementing programs and policies that take into account the various internal and external dimensions and elements that surround them.

¹- Corresponding author: Bessaid Oussama Nabil, bessaidoussamagr@gmail.com.

All this has led to the emergence of the concept of social responsibility and the need to integrate it into all areas of business performance and with the different parties that deal with them, safeguarding their interests, working to protect and enhancement of the environment, focusing on the safety of its workers and improving their conditions, providing products that are useful to customers and society and respectful of the environment, and thus improve and contribute to the development of its various economic, social, cultural and environmental areas, which are among the main dimensions of sustainable development.

From this, the following main problem can be formulated:

What is the role of social responsibility in improving ethics and corporate governance?

- The importance of research:

The importance of corporate social responsibility in improving governance.

-Research objectives:

- Emphasize social responsibility and its basic components.
- clarification the great role of social responsibility as a strategy for improving governance.
- focus on the role of corporate social responsibility in improving the governance of some Algerian companies.

-Study approach:

The approach used in this study is the descriptive approach due to the nature of the subject by clarifying the concepts related to corporate social responsibility and its relationship to governance, in addition to the analytical method of interpretation and analysis results.

- Structure of the study:

- Theoretical framework
- Previous study
- The role of corporate social responsibility in improving governance - case of enterprise Sonatrach-

2-Theoretical framework

2-1- Corporate social responsibility.

2-1-1-Brief genealogy of the concept of CSR

The concept of CSR has a long and varied history. This concept finds its origins in the United States since the end of the 19th century. Nevertheless, some review its antecedents from the time of classical Athens (Jihane Dinia , Abdellatif Chakor, 2018, p167).

Formerly in Ancient Greece, it was believed that individuals who were well off financially and had power or power, either socially responsible. The notion of "heroism" designated certain aspects of social responsibility and the Greek term "hero" first referred especially to warriors, but later to

individuals who worked to the local community. In addition, some works in the literature management show that CSR, in its elementary form, dates back to the years 30 and 40.

The idea that the company must take an interest in the societal dimensions of its environment is anchored in a set of debates and reflections more old. These are the works of Bernard (1938) “the Functions of the Executive”, founding articles of Clark (1939) “Social Control of Business” and de Kreps (1940) “Measurement of Social Performance of Business”

It was not until the 1950s that academic economist Howard Bowen (1953), who is considered the founding father of the concept, published his book “Social Responsibilities of the Businessman”.

From now on, it has become the major reference for any researcher on CSR; and academic research has gradually become structured around major problematic. This is the definition of the concept (McGuire, 1963), the setting in perspective of its different dimensions

the operationalization and highlighting of its links with performance (Drucker, 1984), or its exploration through the prism offered by different theoretical currents (stakeholder approach, ethics of business, etc).

Proponents of the concept include Carroll, Davis K., Frederick W.C, Bolstron, and Freeman. As for his adversaries, they are mainly Friedman and Levitt. A brief review of history is necessary to ensure a some understanding of this concept and associated practices.

2-1-2- General principles of CSR according to the international standard ISO 26000:

In November 2010, ISO published a standard entitled "Guidelines for the social responsibility" after 5 years of writing and the participation of 400 experts. She was

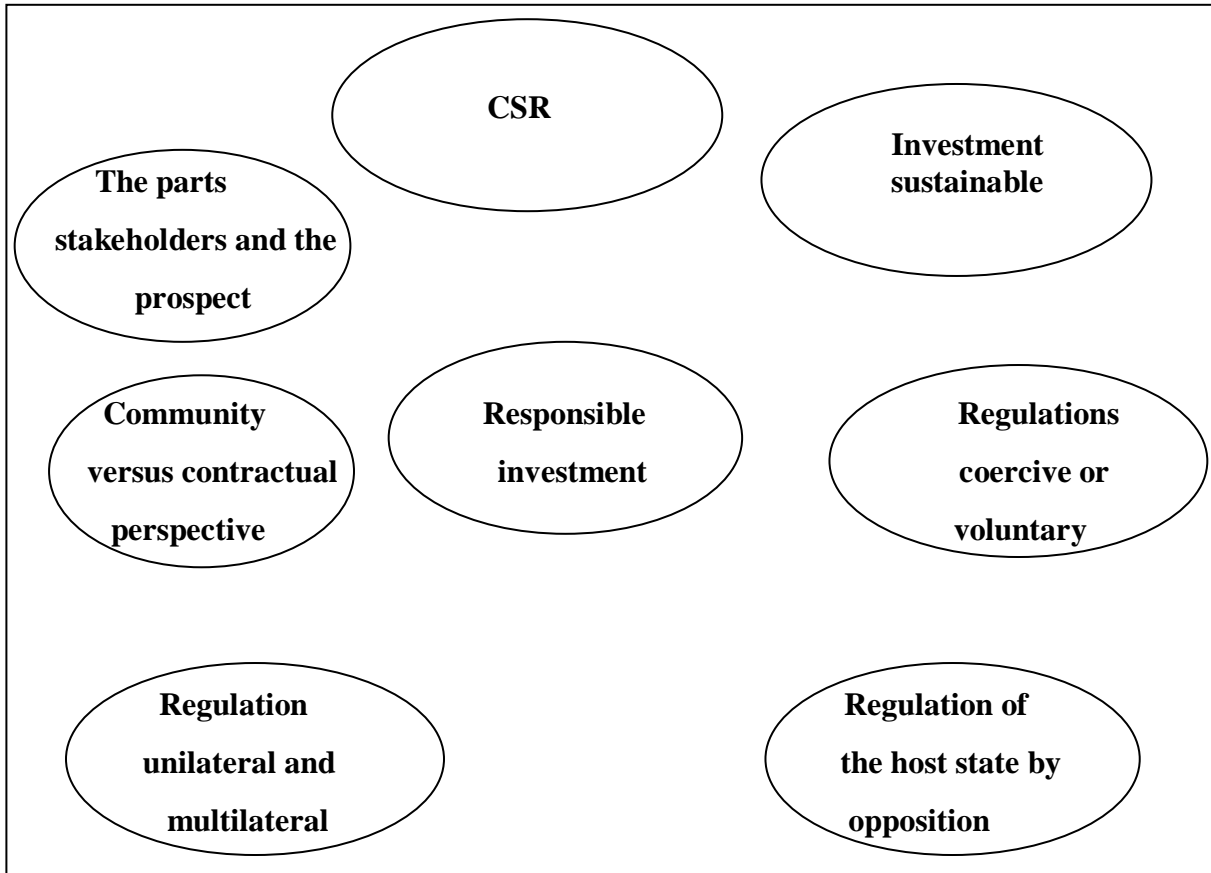
referenced as ISO 26000. The idea of developing an international standard on CSR was born from the observation of the divergence and the multiplicity of visions relating to this subject.

Article 4 of the ISO 26000 standard presents the seven general principles of responsibility

society on which it is based. These are: (Asmaa MOHAMMED BENAHMED Sadek SEFFIH, , 2019, p397)

- Accountability;
- Transparency ;
- Ethical behavior;
- Recognition of the interests of stakeholders;
- The principle of respecting the law;
- Taking into account international standards of behavior;
- Respect for human rights.

Fig.1. Illustration by a radial cycle of the diversity of the perspectives of responsible investment



Source : Asmaa MOHAMMED BENAHMED Sadek SEFFIH, Business ethics and social responsibility in Algeria: Case of the National Paint Company and the company Schlumberger Algeria, Journal of Law and Human Sciences Economic Studies, 2019, p397

2-2- Corporate social responsibility ethics and its relationship to governance.

2-2-1-The contractual stream of corporate governance

Corporate social responsibility, as explained by Bowen (1953), is based on the concept of “social contract” between the company and its direct stakeholders (shareholders, employees, suppliers, customers, etc.) and indirect (administrations, communities, interest groups, vectors of opinion, civil society, etc.)

. To support this dimension governance, another conception is given to CSR by the European Union which is based on “the voluntary integration, by companies, of social concerns and to their business activities and their relationships with their parties stakeholders”.

As a result, CSR is based on the junction of three fundamental dimensions, namely: (Si Tahar Amira, Meziani Yacine., 2018 , P 1-12)

- The economic dimension based on competitiveness, cost/efficiency and the creation of the wealth;
- The social and/or societal dimension through equal opportunities between individuals, justice organization, social equity and respect for human rights;

- And the ecological and environmental dimension, which manifests itself in the use minimum exhaustible resources, the sustainable use of renewable resources and the protection of nature's ability to take charge with the concern to preserve the natural resources.

The expansion of the role of corporate socially responsible governance passes fundamentally by the integration of legal responsibility which obliges the company to comply with the legislation and standards in force.

This multidimensional responsibility for value creation involves moving from a shareholder governance towards partnership governance , that is, the value created is not distributed only in dividends for the shareholders, but must be shared with all stakeholders based on the contributions of each to the process of value creation. This plural approach to governance defines and delimits the space management discretion.

Also, highlighting the voluntary act of the social responsibility requires the leader to consolidate his managerial value which requires, on the one hand, the existence of a philanthropic spirit or the desire to improve the well-being of society; and on the other hand, the inclusion in an ethic of respect for expectations stakeholders and codes of conduct adopted by organizations and bodies national, in this case the public authorities and international such as the UN, the OECD, the International Labor Organization, the Certification Bodies (ISO 9000, 14000, 18000 and 26,000).

Therefore, the current of stakeholders applies through governance plural. Its transposition to CSR is the result of what BOURDIEU.P calls "making necessity virtue »

In this respect, BLANDER and LE MEUR note that CSR would constitute in plural governance in the sense of "mode of regulation (including conflicts and negotiations, agreements and disagreements) which brings out interactions between actors and institutions around a specific area or sector of social life or economic ".

2-2-2-The cognitive axis of corporate governance

Unlike the shareholder view of value, the cognitive axis of governance is inspired by the behavioral theory of the firm, learning theories organizational and theories of resources and skills and values rather the creation of value for all the partners. This system of governance is based on a radically different vision of the process of creation of wealth insofar as they lead to granting more of importance to the development of the company's skills and the capacities

firms to innovate, create new investment opportunities and change their environment. Corporate governance, in this context, is assessed no longer based solely on maximizing profits for shareholders but from the decision-making processes leading to the consideration of various stakeholders, be they employees, consumers, suppliers, subcontractors or public authorities. In this regard, Solle (2007) assert that it is these partners and, as a priority in some

case, the end customers or intermediaries who validate, a posteriori, the competence of the organization and which legitimize the operational processes (all the activities) on which it is based. Thus, he says, the understanding of their expectations as well as their translation into management actions and operating actions aiming to respond to them, constitutes incessant challenges in terms of governance of business. In fact, the expectations of these actors necessarily influence the management decisions and the key to performance therefore lies, according to these theories, in

management's ability to innovate and build new opportunities in line with the expectations of its customers.

2-2-3-Ethics and corporate governance

The company is then seen as a true social integrator to the extent where production involves a dynamic interaction between different levels (the strategic and operational levels) and different rhythms (the strategic processes respond to slow rhythms while the processes

operational generally respond to short rhythms) (Solle, 2005). He refers, in this sense, to the sociology of organizations in that it raises the question essential to the control of collective action within organizations in an environment that brings together several actors whose interests and logics different. Chevalier (1996) specifies that in view of the complexity of the problems and the diversity of the players present, corporate governance offers, at all levels of social life, to replace the old modes of management more flexible coordination and integration mechanisms have become obsolete.

Such a system of governance would be likely to generate three types of major management changes, namely: (Jacqueline Dionne-Proulx, 2010, p36)

- A rationalization effort aimed at reducing the share of uncertainty and randomness inherent in any collective action (including a more strategic approach refined, greater rigor in the development of choices and an evaluation system of the effects of the actions taken);
- Better consideration of the diversity of multiple poles of power to establish procedures for exchanges, consultation and negotiation between these poles of influence;
- A desire to create participation strategies to involve the interested in the development of decisions by involving them in the construction collective choices (Chevalier, 1996).

This type of governance makes it possible to take into account both the creation of value for the shareholder and the development of skills of the firm including human capital (know-how, skills, innovation). The Commission European Communities (2001) explains that in the paradigm efficiency functionalist, where the focus is on distinctive skills of the firm, this new vision of governance leads to placing the capital human and human resources management at the center of the concerns of the governance. It recognizes that more needs to be done than meeting obligations legal regulations, but also that it is necessary to invest in human capital, the environment and relations with stakeholders.

From an ethical point of view, this model therefore positions corporate governance in the field of values, partnership and dialogue. Moreover, Lévesque (2001) acknowledges that partnership is becoming a major trend in the new governance in the age of globalization.

2-2-4- Examples of social responsibility experiences of some international companies that contributed to the development of governance:

Corporate Social Responsibility magazine has launched the ranking of the 100 best companies for the year 2011 that assume their responsibility towards society through various activities Financial performance and corporate governance. (Araba, Bendaoudia , 2012)

Table 1. The top 20 companies carrying out social responsibility activities for the year 2011

ranking	company	ranking	company
01	Johnson Controls Inc	11	Gap,inc
02	Campbell soup co	12	General mills inc
03	International business machines corp	13	Intel corp
04	Bristol-myers squibb co	14	Coca-cola co
05	Mattel, inc	15	Pinnacle west capital corp
06	3m co	16	Avon products, inc
07	Accenture plc	17	Consolidated edison,inc
08	Kimberly –clark corp	18	Spectra energy
09	Hewlett-packard co	19	E.I.DuPont De Nemours &Co
10	Nike,inc	20	Johnson& Johnson

Source: *Araba Rabeh and Bendaoudia Wahiba, Corporate Social Responsibility and its Role in Development - Presentation of the Experiences of Some International Companies-, Third International Forum entitled: Corporate Organizations and Social Responsibility, Bashar University, Faculty of Economics, Commercial Sciences and Management, on: February 14-15, 2012.*

3- Previous study

1-Jacqueline Dionne-Proulx, Gilbert Larochelle (2010), ETHICS AND CORPORATE GOVERNANCE Management Prospective

this study aimed The notion of governance turns out, on analysis, to be inseparable from a shift in the center of gravity of the company towards social compromises. Thus, the lure of profit does not eliminate human capital: it values it in a certain way as a material and especially cultural resource to define an image brand in society.

2- Asmaa MOHAMMED BENAHMED Sadek SEFFIH (2019), Business ethics and social responsibility in Algeria: Case of the National Paint Company and the company Schlumberger Algeria.

This article deals with two cases of companies that have activities in the industrials sector: The National Paint Company called ENAP in Algeria and the company Schlumberger Algeria

CSR can be an opportunity to rethink the organization of the company in a broader economic and social ecosystem where modes of "partnership governance" of business relationships, large and small are also an asset.

3- Boualem Aliouat, Chaker Boughanbouz (2009), The notion of responsible business in emerging economies: an exploratory empirical analysis.

The purpose of this communication is outline the different responses that organizations can adopt towards their stakeholders, and to highlight their strategies and social objectives.

Through a state of the art and an analysis of Societal Reporting of the Sonatrach company, we are trying to develop an approach contribution, both theoretical and practical, of the responsibility corporate social. This approach is based on taking into account of the context in which the company operates and the characterization of internal processes. The communication proposes a neo-institutional reading of investment socially responsible from a pragmatic anchor.

4- Jihane Dinia , Abdellatif Chakor (2018), Corporate Social Responsibility: The Different Conceptual Approaches.

The purpose of this article is to emphasize the issue of the CSR through a brief genealogical overview and the confrontation of several definitions based on an academic literature review. Our study revealed a proliferation of proposed definitions of the concept, reflecting different approaches, which certainly enriched the debate, but complicated the subject.

3- The role of corporate social responsibility in improving governance - case of enterprise Sonatrach.-

3-1-The role of social responsibility in improving governance and achieving development (the experience of the Sonatrach)

Sonatrach plays a key role in the national economy as it provides society with a range of petroleum products and its derivatives, and it has become clear that its activity has environmental and social effects which require it to take the necessary measures to reduce, otherwise these effects will constitute environmental imbalances difficult to control, the Foundation has therefore initiated a series of projects aimed at protecting the environment and taking care of society are among the most important: (Monsef, 2018, p 98-100)

- Implementation of the HSE system: In order to preserve natural resources for future generations, Sonatrach has followed the social responsibility approach by developing a distinguished health, safety and environment management system which is designed to take into account all aspects that would play a role in health, safety and the environment. This system has been provided with a mechanism that always guarantees the availability of up-to-date information and the use of technology and systems within the framework of the company's operations. These efforts have come to realize a synergy between economic development and sustainable development, and this system aims to achieve the following objectives:

- Preserve human life and protect the environment;

- Anticipate and reduce the risk of accidents;

-Improve the performance of the groups on aspects related to health, safety, security and the environment;

-Raising workers' awareness through information and communication and the promotion of human investment;

- Contribute to sustainable development.

- Sonatrach also announced a basic slogan to improve its performance in this area, which is “No accidents, no injuries to workers, no impact on the environment”. Here are the most important activities that the Foundation intends to carry out in these three areas:

A. In the field of health: Reduce occupational diseases, improve working conditions and provide health care to workers and their families, create a suitable work environment, promote training, education and awareness in the field health, hygiene and work.

B. In the field of safety: reduce the number of accidents at work, promote a high level of safety, avoid and eliminate all causes of accidents, ensure the safety and security of equipment, train workers in the field of industrial safety.

C. In the field of the environment: Preserve natural resources, reduce and prevent atmospheric emissions, protect biodiversity, treat water and sludge, contribute to the development and promotion of clean energies, contribute to national reforestation efforts.

3-2- The relationship between the corporate governance system and CSR

The question of social responsibility cannot be understood without reference to the corporate governance. The status of SONATRACH is recent; it's only by 1998 that it was adopted by Parliament; the company is set up as a joint-stock company whose capital (1000 billion dinars or about 12.5 billion US\$) is fully owned by the state.

The general assembly of the SONATRACH group is made up of five representatives of the State: the Minister of Finance, the Minister of Forecasting and Statistics, the governor of the bank of Algeria, the representative of the presidency of the republic . (Koudri Ahmed, 2012, p279)

3-3- Ethical and Social Obligations of Governance and Sustainable Development Sonatrach

To encourage support for sustainable development, the communication policy must leave a large place in the education of stakeholders and reinforce the credibility of the commitment of business through alliances. With regard to the development of strategic alliances,

Sonatrach adopts a policy of cooperation with companies in different fields in order to promote its social functions. The best example of these cooperations is the Safe Behavior

SBP program. The SBP is a Norwegian program launched within the Statoil company (Statoil is a Norwegian oil company founded in 1972).for years, and it has a very good reputation in the hydrocarbon industry in Norway as it has contributed to the reduction of accidents and incidents. In 2007 SONATRACH integrated the system into its organization. The adoption of Safe Behavior Program is the result of an effort developed by a diverse team of members the Norwegian company Statoil, the Algerian Petroleum Institute and SONATRACH.

The implementation of this program is a major event in the life of Sonatrach, because it strengthens the group's HSE policy relating to the safety of workers and installations. the

Safe Behavior Program directly involves managers in their daily behavior structures and their respective personnel. The objective of the program is to encourage workers to make the right decisions at the right time so that their daily life is risk-free and without hazards. The program will be spread over a period from 2007 to 2012 to reach the 120,000 workers of the group.

Another cooperation to preserve the environment has been established, the production volume has quadrupled over the past 30 years, the ratio of associated gas flared to gas produced has gone from 30% in 1970 to 7% in 2005, the complete elimination of flaring is planned for 2010.

The alliance between Sonatrach, BP and Statoil initiated a CO2 reinjection procedure, this project is the largest of only two projects of its kind in the world

Adopt sound principles and foundations in various aspects of institutional performance and take into account different stakeholders, which will positively affect the achievement of effective governance. (Boualem Aliouat, 2009.p13-14).

4- Conclusion:

Many institutions have become dependent on the quality of their performance, to ensure continuous, permanent, balanced and equitable improvement for all their members, and this area depends on various economic, social, technological and environmental dimensions, and to achieve, social responsibility has established itself as an effective strategy due to its distinctive characteristics and a major role in contributing to the realization of the institutions' profits and the improvement of their competitive position, which is positively reflected in them, and the development of individuals and internal and external clients of the institution and therefore the development of society, in addition to the legal and moral commitment to the various concessionaires and the environment in which they live, these institutions are therefore focus on the need to enshrine the principles of social responsibility in order to achieve effective performance and governance and sustainable development.

Among the most important recommendations made are:

- The need for an ethical, social and environmental commitment and the maintenance of the internal customer through occupational safety and the external customer through the provision of quality services and products for the health of the individual and society.
- Work to integrate social responsibility in institutions in order to achieve sustainable development.

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