Factors of social investment dynamics at the enterprise

Corporate social responsibility is the best form of interaction between business and society. Based on the materials of the Mordovia's state unitary enterprise "Teplichnoye", the article deals with the factors that influence the dynamics of social investment in the company, their impact on the production level and its efficiency.

Business, wages, social investment, labour productivity, economic efficiency.

**Marina V.
BIKEYEVA**
Ph.D. in Economics, Associate Professor of N.P. Ogarev's
Mordovian State University
mbikeeva@yandex.ru

Under present-day conditions, the requirements for the social side of business assume ever greater importance. This applies equally to businesses and organizations of all the types, sizes and forms of ownership, regardless of their geographical location, activities, cultural and national traditions. Public and authority attention to the social area of business is caused by the need to solve such problems as lessening of social inequality and meeting the growing needs of population at the time when the resources of the state social security system are decreasing.

The aim of the study is to analyze the implementation of corporate social responsibility in the enterprise, and to identify the factors that influence the social investment in the company. The object of research is the Mordovia's state unitary enterprise 'Teplichnoye' (SUE MR Teplichnoye). Today, it is the main supplier of fresh and canned vegetables in the republic. The share of fresh vegetables (cucumbers, tomatoes, peppers, eggplants, marrows, etc.),

canned vegetables, root vegetables (carrots, beets), potato and crops is the largest in the total volume of Teplichnoye's products. The technology of growing flowers (roses, tulips) has been implemented recently.

The method of integrated economic, comparative, correlation and regression analysis were used in the study. The information base for the study compiled the annual reports on the economic activity of SUE MR Teplichnoye.

The issues of corporate social responsibility (CSR) are discussed during the most reputable debates that consolidate the representatives of business, government, non-profit organizations and academic institutions. The proposition that companies can focus on the various elements of socially responsible activity and differ in the coverage of its levels prevails in these discussions [6, p. 104].

It is obvious that the differences are based on a variety of relevant practices. Such areas of responsible business as social programmes

and dialogues with the stakeholders, corporate social reports and codes of ethics are widespread.

On the whole, socially responsible behavior in Russia's business is developed within the frameworks of global trends, although, there is no effective solution of many acute problems. On the one hand, companies declare their adherence to the principles of corporate social responsibility, they recognize their strategic potential. On the other hand, often there is no clear logic behind a variety of social programmes, and performance targets do not necessarily lead to the expected results [7, p. 91].

The value of company's social investment was selected to characterize the socially responsible activity of the enterprise [1, p. 43]. The emphasis on this indicator allows us to create a set of characteristics of socially responsible business.

Business social investments include material, technological, managerial, financial and other resources of the company, which are allocated to implement corporate social programmes developed according to the interests of the major internal and external stakeholders [2, p. 165; 4, p. 4].

The economic efficiency of the company determines its social activity. The growth in demand for the products of the enterprise under the analysis leads to the improvement of its financial position. The dynamics analysis of the financial indicators of SUE MR Teplichnoye shows a trend in growing profits *(tab. 1)*.

SUE MR Teplichnoye demonstrates responsibility for its staff, increasing wages that are higher than the republican average. Thus, the average wages of employees increased from 12.99 thousand rubles in 2009 to 21.48 thousand rubles in 2011. Cutting down on staff for the period under analysis can be explained by the modernization of production led to the 13%-release of payroll *(tab. 2)*.

The increase in social benefits resulted in employees' health promotion and the growth of their working hours by 3.5% − up to 210 thousand man-days *(tab. 3)*.

The loss of working hours due to occupational traumatism decreased to 116 mandays (by 52.7%) in 2011. SUE MR Teplichnoye pays remunerations to their injured workers.

Table 1. Dynamics of the financial indicators of SUE MR Teplichnoye
for the period from 2009 to 2011, thousand rubles

Indicator	2009	2010	2011	Changes, %	
				in comparison with 2010	in comparison with 2011
Sales revenue	498782	615769	698282	123.45	113.40
Gross margin	109773	190333	153081	173.39	80.43
Before-tax profit (loss)	39289	99242	82649	252.59	83.28
Net profit	39096	96396	80151	246.56	83.15

Table 2. Dynamics of the number and wage rates of SUE MR Teplichnoye's
employees for the period from 2009 to 2011

Indicator	2009	2010	2011	Changes, %	
				in comparison with 2010	in comparison with 2011
Average number of employees, persons	854	768	744	89.93	96.88
Average monthly wages of employees, thousand rubles	12.99	19.89	21.48	153.12	107.99
Labour productivity, thousand rubles	624.7	738.9	967.7	118.28	130.96

Table 3. Dynamics of social benefits in SUE MR Teplichnoye
for the period from 2009 to 2011, thousand rubles

Indicator	2009	2010	2011	Changes, %	
				in comparison with 2010	in comparison with 2011
Social benefits	1650.0	2183.0	2678.0	132.30	122.68
Including sanatorium-resort therapy costs	987.8	1579.8	1474.2	159.9	93.3
Worked by employees in all the sectors of the economy, thousand man-days	198	207	219	104.55	105.78

Table 4. Dynamics of social investment for maintaining service departments and enterprises
of SUE MR Teplichnoye for the period from 2009 to 2011, rubles per one employee

Indicator	2009	2010	2011	Changes, %	
				in comparison with 2010	in comparison with 2011
Investment for maintaining service departments and enterprises – total, thousand rubles	5076.83	4869.61	5158.38	95.92	105.93
Including: - canteen	3834.68	3927.38	4229.87	102.42	107.70
- polyclinic	1242.15	942.23	928.51	75.85	98.54
Maintenance cost of service departments and enterprises, rubles per an employee	5944.77	6340.64	6933.31	106.66	109.35

Table 5. Dynamics and structure of SUE MR Teplichnoye's accounts
payable for the period from 2009 to 2011, thousand rubles

Indicator	2009	2010	2011	Changes, %	
				in comparison with 2010	in comparison with 2011
Accounts payable – total	71067	53819	153575	75.73	285.35
Including: arrears in budget payments	39880	30683	2947	76.93	9.60
including: – to the federal budget	23	–	11	–	–
– to the budgets of federal subjects	20522	16992	2936	82.80	17.28
Arrears in payments to state non-budgetary funds	19335	13691	269	70.81	1.96
Arrears in payments to suppliers and contractors for their goods and services	11852	9445	9212	79.69	97.53
Credit and loan debts	–	–	141147	–	–

There is a canteen and a polyclinic for the staff, and their maintenance cost tend to rise: they accounted for 6933.31 rubles per a registered employee in 2011 *(tab. 4)*.

The increase in social investments of SUE MR Teplichnoye in meeting the expectations of internal stakeholders (staff) leads to the rise in labour productivity and decrease in working hours loss due to temporary disability.

The analysis of relationships with external stakeholders revealed the credit debts in this company and its 2.85-fold increase in 2011. This tendency is explained by short-term credit indebtedness *(tab. 5)*. According to the analysis of the structure of SUE MR Teplichnoye's credit debts, short-term credit indebtedness is the largest one – 92% of the total accounts payable.

The share of company's arrears in payments to suppliers and contractors for their goods and services amounts to 6%; the share of arrears in budget payments is 2%. Moreover, there is an annual reduction in accounts payable for the period under the analysis.

The analysis revealed such expenses as the cost of environmental protection measures. There has been a significant annual growth for the period from 2009 to 2011. Thus, these expenses increased by 50.5% in 2010 as compared with 2009 and by 55.5% in 2011 as compared with 2010.

The study results show that SUE MR Teplichnoye has been involved in charities since 2007. The range of social objects that are included in this activity is rather wide. They are preschools and educational institutions, churches and monasteries of the city, health care facilities.

The correlation and regression analysis was conducted at the next stage of the research in order to identify the factors that affect the value of social investment of the company under analysis [3, p. 367; 5, p. 37]. Their volume (Y) was used as a resultative variable. Six factors, which have the greatest influence on the result, play the role of regressors:

X_1 — enterprise's net profit, thousand rubles;

X_2 — average number of enterprise's personnel, persons;

X_3 — labour productivity, thousand rubles;

X_4 — accounts payable, thousand rubles;

X_5 — staff turnover, %;

X_6 — amount of compensations for work-related injuries, thousand rubles.

As for the amount of accounts payable (X_4), during the correlation and regression analysis, short-term credit indebtedness, which couldn't be considered as constant for the company under the analysis, was excluded from it.

As a result, the following regression equation was obtained:

$$Yt = 57507 + 16981\,X_1 + 7883\,X_2$$
$$(t_{fact})(2,73)\quad(3,62)\quad(3,21)$$

In this model, all the factors are statistically significant at the 5%-level of significance, since the calculated value of Student's test of the given factors in modulus is higher than the table one ($t_{table} = 2.028$). With a probability of 0.95 the regression equation can be considered statistically significant:

$$F\,(3.36) > F_{test}\,(10.556 > 2.867)$$

Multiple correlation coefficient of 0.684 indicates a moderate interrelation between the resultant indicator and the factors included in the regression equation. Multiple coefficient of determination indicates that the final regression model allows for 46.8% of the variation in the dependent variable. This means that not all the factors affecting the amount of social investments of the enterprise were included in the model. The level of residual variation explained by the impact of random factor, not considered in the model makes up 53.2%.

The coefficients values in the regression equation demonstrate that a rise in the net profit by 1% (X_1) will result in social investments increase by 16.9 thousand rubles. The increase in the average number of company personnel (X_2) by 1% will lead to the rise in social investments by 7.9 thousand rubles.

The results of the regression analysis suggest that social investments are directly related to the financial results of the enterprise, as well as the average number of its employees.

Thus, studies have shown that social investments of the enterprise, fulfilled through internal and external social programmes, are an important component of the corporate strategy and have become a part of the daily management practices of the analyzed company. SUE MR Teplichnoye fulfills their social obligations through the processes of socio-economic development of the enterprise, providing decent conditions for workers, on the one hand, and through meeting the requirements specified by the state and the public in general, in the form of tax, the development of the social infrastructure of the territory, charities and other programmes, on the other hand.

References

1. Anikina I.D. Social investments as the factor of companies' competitiveness. Finance and credit. 2010. No. 13 (397). P. 42-46.

2. Report on social investments in Russia - 2008. Society and economics. 2008. No. 10-11. P. 161-208.

3. Bikeyeva M.V. The analysis of intercommunication between business social responsibility and investment attractiveness of the company under the conditions of globalization. Economy and entrepreneurship. 2012. No. 5 (28). P. 367-371.

4. Blagov Y.E., Ivanova E.A. Corporate social responsibility in Russia: lessons of the national report on social investments. Russian management journal. 2009. No. 1 (V. 7). P. 3-24.

5. Sazhin Ju.V., Katyn A.V., Basova V.A. Multidimentional statistical methods of economic processes analysis. Saransk: Mordovian University Publishing House, 2000.

6. Sovetov P. M., Fedorkov A.I., Kabichkin S.Ye. Methodological aspects for the assessment of the state and use of human capital. Economic and social changes: facts, trends, forecast. 2012. No. 2 (20). P. 104-114.