

ELABORATING A GLOBAL DIAGNOSIS MODEL OF A COMPANY IN THE CURRENT CONTEXT OF SUSTAINABLE DEVELOPMENT

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Abstract

The new economic and social framework in which the business of XXI'th century run , globalization and internationalization of business, changing consumer optics wich become more interested in quality and organic matters incorporated, have developed new priorities for managing a company. Achieving "excellence" in business is the way of survival and development for the entities, in a competitive economy. One of the ways to achieve the excellence is the performance, currently are increasingly talking about overall performance resulting in performances obtained on three pillars: economic, social and environmental. In order to maximize overall performance of the company, investigating various aspects of economic, social and environmental approach is a very necessary step to any manager. In this paper we propose drawing up a comprehensive diagnostic system of a company, developed on the three pillars of sustainable development economy (economic, social and environmental). The model we developed is designed to provide synthetically, efficiently and quickly, the standing of a company in a given competitive environment.

Keywords: global diagnosis, indicators, economic, social, environment.

JEL classification: M10 , M14, M21

1. Introduction

In a world of competency that has become more and more pronounced as a consequence of the financial environment mutations and of risk increase once with the emphasizing of the economic-financial turbulences and with the internatiolization of goods and capital exchange, reaching „**excellence**” in business represents the way of survival and development for the entities, in a competitive economy. One of the ways to achieve the excellence is represented by performance, currently they are increasingly talking about **overall performance**. This new approach to performance is currently known as **sustainable development** that has three objectives: increasing the economic-financial performance of the entity, developing the efficiency of the environment and favoring social development. Therefore, we might say that global performance represents the sum of economic-financial, ecologic (environment) and social performances.

In the current conditions of the international economy's globalization, a performing entity is an entity which creates added value both for actionaries as well as for all the participants to social life (customers, employees, entity etc.). Ellaborating certain models of business global diagnosis that would focus on the performances accomplished by the entity for all the participants to economic life, in the current context of sustainable development, is a challenge and a continuous preoccupation for all users of economic-financial information, that have a certain interest in a society.

2. Literature review

Integrating social performances as an assessment criteria of the entity;s global performances led to the occurence of the concept entitled „Triple Bottom Line” (TBL). This concept consists of

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appreciating the entity's global performances through its contribution to accomplishing economic, social and environment prosperity and it was developed by John Elkington in 1997. Subsequently, this idea started being largely sustained by lots of specialists, and we shall remind only some of the remarkable authors: Philip Kotler and Nancy Lee (2005), David Vogel (2005), William B. Werther, Jr and David Chandler (2006), William C. Frederick (2006).

Investigating international and internal specialized literature we could find various preoccupations of specialists to elaborate models of global diagnosing of a company that would reveal approaches that are more or less tangent to social and environment performances, apart from the economic ones.

Consequently, we can classify the multitude of models that exist in specialized literature that are established, at the same time, by the economic practise in the following categories:

a) According to the issuer of these models there can be distinguished:

► Models elaborated by international organizations:

✓ Global Reporting Initiatives Sustainability Reporting Guidelines (GRI Guidelines), issued by World Commission on Environment and Development which represents the most developed initiative in the field of sustainable references. During time, there have been issued three versions of the guide (2000, 2002, 2006,2007). GRI, apart from a generally applicable frame of sustainable references, also provides sustainable performance indicators.

✓ UK Reporting Guidelines, United Nation Approach are other approaches of sustainable performance assessment however, less developed than GRI.

► Modes elaborated by banks in the methodology of founding the lending decision. Among the very funamental bank models in use are those elaborated by Romanian Comercial Bank, Transylvania Bank, Raiffeisen Bank (M. Achim, 2010).

► Models elaborated by rating companies and financial consultation companies:

✓ Models elaborated by international extra-financial rating agencies (Vigeo – France, ELRiS – England, SiRi Company – Switzerland, Ethibel –Belgium, Innovest – USA), that assess and rate the policies of social, environmental and governmental responsibility of the large, marketable companies. Large international extra-financial rating agencies have developed partnerships with the companies that underlie the stock market indexes to create indexes reuniting the companies which obtain the highest scores in the social, environmental and governmental field (Dow Jones Sustainability Indices – DJSI; FTSE4GOOD;ASPI Eurozone).(Mironiuc, 2009).

✓ The CEMMAT model – The Center of Management and Technologic Transfer in Bucharest that makes reference to the following categories of diagnosis: financial, marketing, technology, quality.

✓ The Roland Berger model used by R.B company of foreign consultancy refers to the following components of the general diagnosis: products, competency, distribution, financial, management, using 28 representative criteria for the reminded diagnosis fields.

► Models elaborated by different specialists of the economic field:

✓ The A.G. model (Alexandru Gheorghiu) established eight essential components of the society: financial, market and competency, research – development, products, management, production, commercial and personnel. (Al. Gheorghiu et al, 2002)

✓ The MEFAT model (model of financial assessment by And one -Țugui) is a model of global assessment of the financial diagnosis based on the points rating method and which consists in selecting a number of ten indicators out of the ensemble of economic – financial indicators, to which an importance coefficient is being attributed according to each one's significance (A. Ioan, Al. Țugui, 1999);

✓ The Bărbulescu model groups the appreciation criteria of a company's viability potential into six representative categories: economic – financial, managerial, quality and competitiveness, technical and technologic, social, ecologic, to which it grants various degrees of importance (Bărbulescu, 1999)

✓ Models of assessing the financial situation, generically entitled Model “A” and Model “B” (M. Bătrâncea, L-M. Bătrâncea, 2006) are used by authors under the title of analysis models of the financial standing. Both models take into account the perspective of the diagnosis effectuated by banks on their clients being models of the “credit scoring” type and they are based on two qualitative criteria and five quantitative criteria. The difference between the two models consists in the selection method of these criteria taking into account the granted guarantees, lending service, types of clients (producers or traders).

b) According to the used methodology we can distinguish:

➤ Statistic methods based on the technique of multiple discriminant analysis. The most known models of diagnosis of statistic type used internationally are: The Modelul Altman, The Canon Holder model, The model of the Audit Central of France, the Taffle model, the Robertson model). At national level there were elaborated several models of financial diagnosis adjusted to the Romanian economy of emergent type: the Anghel model, the Cămășoiu-Negoiescu model, the „C” model elaborated by financial analysts of the educational system from Craiova, the Băileșteanu model etc. The hereabove mentioned models reveal only the financial diagnosis angle without making reference to aspects regarding the management of resources or of sustainable performances.

➤ Non – statistic or necessitarian methods:

They use other techniques than the statistic ones, such as: comparison, induction – deduction, analysis – synthesis, rating scores, and assessment grates etc. In selecting the indicators that are representative for a diagnosed field and in granting importance degrees an extremely important role is played by the experience and the professionalism of the financial analyst that would allow the analyst to value the quality and the quantity as realistic as possible, according to the economic reality.

3. The research methodology

In view to reaching our procedures of establishing a global diagnosis of the society, moden approaches regarding the assessing of the entity’s global performances will be considered (Triple Bottom Line), through investigating the three domains (components):

- Economic – financial performances;
- Social performances diagnosis
- Environment performance diagnosis.

For each diagnosed field there will be selected representative indicators abiding on a synthesis of specialized literature and economic practice but also on using professional reasoning. There will be given scores to each indicator according to its status and evolution, afterwards there will be given importance degrees to each selected indicator. The results are combined and the final score that is obtained (qualitative and quantitative) will provide information about the global position of a company on the market.

Substantively, the methodology of elaborating a global diagnosis of an entity included an ensemble of methods, techniques and procedures that help *establish and assess qualitatively and quantitatively the strong and the weak spots* of the economic – financial and also social management (including social and environment aspects) in view to settle a new strategy of maintenance and development in a competitive, sustainable environment.

Among the methods that techniques that have been used we remind:

- ✓ **The comparison method**
- ✓ **The points rating method**
- ✓ **The S.W.O.T. method:**
- ✓ **The method of assessment scales**, marked with grades from 1 – 5, as in the following

tables:

Table no. 1.: Simple form of financial criteria assessment scale

Grade	1	2	3	4	5
Status	Critical	Poor	Average	Good	Strong
Tendency	Sudden deterioration	Slow deterioration	Preservation	Slow improvement	Sudden improvement

In case both the level (status) and the tendency simultaneously improve, the framing of the indicators will be established according to the following matrix:

Tabel no. 2: Complex assessment scale of financial criteria

Tendency/status	Critical	Poor	Average	Good	Strong
Sudden improvement	3	3,5	4	4,5	5
Slow improvement	2,5	3	3,5	4	4,5
Preservation	2	2,5	3	3,5	4
Slow deterioration	1,5	2	2,5	3	3,5
Sudden deterioration	1	1,5	2	2,5	3

Finally, framing in the adequate performance category can be made abinding on the global performance appreciation scale on the three levels (economic, social and environment), according to the following table:

Table no. 3: The scale for founding global diagnosis

General status of global performances	GLOBAL DIAGNOSIS	
	Quantitative diagnosis AVERAGE SCORE	Qualitative diagnosis SWOT SCORE
Strong	5	Diagnosis SOLID – Category A STRONG POINT
Very good	4.5	
Good	4	Diagnosis GOOD – Category B GOOD POINT
Satisfactory	3.5	
Average acceptable	3	Diagnosis AVERAGE/ACCEPTABLE – Category C INCERTITUDE
Insufficient	2.5	
Poor	2	Diagnosis PRECARIOUS –Category D WEAK POINT
Very poor	1.5	
Critical	1	Diagnosis CRITICAL – Category E CRITICAL POINT

✓ Other methods and techniques

Other methods include:

- Quantitative methods: reports, structure rates, indices, regression method, extrapolation method;
- Qualitative methods: analysis, synthesis, interpreting the results, generalizing and assessing the results, descriptive methods.

4. Elaborating the entity's economical & financial diagnosis

The starting point in elaborating the economic diagnosis of an entity consists in assigning the components of the economic activity such as it follows:

- a) The external component which focuses on the strategic and competitional environment;
- b) The internal component which focuses on:

✓ On one hand on the economic environment (human resources management including company management, technical and material resources)

✓ On the other hand on the financial environment (revealed in the financial situations)

For each component we selected ten representative indicators, we granted importance degrees to them and the following synthesis models resulted:

Table no. 4: The model of strategic and competitional diagnosis

Crt. No.	Representative criteria for the strategic and competitional environment	Observations	SWOT Diagnosis	Points rating (1-5)	Ponderosity of importance (pi)	Aggregated points rating
1.	Market position (measured through the market rate)	The company has a good market position for most products and services provided especially for products of public consumption.	Status and tendency	N1	P1=18 %	N1xP1
2.	Increase tendencies	-Company's earnings slowly increasing -Sector is increasing	Status and tendency	N2	P2=16 %	N2xP2
3.	Competition structure	- high competitional level - it does not raise problems on the internal market - there have shown up many flexible private companies	Status and tendency	N3	P3=14 %	N3xP3
4.	Outlet	- there are traditional relations with beneficiaries - are traditional customers significant? - export earnings increase	Status and tendency	N4	P4=15 %	N4xP4
5.	Customers' characteristics	- Constant relations with the customers – increasing the number of customers - preoccupations to modify the customers' structure in view to discover a larger mass of customers	Status and tendency	N5	P5=7 %	N5xP5
6.	Encouraging customers to become constant	- After-sale services - Discounts are granted - Promotional advertising activities	Status and tendency	N6	P6=9 %	N6xP6
7.	Degree of differentiating products/ diversified range	- complementarity	Status and tendency	N7	P7=5 %	N7xP7
8.	Price /quality	- Price accessibility - integration in the quality standards required for the company's products	Status and tendency	N8	P8=12 %	N8xP8
9.	Emplacement/	- directly from warehouses + own distribution network	Status and tendency	N9	P9=3 %	N9xP9

	distribution organization					
10.	Brand image	Is it significant?	Status and tendency	N10	p10=1 %	N10xP10
General diagnosis of the competition environment – total score		OPORTUNITIES – THREATS			100 %	$\bar{N} = \sum NiPi$

Table no. 5: The management and human resources diagnosis

Nr. crt.	Criteria	Observations	SWOT diagnosis	Score	Ponderosity of importance	Aggregated score
1.	Managerial structure	- training and competency - experience in managerial activity	Status and tendency	N1	P1=20 %	N1xP1
2.	Quality of managerial team	- cohesion - collaboration - perspective view - correct combination of responsibilities according to certain fields	Status and tendency	N2	P2=16 %	N2xP2
3.	Organizational structure	- specifically adopted - flexible - assignation of attributions and of competences on organizational levels	Status and tendency	N3	P3=6 %	N3xP3
4.	Informational system	- equipping with calculation equipment - ensuring personnel that is specialized in informatics - extended to all hierachical levels	Status and tendency	N4	P4=4 %	N4xP4
5.	Ensuring the proper number of personnel	- fully ensured - correlated with productivity	Status and tendency	N5	P5=4 %	N5xP5
6.	Structure of personnel	- age of the personnel and especially of the working personnel	Status and tendency	N6	P6=4 %	N6xP6
7.	Work qualification of personnel	- school education - average qualification - specialized personnel	Status and tendency	N7	P7=18 %	N7xP7
8.	Permanence of the personnel	- reduced mobility - low fluctuation - constant increase	Status and tendency	N8	P8=8 %	N8xP8
9.	Use of work time	- level of using work time - evolution tendency	Status and tendency	N9	P9=4 %	N9xP9
10.	Work productivity	- great and increasing - productivity – remuneration correlation	Status and tendency	N10	P10=16 %	N10xP10
General diagnosis of management and human resources – total score		WEAK POINTS – STRONG POINTS			100 %	$\bar{N} = \sum NiPi$

Table no 6: Diagnosis model of technical resources

Crt. No.	Criteria	Observations	SWOT Diagnosis	Score	Ponderosity of importance	Aggregated score
1.	Emplacement of productive capacities and access pathways	Access pathway requires transportation means	Status and tendency	N1	P1= 7 %	N1xP1
2.	Value and structure of body immobilization	<ul style="list-style-type: none"> • immobile means are purchased from borrows • structure corresponds with the specific of the respective activity 	Status and tendency	N2	1 P2= 16 %	N2xP2
3.	Ensuring machineries and equipments	<ul style="list-style-type: none"> • at the level of requirements • capacitaty surplus 	Status and tendency	N3	13 % P3= 13 %	N3xP3
4.	Condition of machineries and equipments / quality of technologies	<ul style="list-style-type: none"> • low depreciation • improved technical level • increased renewal 	Status and tendency	N4	P4= 15 %	N4xP4
5.	Extensive use of machineries and equipments	• average degree of production capacities' utilization	Status and tendency	N5	P5= 1 %	N5xP5
6.	Intensive utilization of machineries and equipments	• Total income / gross profit and netto profit for 1000 lei	Status and tendency	N6	P6= 18 %	N6xP6
7.	Maintenance and reparations	-Own reparations workshop -Reparations time table	Status and tendency	N7	P7= 2 %	N7xP7
8.	Maintenance costs	-Relative maintenance costs	Status and tendency	N8	P8= 4 %	N8xP8
9.	Investments	- there is an investment plan - investments financed from credits - objectives execution plan	Status and tendency	N9	9 P9= 9 %	N9xP9
10	Production flow	- old technologies - lack of capacity at requirement level	Status and tendency	N10	P= 15 %	N10xP10
General diagnosis of technical resources – total score		WEAK POINTS – STRONG POINTS			100 %	$\bar{N} = \sum NiPi$

Table no 7: Diagnosis model of material resources

Crt. No.	Criteria	Observations	SWOT* diagnosis	Score	Ponderosity of importance	Aggregated score
1.	Structure of purveyors	-are there several customers for the same material?	Status and tendency	N1	P1=7 %	N1xP1
2.	Degree of dependence on certain purveyors	-there is a high dependence on certain purveyors which increases the activity's risk	Status and tendency	N2	P2 =15 %	N2xP2
3.	Quality of purchased stock	-an improved quality is desired	Status and tendency	N3	P3 = 10%	N3xP3
4.	Transportation conditions and payment	-is transportation or assembling included in the price?	Status and tendency	N4	P4=4 %	N4xP4
5.	Bounties, discounts	-are there any bounties under the form of discounts?	Status and tendency	N5	P5=8 %	N5xP5
6.	Closing contracts for the necessary stock to be purchased, both as quantity/quality/availability/cost	-are there any purchase restrictions from the point of view of delivering the materials at the required qualitative level, within the specified date and with the foreseen costs?	Status and tendency	N6	P6=16 %	N6xP6
7.	Carrying out the purchase program on the overall and on the main material resources	- is the purchase program made on the overall and on assortments?	Status and tendency	N7	P7=2 %	N7xP7
8.	Reserve stockpiles	-does the company have reserve stockpiles?	Status and tendency	N8	P8= 7%	N8xP8
9.	Low mobility stockpiles	-are there any low mobility stockpiles?	Status and tendency	N9	P9=13%	N9xP9
10.	The efficiency of using stockpiles of materials	- degree of valuing stocks and increasing materials?	Status and tendency	N10	P10=18%	N10xP10
General diagnosis of material resources – total score		WEAK POINT – STRONG POINT			100 %	$\bar{N} = \sum N_i P_i$

Tabelul no. 8 *Synthetic model of economic environment*

Indicators	Observations Findings at the analyzed company – status and tendencies	SWOT diagnosis	Score	Ponderosity of importance	Aggregated score
Diagnosis of management and human resources	...	Strong points / Weak points	N1	P1 = 40 %	N1xP1
Diagnosis of technical resources	...	Strong points/ Weak points	N2	P2 = 30 %	N2xP2
Diagnosis of material resources	...	Weak points	N3	P3 = 30 %	N3x P3
THE DIAGNOSIS' SYNTHESIS OF THE ECONOMIC CONDITION	WEAK POINTS – STRONG POINTS				$\bar{N} = \sum_{i=1}^n N_i x P_i$

Table no. 9: *Synthetic model of financial diagnosis*

The representatives criterias for financial standing of entity	Remarks	SWOT Diagnosis	Score (1-5)	Importance (pi)*	Agregate score
Financial position				10 %	
Evolution and structure of assets	...	Weak...Strong	n 1	4 %	n1xp1
Evolution and structure of debts and equity	...	Weak...Strong	n 2	16 %	n2xp2
Liquidity	...	Weak...Strong	n 3	18 %	n3xp3
General solvability	...	Weak...Strong	n 4	2%	n4xp4
Financial indebt	...	Weak...Strong	n 5	14 %	n5xp5
Times interest earning (TIE)	...	Weak...Strong	n 6	4 %	n6xp6
Working capital	...	Weak...Strong	n 7	10 %	n7xp7
Management of total assets	...	Weak...Strong	n 8	16 %	n8xp8
Management of inventory	...	Weak...Strong	n 9	10 %	n8xp9
Management of receivables/debts	...	Weak...Strong	n 10	6 %	n10xp10
1. Financial position standing		Weak...Strong	-	100 % 10 %	$\bar{N} 1 = \sum_{i=1}^n n_i x p_i$
Financial performances				50 %	
Evolution of financial performances	...	Weak...Strong	n 1	4 %	n1xp1
Structure of financial performances	...	Weak...Strong	n 2	2%	n2xp2
Commercial profitability ratio	...	Weak...Strong	n 3	6 %	n3xp3
Return on equity (ROE)	...	Weak...Strong	n 4	9 %	n4xp4

Return on assets (ROA)	...	Weak...Strong	n 5	8 %	n5xp5
Dividend stock market ratios	...	Weak...Strong	n 6	9 %	n6xp6
Stock market ratios (PER, PSR, PBR)	...	Weak...Strong	n 7	14 %	n7xp7
Economic value added (EVA)	...	Weak...Strong	n 8	15 %	n8xp8
Merket value added (MVA)	...	Weak...Strong	n 9	16 %	n8xp9
Total shareholders return (TSR)	...	Weak...Strong	n 10	17 %	n10xp10
2. Financial performance standing		Weak...Strong	-	100 % 30 %	$\bar{N} 2 = \sum_{i=1}^n nixpi$
Cash-flow				30 %	
Operating cash-flow	...	Weak...Strong	n1	30 %	n1xp1
Investing cash-flow	...	Weak...Strong	n2	20 %	n2xp2
Financing cash-flow	...	Weak...Strong	n3	10 %	n3xp3
Total cash-flow	...	Weak...Strong	n4	40 %	n4xp4
3. Cash-flow standing		Weak...Strong	-	100 % 40 %	$\bar{N} 3 = \sum_{i=1}^n nixpi$
Risks				10 %	
Break-even point	...	Weak...Strong	n1	30 %	n1xp1
Global break-even point	...	Weak...Strong	n2	35 %	n2xp2
Financial leverage	...	Weak...Strong	n3	35 %	n3xp3
4. Risks standing		Weak...Strong	-	100 % 20 %	$\bar{N} 4 = \sum_{i=1}^n nixpi$
The global financial standing	Category A – SOLID, Category B- GOOD Category C - AVERAGE Category D - PRECARIOUS Category E - CRITICAL			100 %	$\bar{N} G = \sum_{i=1}^n \bar{N} ixPi$

Table no. 10. Elaborating the economical & financial diagnosis

Diagnosed fields	SWOT diagnosis	Score	Ponderosity of importance	Aggregated score
COMPETENCE ENVIRONMENT	...	N1	P1=20 %	N1X P1
ECONOMIC CONDITION	...	N2	P2= 30 %	N2X P2
FINANCIAL CONDITION	...	N3	P3= 50 %	N3X P3
SINTHESIS OF THE GENERAL ECONOMIC-FINANCIAL DIAGNOSIS	WEAK POINTS-STRONG POINTS		100 %	$\bar{N} = \sum_{i=1}^n NixPi$

5. Elaborating the diagnosis of social and environment performances

Nowadays society is interested both in the company's financial results and in the way they address the needs of various participants to economic life. One of the corporate social responsibility that ensures a social strategic development is addressing of interests of all participants to economic life (stakeholders) that is (from employees to community, from purveyors to government creditors, from managers to corporate administration and maintaining the focus on the stakeholders).

Given the large number of studies on this subject we consider appropriate, to present proposed indicators for reporting on global performance by the Global Reporting Initiative (GRI) in the context of sustainable development of an organization.

5.1. In what follows we will focus on the **social performance indicators**. According to GRI, these social performances indicators could be:

- performance indicators on **practices and working conditions**: the appearance of employment, occupational health and safety issue, issue education and training;
- **human rights performance** indicators: nondiscrimination appearance, freedom of association issue, the issue of child labor, rights of indigenous peoples;
- indicators of **performance on society**: corporate issue, political contributions issue, conformity aspect;
- performance indicators on **product responsibility**: consumer health and safety issue, the issue relating to labeling, marketing communication aspect, conformity aspect (Mironiuc, 2009).

5.2. Regarding the **environmental performance indicators**, GRI select the following indicators:

- **raw material** aspect: the raw materials used per unit of product, amount of weight in the total amount of recyclable materials;
- **energy** aspect: direct and indirect energy consumption, on primary energy sources, energy savings achieved by preserving and increasing its efficiency, products and initiatives to achieve low energy services, initiatives to reduce indirect energy consumption;
- **water** issue: total consumption of water by sources, significant water sources, the percentage of reused and recycled water;
- aspect of **biodiversity**: area of owned, leased or managed land in protected areas, describing the major impacts of activities, products, services on protected areas, protected habitats, strategies for managing protected areas, the number of protected species that have habitat in protected areas of the organization;
- aspect regarding **emissions**, waste: direct and indirect total emissions of greenhouse gas per unit of product, initiatives to reduce emissions of greenhouse gas and the results achieved, emissions of harmful substances per unit of product, nitrogen dioxide, sulfur and other air emissions per unit of product, wastewater and reuse methods (recycling), ratio of hazardous waste to be imported, exported, transported, treated, fauna, flora and aquatic habitats significant destroyed by sewage and emissions from the organization;
- **appearance of products and services**: initiatives to mitigate environmental impacts exerted by products / services of the company, the ratio of products sold and the amount of packaging / materials recycled and reused, by category;
- **compliance** aspect: value of significant fines and the number of non-monetary sanctions for failure regarding environmental regulations;
- **transport** issue: a significant environmental impact caused by transportation of goods / materials used in each activity of the company and every movement of personnel;
- **general appearance**: Environmental expenditure and investments, by type.

Many important non-financial aspects of performance can't be measured. So, they remain outside the formal performance measurement. Contrary to financial performance measures, non-financial performance measures are less appropriate for decomposition, which results in the fact that they are unique to specific business units, whereas financial ones are common to many units.

The economical & financial model of diagnosis, presented at the point 4 of our article (model which is based on financial criteria) have to be adjusted with non-financial aspects consist in exercise of a high corporate social responsibility in relation between the company and stakeholders. In this way, performance of the company will be reflected completely and in a global manner.

6. Conclusions

The model presented above intends to investigate the economic, social and environment settings in which any entity activates and, thus, to outline the performances accomplished at any level and sublevel.

Among **the advantages** of the above presented model we can mention the following:

- ✓ The model investigates exhaustive aspects on the three pillars of sustainable development, contriving to accomplish a global assessment of an entity's performances
- ✓ The model is a synthetic and complex one at the same time, as it has both a determining angle of the investigated domains as well as a coercive one (under the form of measures to be taken), meant to ameliorate the future performance of a company;
- ✓ The model adopts a double vision, both a qualitative one (under the form of a SWOT appreciation) and a quantitative one (under the form of an assessment scale from 1-5) which, as such, offers double informational valences.

Among the model's **borderlines** we could remind:

► In regards to *the ponderosities* of importance given to various indicators, we can appreciate that these are granted abiding on the investigation of a vast specialized literature, they have empirical, subjective value and they are not necessarily based on an own statistic research. Also, these ponderosities of importance depend on the users of economic-financial information and on differential interests that they have in the analyzed entity, for instance:

- Financial creditors will give significant importance to the indicators of will give major importance to the bursary rates (PER, PSR, PBR) as well as to those of value increase (EVA, MBV, TSR);
- Managers will permanently monitor the patrimony management indicators but also the performance ones including those that reflect value increase.
- In the presented model we tried to reveal the informational valences of one indicator or another, through giving higher or smaller ponderosity of importance, taking into account the extent to which this indicators is in the focus of a large number of users.

► In regards to *the non-financial indicators* selected to reveal the entity's sustainable performances, the following borderlines can be mentioned:

- ✓ They are very little normalized, there is not any homogenous practice/methodology in the field of extra-financial analysis;
- ✓ The system of sustainable reportation (of social and environment aspects) remains a volunteer intercession; certain indicators are not clearly defined, therefore, there are differences regarding various entities' approach to them;
- ✓ The calculation methodology of certain sustainable indicators is very complex and expensive;
- ✓ Often, there is not any strong motivation of companies for sustainable references if the cost-benefit ratio is taken into consideration;

✓ Communicating the sustainable performances through volunteer references can be a disadvantage to companies, as they can unveil essential elements of competitive advantage on this occasion;

We can appreciate that as soon as the companies become aware of the need for sustainable reference, the models of the companies' global diagnosis of performances could be further developed and optimized.

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