

International Journal of Research in Human Resource Management



E-ISSN: 2663-3361
P-ISSN: 2663-3213
IJRHRM 2025; 7(1): 46-51
www.humanresourcejournal.com
Received: 25-10-2024
Accepted: 29-11-2024

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Development of a model for measuring the social performance of organizations

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DOI: <https://doi.org/10.33545/26633213.2025.v7.i1.a.255>

Abstract

This scientific article proposes an innovative model to measure the Social Performance of Organizations, mobilizing emerging theoretical perspectives. The model distinguishes two main dimensions: Internal Social Performance, measured by salary satisfaction, work-life balance, workplace safety, satisfaction in interpersonal relationships and professional development; and External Social Performance, assessed by customer and supplier satisfaction and community engagement. This model offers a holistic assessment of employee well-being and the overall impact of the company on its external environment. In conclusion, it is presented as a strategic tool to assess social impact and stimulate continuous improvements within organizations. The implementation recommendations allow companies to effectively integrate this model into their management practices, thus promoting a proactive and sustainable approach to social responsibility.

Keywords: Two-dimensional, social performance, internal, external, well-being, impact, responsibility, sustainability

1. Introduction

Measuring Social Performance is a crucial and complex challenge for contemporary organizations committed to sustainable and responsible practices. While financial performance remains a well-established traditional metric, assessing and managing social performance has become a strategic imperative to meet the growing expectations of stakeholders.

In this perspective, this article aims to fill this gap by proposing a new model for measuring the Social Performance of Organizations. Through a literature review, we have identified the main challenges and existing approaches in measuring social performance.

This paper is structured in three main parts. The first part explores the theoretical framework of Social Performance. The second part proposes our measurement model that was developed based on the indicators that we considered the most relevant. Finally, the third part presents recommendations for the practical application of this model, emphasizing the importance of an integrated and collaborative approach to ensure effective implementation and accurate interpretation of the results.

2. Literature review

Research has shown for several years that well-being at work is synonymous with business efficiency. Employees who express satisfaction with their job and their company have high levels of performance. Therefore, the link between employee satisfaction and performance leads us to the concept of "social performance" (Karim and Faik, 2024) ^[21]. The definition of the concept of social performance has attracted the interest of many researchers. According to Gilbert and Charpentier (2004) ^[16], the combination of the terms 'performance' and 'social' is no longer surprising, particularly in light of research from the human relations school. This highlights the crucial role of human resources in optimizing performance. However, it is important to note that there is no standard definition for this concept, as it remains difficult to define and varies from one organization to another.

Tamghe (2019) ^[35] synthesized the work of other researchers from 1988 to 2013. These definitions converge to define social performance as primarily focused on workers: Bélanger *et al.* (1988) ^[8] describe it as employee satisfaction with various aspects of their work

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environment, as well as their commitment, productivity, and collaboration with management. Benabou (1993)^[7] also considers employee commitment and productivity as key elements of social performance. Beaudin *et al.* (1994)^[6] see it as the value added by the quality of the workforce in the context of work and the organization. Bourguignon (1996)^[10] associates it with the results of human resources management, including employee satisfaction and mobilization. Allouche *et al.* (2004)^[3] emphasize that this performance is specific to each organization and determined by its organizational model and strategic objectives. Godard (2004)^[17] defines it by the positive social and psychological benefits for employees. Huselid *et al.* (2005)^[19] emphasize the strategic performance of employees. Louart (2006)^[25] links it to human resources management criteria and employee satisfaction. Manon (2009)^[26] explores its human aspect in organizations. Finally, Baggio and Sutter (2013)^[5] describe it as resulting from the company's commitment to improving employee well-being.

It is commonly accepted that corporate social performance is a particularly vague concept. However, in the management literature, we find different definitions. Two orientations can be observed: External social performance, designates the efforts of the company's managers, to bring a certain satisfaction to external stakeholders (Consumers, suppliers, citizens, public authorities, etc.).

Internal social performance refers to the consideration by managers of the interests and satisfaction of employees. This could imply that the employee finds in his workplace the possibility of satisfying his needs, or incentives for the realization of a project (Expectations), or even reasons to be satisfied with a compromise. (Errachidi and Khourchi, 2022)^[14].

The issue of measuring corporate social performance has received considerable attention in the academic literature for several years. Measuring the economic and financial performance of the firm is relatively straightforward. Measuring social performance is a delicate task: According to Croes and Vermeulen (2015)^[12], measuring social performance suffers from problems of validity, reliability and generalization. The nature of the specific context of social performance can be an obstacle to generalization. Consequently, researchers and practitioners often use different indicators that they subjectively consider to be the most important (Lansely, 1974). Manon (2009)^[26, 23] examined in his doctoral thesis the influence of HRM practices on social performance. To measure it, he used four variables namely, positive employee behavior, positive employee mindset, organizational commitment and employee competence. In another doctoral thesis defended in 2019, Tamghe analyzed the impact of HRM practices on social performance in public secondary schools in Cameroon. The social performance indicators he used for his investigation are: organizational commitment, job satisfaction, and absenteeism and employee mindset.

More recently, Rajâa (2021)^[32] examined the link between HRM practices and the social performance of organizations. Among the performance indicators selected, there are job satisfaction, organizational justice, involvement and commitment and value and meaning of work. Boselie *et al.*, (2005)^[5] reviewed the various empirical studies conducted between 1994 and 2003. They found that the indicators of turnover, commitment, absenteeism and employee satisfaction are the preferred indicators for measuring social

performance.

Social science researchers show great interest in the issue of measuring social performance since the variables used are specific to the context in which they are applied. And each researcher uses proximal variables (Dorra, 2008)^[13]. The study by Liouville and Bayad (1995)^[24] uses as indicators of measuring social performance: employee satisfaction, absenteeism, turnover and social climate. In his study Marmuse (1997)^[27] measured social performance through the number of conflicts and social crises, the level of employee satisfaction, turnover, absenteeism and lateness to work. Savall and Zardet (2001)^[34] believe that social performance can be measured through absenteeism, social climate, stress management, safety and turnover.

Harrate and El menzhi (2017)^[18] sought to explain social performance through dimensions such as quality of life at work, health at work and social dialogue. Recently, Mhenna (2023)^[29] retained the satisfaction rate, the absenteeism rate and the social climate as explanatory variables of the social performance of companies.

3. Research methodology

The methodology adopted in this research is based on a conceptual literature review. This approach made it possible to identify and structure the fundamental dimensions of the Social Performance of Organizations, based on solid and diversified conceptual bases. From these dimensions, specific components were defined to capture the essential aspects of the concept, while measurable indicators were selected and proposed to ensure an objective and relevant assessment. These indicators, inspired by recommendations and standards from various sources, ensure the robustness and credibility of the proposed model. On this basis, a hierarchical evaluation framework was built, and a calculation method was developed to determine a total score. This overall score aims to simplify the evaluation and offer a synthetic measure of the concept, while making the results comparable and exploitable.

4. Model development

To develop a social performance measurement model, we will adopt the definition proposed by Errachidi and El Khourchi (2022)^[14], which distinguishes two dimensions: internal social performance and external social performance. Although there is a consensus in the literature to define social performance mainly from an internal perspective, focused on employee satisfaction and engagement (as argued by Benabou *et al.* (1993)^[7], and others), the definition of Errachidi and El Khourchi offers a more comprehensive vision. By including external social performance, which refers to the company's ability to satisfy external stakeholders, this approach allows capturing the overall impact of the company on its environment.

Common indicators for measuring social performance, including job satisfaction, organizational commitment, absenteeism, turnover and social climate, are widely recognized and validated by many researchers.

To develop a robust model of internal social performance, several key aspects were identified from relevant research.

We captured critical components such as pay satisfaction, work-life balance, job security, relationship satisfaction, and career development satisfaction. These are supported by recent research that highlights the key elements leading to employee satisfaction.

Gerhart (2017) ^[15] highlighted the importance of pay satisfaction, highlighting how adequate compensation positively influences employee well-being. Husniati *et al.* (2024) ^[20] showed how work-life balance contributes significantly to job satisfaction and well-being. Qian *et al.* (2024) ^[31] highlighted the impact of general occupational health and safety policies on employee satisfaction, emphasizing their crucial role in creating a safe and supportive environment. Pincus (2024) ^[30] provided a perspective on satisfaction in interpersonal relationships, highlighting how positive interactions within the organization foster a harmonious work climate. Finally, Adani *et al.* (2022) ^[2] addressed satisfaction with professional development, highlighting the importance of

growth opportunities for employee well-being and engagement. By integrating these dimensions, our model aims to capture the essential aspects that contribute to sustainable and fulfilling internal social performance for individuals within the organization.

We selected the indicators presented in the following table based on their relevance and alignment with the objectives of our research on internal social performance. Each indicator was selected after a thorough analysis of the management literature to ensure that it effectively captures the critical dimensions of social performance while minimizing complexity. The table below summarizes these strategic choices:

Table 1: The components of Internal Social Performance and their measurement indicators

The components of Internal Social Performance	The measurement indicators
Salary satisfaction	Average salary satisfaction score
Work-life balance	Percentage of employees satisfied with their work-life balance.
Safety at work	Rate of work accidents per year.
	Rate of occupational diseases per year
Satisfaction with interpersonal relationships	Percentage of employees reporting positive relationships with their colleagues and superiors.
Satisfaction with professional development.	Percentage of employees satisfied with the training programs offered by the company.

By focusing on these specific aspects of employee satisfaction, the model aims to provide a more holistic and nuanced assessment of employee well-being within the organization. In comparison, turnover and absenteeism rates, while they may indicate potential problems in the organizational climate, do not provide details on the underlying reasons or specific aspects of the employee experience that may require intervention or improvement. Thus, by focusing on indicators focused on individual perceptions and working conditions directly influenced by organizational policies and practices, this model allows for a proactive approach oriented towards the continuous improvement of employee satisfaction and, ultimately, the social performance of the company.

In developing our external stakeholder satisfaction measurement model, the inclusion of customers, suppliers and communities is based on the work of Freeman (1984) and the principles of the ISO 26000 standard on social responsibility. Freeman emphasizes that stakeholders are essential to the success of any company, as they influence and are influenced by its activities. Customers, as consumers of the company's goods and services, are directly concerned with quality and satisfaction, which impacts their loyalty and the company's reputation. Suppliers, who participate in the value chain, are crucial for the continuity and quality of operations, and their satisfaction can influence the stability and quality of supplies. Local

communities, affected by the company's activities, play a key role in the legitimacy and sustainability of the company, influencing the social acceptance of the company's activities.

Focusing on these three stakeholder groups is also in line with ISO 26000, which identifies customers, suppliers and communities as key stakeholders. These groups have direct and significant interactions with the company and are often the most directly involved in its day-to-day operations. Other stakeholders, such as unions, while important, have an indirect and less consistent impact on the company's day-to-day operations.

Referring to the management literature (Adams and Frost, 2008; Kolk and Perego, 2010; Matsushita *et al.* 2015; Schoeneborn and Trittin, 2019; Amorelli *et al.* 2021; Choi *et al.* 2022) ^[1, 22, 28, 4, 11], consulting measurement guides such as the GRI (Global Reporting Initiative), the GCSI (Global Customer Satisfaction Index), the SRM (Supplier Relationship Management) and the ISO 26001 and integrating our personal vision and perception as a researcher, we chose to include customer satisfaction scores, the percentage of satisfied suppliers and the number of community development programs as key indicators in our evaluation framework.

The table below presents the components of external social performance as well as the corresponding indicators.

Table 2: The components of External Social Performance and their measurement indicators

The components of external social performance	The measurement indicators
Customer satisfaction	Product quality
	Quality customer service
Supplier satisfaction	Respect for payment deadlines
Community engagement	Number of community programs per year

For the customer satisfaction dimension, we chose to evaluate product quality and customer service. Product quality is essential because it represents a determining factor in the perception of end users, directly influencing their

satisfaction and loyalty. Likewise, customer service plays a crucial role as a key element of the customer experience, influencing their overall perception of the company's commitment to their well-being.

Choosing the payment deadlines indicator as the primary measure of supplier satisfaction is crucial for several reasons. First, this indicator is objective and easily measurable, thus providing a solid basis for assessing the company's performance in its financial interactions with its partners. By strictly respecting payment deadlines, the company demonstrates its reliability and commitment to its suppliers, which is essential for maintaining a relationship of trust and mutual respect. In addition, payment deadlines can also indirectly reflect other aspects of the company-supplier relationship such as transparency, predictability and the quality of business relationship management. By choosing this indicator, the company gives itself the means to compare its performance with that of its peers and to identify opportunities for continuous improvement, thus helping to strengthen its reputation and market position. The choice of the indicator of the number of programs per

year to measure community engagement is justified by its ability to provide a clear and quantifiable measure of the actions taken by the company in the community. By counting the initiatives carried out each year, this indicator makes it possible to monitor and document the direct and regular impact of the company on local development. It provides a solid basis for demonstrating the company's social commitment, thus strengthening its reputation and responsibility towards the communities it supports. Other aspects of community engagement, such as the quality of partnerships or the long-term impact of initiatives, may be more complex to measure in a standardized and quantitative manner. Here is our social performance measurement model, structured into dimensions, components and measurement indicators

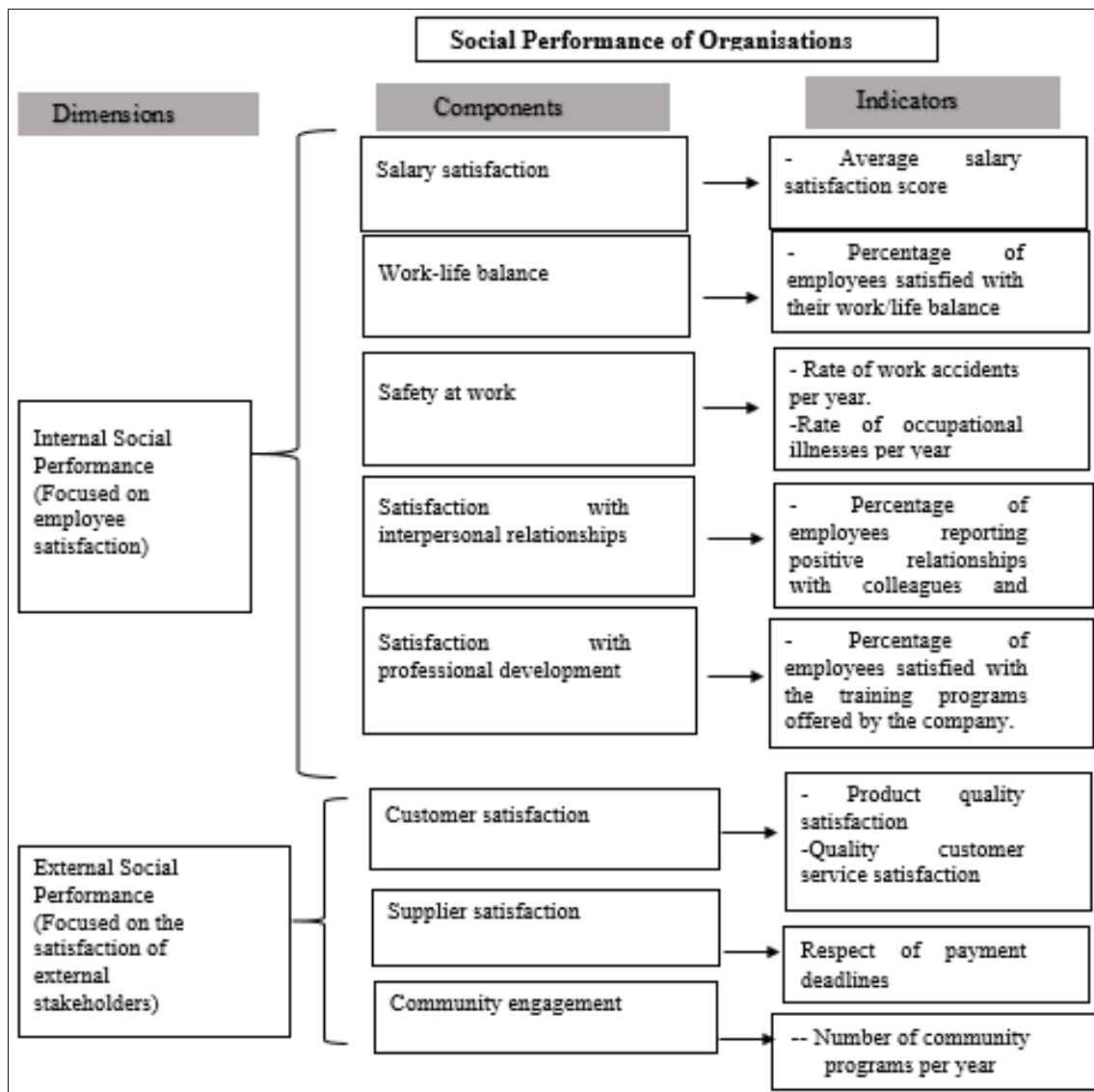


Fig 1: The developed model for measuring the Social Performance of Organizations

In our model for measuring the Social Performance of Organizations, we clearly distinguish between Internal Social Performance and External Social Performance. Each is assessed through specific scores. Internal Social Performance is measured by a composite index that includes key indicators related to salary satisfaction, work-life balance, workplace safety, satisfaction with interpersonal

relationships, and satisfaction with professional development. This relative score reflects the overall experience of employees within the company, thus making it possible to understand and improve their well-being and engagement. In parallel, External Social Performance is assessed through another composite index that takes into account the

satisfaction of external stakeholders, such as customers and suppliers. This index integrates measures such as customer satisfaction, supplier satisfaction, and community engagement. This provides a perspective on how the company meets the expectations and needs of its external environment.

Finally, a total score of the Social Performance of Organizations is calculated by aggregating the scores relating to Internal and External Social Performance, thus reflecting the overall commitment of the company to its employees and external stakeholders. This total score allows a global and comparative assessment over time, thus facilitating a strategic management oriented towards continuous improvement and alignment with the company's sustainability and social responsibility objectives.

5. Recommendations for the use of the model for measuring the Social Performance of Organizations

Our social performance measurement model is designed to provide a comprehensive and accurate assessment, tailored to the specificities of each company. We have carefully selected indicators that are relevant and applicable to all organizations, limiting their number to ensure accurate and simplified measurement. To ensure the reliability of the results, it is essential to standardize the data collection period to facilitate temporal comparisons. In parallel, we strongly recommend establishing an integrated and collaborative approach by involving all departments in the use of the model, requiring continuous training to ensure a consistent and effective understanding at all levels of the organization. In addition, it is crucial to take into account individual specificities when using the model for external benchmarks, in particular by taking into account contextual differences such as size and data collection periods. We also recommend the development of a practical application guide to clarify the methods of data collection and analysis, as well as the organization of regular training sessions to maintain the competence and commitment of users of the model. By integrating these practices, we will strengthen the adoption and effectiveness of our model, thus transforming our approach to social management into a strategic and dynamic tool for the continuous improvement of social performance, while promoting effective application and clear interpretation of results.

6. Conclusion

In conclusion, our model for measuring the Social Performance of Organizations, focused on employee and external stakeholder satisfaction, presents itself as a strategic management tool for companies. By adopting a focused and methodical approach, we have developed a solid framework that not only allows us to accurately assess social impact, but also to stimulate continuous improvements within organizations. For future perspectives, it is essential to continue the practical implementation of our model in various organizational and sectoral contexts. This will allow us to empirically validate its relevance and effectiveness, thus strengthening its credibility and its ability to guide strategic decisions.

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