Assessment of social and innovational orientation of enterprises and companies

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Abstract. The results of empiric analysis of 80 enterprises and companies on the issues of realization of social initiatives and innovations on the example of North Caucasian Federal District of RF are reported. A conclusion about the most significant of them was made.

Keywords: social orientation of business, innovations, results of realization of social programs.

JEL Codes: O31, L85.

1. Introduction

In order to analyze the social and innovational orientation of enterprises and companies on the example of North Caucasian business an empiric research was conducted.

The targets of the empiric research were the following:

- Detection of innovations and social initiatives, realized on practice by the organizations of North Caucasian business;
- Determination of priority, from the point of view of North Caucasian enterprises, directions of innovational development and social activity of enterprises;
- Set of most significant, from the point of view of representatives of enterprises and companies of North Caucasian Federal District, directions of development of social programs of organizations;
- Disclosure of most important problems, in the opinion of representatives of enterprises and companies of NCFC, at innovational development and realization of social programs;
- To determine the presence or possibility of formation of models of socially oriented innovational organizations among enterprises and companies of North Caucasian business.

As the subject of our research acted different categories of representatives of business: entrepreneurs (owners of enterprises, personally managing mostly small and medium companies); business-managers
(representatives of ‘managing layer’, hired directors either of the whole enterprise or mid-layer managers, running one of the directions on their own); managers-co-owners (leaders of companies, employed, but possessing portfolios of shares of managed companies); owners of companies of different forms of property, which differ from entrepreneurship by the fact that their business, as a rule, has bigger ‘size’ and higher revenues, the owners themselves can be not involved in an organization and a group of companies ruling.

2. Determination and analysis of general attention of enterprises and companies of the real sector of the economy to innovations and social initiatives

The respondents of the conducted research belong to the type of ‘special respondents’, as precisely they can provide information, directly related to the theme of the dissertation [1]. These are leaders of companies, which directly take decisions about allocation of funds on social campaign or introduction of innovations, or managers of subsidiaries, supervising the given direction. 90% of the respondents are older 30, which corresponds to the average age of managers in North Caucasian Federal District [2].

Correlation of companies of different sizes is the following: almost half of the companies are small and medium firms; the second place belongs to large companies; small companies are at the third place (table 1).

Table 1: Sizes of organizations of NCFD, representatives of which took part in interview

<table>
<thead>
<tr>
<th>Sizes of organization (amount of employees)</th>
<th>Amount of organizations, of a list of respondents</th>
<th>In percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>from 1 to 50 people</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>from 51 to 100 people</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>from 101 to 200 people</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>from 201 to 400 people</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>from 401 and more</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

The representatives of organizations of North Caucasian Federal District, took part in the interview, belong to different sectors of activity. So, to health protection, education and culture belong 10% to each, 15% belong to housing and communal services, 20% belong to industry, 25% to trade and 15% of respondent work in administrative enterprises of the district.

The plan of specialized expert interview includes a range of issues, constituting five logical blocks. The first block is directed on determination and analysis of total attention of enterprises and companies of North Caucasian Federal District to innovations and social initiatives. This block is presented by the questions kind of ‘has the attention of your organization to innovations increased recently?’ and ‘has the attention of your organization to social initiatives increased recently?’ with the answers: ‘yes’, ‘rather yes, but no’, ‘rather no, but yes’, ‘no’.

While answering the first question, concerning innovations, 80% of respondents mentioned increasing attention of their organizations to innovations in their sector of economy. At that 28 representatives of North Caucasian companies (35%) answered positively this question, and 40 people (50%) – ‘rather yes, but no’. The situation with initiatives social character is a bit different. So, while answering the given question, 25%
of the respondents (20 organizations) mentioned, that the attention of their organizations to social problems rather not increased, than conversely.

Fig. 1 gives the general idea about the answers of the respondents of North Caucasian business to the question about increasing attention of their organizations to innovations and social initiatives.

![Bar chart showing responses to the question about increasing attention of organizations to innovations/social initiatives.](image)

Fig. 1: Answers of the respondents to the question ‘Has the attention of the organization to innovations/social initiatives recently increased?’, persons.

Figure 1 shows the urgency of studying social and innovational problems in organization for contemporary North Caucasian enterprises.

### 3. Determination of quantity of costs of enterprises and companies of the real sector of the economy of innovations and social programs

The second block is directed on determination of quantity if costs of enterprises and companies North Caucasian Federal District of innovations and social programs. The answers to questions of the given block include approximate percentage of increase of recent costs of the companies under research: ‘less than by 10%’, ‘approximately by 10-30%’, ‘approximately by 30-40%’, ‘more than 50%’, ‘rather yes, but no’, ‘rather no, but yes’ and ‘no’.

The answers of representatives of the same large organization, who take up leading posts of different levels, are also different. In most cases managers of higher level have better idea about quantity of costs of the given items [3].

Otherwise, if innovations in manufacture can be inconspicuous for the managers, for example, of logistics department, the social initiatives, if they are directed on employers of enterprise, should be obvious to everyone. A twofold impression is produced, when the assets are assigned and the effect is not noticeable.
Figure 2 presents the results of the respondents’ answers to the questions of the second block of the specialized interview.

![Graph showing results of respondents' answers](image)

**Fig. 2: Answers of the respondents to the question ‘Has the costs of innovations and social programs within the program recently increased?’, %.

Analyzing figure 2, it is possible to make a conclusion about low costs of analyzed North Caucasian enterprises of innovations and social programs. So, just 5% of respondents (4 organizations) gave an answer about increase of investments into innovations by more than 50%.

Careful study of the questionnaires allowed to find out that small growing enterprises of NCFD with no more than 150 people of staff belong to this kind of companies. Large companies with more than 500, and sometimes 1000 employers recently have increased their expenses on innovations just by 5-7%.

The results of analysis of the respondents’ answers to the questions of the first and second blocks of the specialized interview allow to make a conclusion that North Caucasian business pays enough attention to innovations and social initiatives within the sphere of their functioning, but invest real money for their realization of practice not willingly [4]. In order to confirm or deny this statement let us conduct analysis of the next blocks of the interview.

### 4. Determination of introductivity of innovations and social programs into the activity of enterprises and companies of the real sector of the economy

The third block includes a range of questions for determining real introductivity of innovations and social programs within and out of North Caucasian enterprises, and it is suggested to range consequences of their realization according to five-point scale [5].

While answering question ‘Are innovations introduced in your company?’ 80% of respondents answered positively and just 20% negatively, which allows to conclude that most of the enterprises of North Caucasian Federal District are innovational.

The representatives of North Caucasian, realizing different social initiatives on practice, answered the following question of interview: ‘What has realization of these programs in your company influenced on?’. The respondents were offered to evaluate the following consequences according to the five-point scale:
• Improvement of public opinion about the organization;
• The atmosphere within the collective of the organization;
• Change of relation and behavior of the member of the society;
• Removal of uncertainty, leading to disagreement and negative feelings;
• Quality of product/services;
• Public activity of firm;
• Employers’ idea about their organization;
• Demand on product/services;
• Advertisement of organization.

Table 2 shows the answers to the questions. The quantity of questionnaires is presented by figures with certain range: from 1 to 5.

Table 2: Answers of the respondents to the question ‘What has realization of these programs in your company influenced on?’

<table>
<thead>
<tr>
<th>Consequences of realizing social programs</th>
<th>Range*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Improvement of public opinion about the organization</td>
<td>16</td>
</tr>
<tr>
<td>The atmosphere within the collective of the organization</td>
<td>8</td>
</tr>
<tr>
<td>Change of relation and behavior of the member of the society</td>
<td>16</td>
</tr>
<tr>
<td>Removal of uncertainty, leading to disagreement and negative feelings</td>
<td>20</td>
</tr>
<tr>
<td>Quality of product/services</td>
<td>8</td>
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<td>Public activity of firm</td>
<td>24</td>
</tr>
<tr>
<td>Employers’ idea about their organization</td>
<td>16</td>
</tr>
<tr>
<td>Demand on product/services</td>
<td>8</td>
</tr>
<tr>
<td>Advertisement of organization</td>
<td>12</td>
</tr>
</tbody>
</table>

* 1 – least significant; 5 – most significant

For clearer understanding of the results of ranging of consequences, presents in the Figure 2, it is rational to unite them into some groups, and then to compare leading positions of each groups with each other.
While analyzing the results of the third block of the specialized interview it is possible to conclude that the most important consequences of realization of social projects in organization, from the point of view of representatives of North Caucasian business, are ‘public activity of firm’ and ‘increasing demand on products and services of company’ (both factors got 52 points). And the least important factor at social initiatives is advertisement of organization (60 points) (Fig. 4).

Fig. 3: Answers of the respondents to influence of the first group of consequences from social initiatives on organizations of NCFD.

Thereby, basing on the data of the third block of the questionnaire, it is possible to make particular conclusions about the leverages to impact companies of North Caucasian Federal District in order to activate their social oriented activity.

Fig. 4: Most and least significant consequences of realization of social initiatives in organization according to the respondents
5. Determination of most priority social programs and innovations in the work of enterprises and companies of the real sector of the economy

The fourth block of interview includes determination of most priority, in opinion of representatives of enterprises and companies of North Caucasian Federal District, social programs and innovations. The purpose of respondents in this block of the interview is to evaluate (from 1 (least significant) to 5 (most significant)) the offered directions of innovational development and social programs of organization [6].

The most priority types of social activity, from the point of view of respondents, are:
- programs of partnership with local, regional and federal organs of state administration (75% of respondents found this type of activity the most important in operation of organization);
- programs of innovational cooperation with other innovational organizations with a purpose to interchange knowledge (60% correspondingly).

Analyzing the answers of respondents, it is possible to conclude, that while working out directions of developing social programs and innovations in North Caucasian Federal District it is necessary to pay attention to management of personnel development and management of getting state support [7]. Still very few organizations see prospects in managing socially responsible restructuration, nature protective activity and development of local community, though, in our opinion, the last direction is very urgent in North Caucasus. The fifth block finds out the most important, from the point of view of respondents, problems during realization of social programs and innovational development of company (Table 3).

Table 3: The most important, from the point of view of respondents, problems of social development and innovations in organization

<table>
<thead>
<tr>
<th>Problems of realization of social initiatives</th>
<th>Total point (4+5 ranks)</th>
<th>Problems of innovational development</th>
<th>Total point (4+5 ranks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of qualified administrative staff in the given sector</td>
<td>60</td>
<td>Lack of qualified staff</td>
<td>56</td>
</tr>
<tr>
<td>Absence of mechanism of personnel motivation</td>
<td>48</td>
<td>Low motivation to work within innovational sector</td>
<td>56</td>
</tr>
<tr>
<td>Long payback of transformation of business to ecologic direction</td>
<td>32</td>
<td>Russian enterprises’ lack of contemporary basis for introduction of developments because of wear or absence of necessary equipment, staff obsolescence</td>
<td>40</td>
</tr>
<tr>
<td>Low earnings</td>
<td>44</td>
<td>Poor state policy within the sphere of innovations</td>
<td>52</td>
</tr>
<tr>
<td>Absence of concrete tax policy of the state, which encourages charity</td>
<td>52</td>
<td>Absence of clear mechanism of evaluating innovational development</td>
<td>40</td>
</tr>
<tr>
<td>Low level of staff training within this sphere</td>
<td>48</td>
<td>Narrowsness of financing of innovational activity of enterprises, high level of administrative expenses</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Absence of mechanisms of insuring against high financial risks of subjects of innovational market</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exceeding duration of innovational processes in time</td>
<td>52</td>
</tr>
</tbody>
</table>
Analyzing Table 3, it is worth mentioning that most important problems are marked out by darker colour and are performed by higher total point. Less significant problems are marked, correspondingly, by lighter colour and lower point [8]. So, in both cases, both in social development and innovation development, the most significant problem for the respondents is lack of qualified staff [9].

At that, this problem is especially urgent in realization of social initiatives, because it scores the biggest amount of total points (75% of participating representatives of the business of North Caucasian district in enquiry gave high ranks to this problem).

6. Conclusion

Thereby, state and municipal authorities have to pay special attention to training of specialists, which would work in socially oriented innovational organizations; it is worth creating conditions for motivating young generation to work within these spheres of economy for effective activation of creation and development of socially oriented innovational enterprises and companies in North Caucasian Federal District and other districts of other district of Russian Federation [10].

In connection with specification of the region, and with information of the enquiry it is possible to conclude that enterprises and companies of NCFD are unwilling to assign means on development of social programs and innovations [11]. Though, they use particular innovations in their activity and realize some social initiatives, directed mostly on personnel of their organizations [12].

All the above mentioned is evidence to the low level of social and innovational activity of representatives of business of North Caucasian Federal State, and consequently, low probability of perspective initiative development of socially oriented innovational enterprises and companies within the given real sector of the economy, which should be paid attention to by the state and municipal authorities, while developing motivating programs aiming at the intensification of social and innovational orientation.

7. References (Endnotes)

