

Analysis on the Relationship between Corporate Social Responsibility and Financial Performance

--Based on the Research of High-Tech Enterprises in Shaanxi Province

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Abstract: In recent years, in the economic and social development, Shaanxi Province has more and more high-tech enterprises, high-tech enterprises have become the main force of Shaanxi economic development. At the same time, high-tech enterprises to fulfill social responsibility should not be underestimated. Therefore, the relationship between the social responsibility of high-tech enterprises and their financial performance has become the focus of most high-tech enterprises in Shaanxi. Based on the research of domestic and foreign scholars, this paper takes Shaanxi high-tech enterprises as samples for quantitative and qualitative analysis (the social responsibility of high-tech enterprises studied in this paper specifically refers to the social responsibility to the government). The results show that there is a positive correlation between the social responsibility of Shaanxi high-tech enterprises and their financial performance.

1. Introduction

With the development of economy and society, there are more and more high-tech enterprises in shaanxi. High-tech enterprises play an irreplaceable role in the economic and social development of shaanxi province. However, while promoting economic growth and social progress, they also have more or less problems. Whether high-tech enterprises can abide by laws and regulations, pay taxes according to law, whether there is tax evasion, these are enough to cause people from all walks of life to pay attention to the social responsibility of high-tech enterprises. As is known to all, the basic goal of high and new technology enterprise is to realize the profit maximization, and fulfill the social responsibility of the government will surely will increase the operating costs of a high and new technology enterprise, high-tech enterprises should be how to adjust good high and new technology enterprises should fulfill social responsibility and the relationship between the high and new technology enterprise financial performance, how to combine their own actual situation to fulfill social responsibility to the government, this has become a change the present situation of high-tech enterprises to fulfill social responsibility, and promote its key to get a more healthy development. The next part of this paper focuses on the relationship between the social responsibility of high-tech enterprises to the government and their financial performance.

2. Literature Review

2.1 Research Status of Foreign Countries.

Simpson and Kohers (2002) made an empirical analysis of the relationship between the social responsibility of high-tech enterprises and the financial performance of high-tech enterprises of all state-owned Banks in the United States in 1993 and 1994, and found that there was a positive correlation between the two. Johnson (2003) proposed that the behavior of high-tech enterprises to undertake social responsibility within a certain range can increase the profits of high-tech enterprises, and the behavior of not undertaking social responsibility and illegal behavior will have a negative effect on the performance of high-tech enterprises. Subroto and Hadi (2003) conducted an empirical study on high-tech enterprises in Indonesia and found that there was no correlation between the social responsibility of high-tech enterprises and the financial performance of high-tech

enterprises.

2.2 Domestic Research Status.

Zhu Tingting (2012) defined the connotation of social responsibility of high-tech enterprises from different perspectives and selected different indicators to measure the financial performance of high-tech enterprises. In addition, there are currently three views on the relationship between corporate social responsibility and financial performance, that is, there is a positive correlation between corporate social responsibility and financial performance; there is a negative correlation between corporate social responsibility and financial performance; and there is no correlation between corporate social responsibility and financial performance. Empress Yang yan, Zhang Hua, Zhao Yeling (2013) on the basis of domestic and foreign scholars research, Shanghai listed private enterprises in Jiangsu area as a sample for empirical analysis, the results show that the private enterprises to fulfill social responsibility to the government and corporate financial performance were positively correlated relationship, to the social responsibility of employees, public welfare undertakings are negatively related with the enterprise's financial performance, and fulfill the social responsibility and corporate financial performance to investors relationship is uncertain.

3. Research Design

3.1 Selected Indicators.

Just as the so-called "from the people, to the people", the government should collect taxes from the enterprise, in order to provide better public services for the enterprise, then, the enterprise needs to comply with the relevant laws and regulations in business activities, pay taxes according to law, to be a qualified taxpayer. For Shaanxi province high and new technology enterprise of Shaanxi province the social responsibility of the government is actively response to the government macro policy, law-abiding, pay taxes in accordance with the law, etc., and can quantitatively reflect the social responsibility of the government mainly unluckily pay tax, shall pay taxes in multiple tax can be measured, in view of the high and new technology enterprise common categories of taxes, can be measured through the pay situation of income tax, specific can choose to reflect income tax rate.

Income tax rate = total income tax/total profit x 100%

The ratio of contribution degree reflect corporate taxes to the government, the higher the ratio, proved that enterprises pay income tax, the more the greater the contribution to the government, on the other hand, is less, but not the only measure enterprise contribution to the government, only as a measure of degree of one of the indicators, a comprehensive measure to assist other indicators.

Similarly, one of the effective ways for an enterprise to achieve better development and improve its core competitiveness is to have strong employees who are willing to work hard for the enterprise and create greater value for the enterprise. Then the enterprise needs to provide excellent welfare treatment for employees and attract high-level and high-quality personnel to join the enterprise. The social responsibility of an enterprise to its employees can be measured from the relevant aspects of the enterprise's remuneration and welfare funds. For the high-tech enterprises in shaanxi province, their social responsibility is to provide more competitive salaries and welfare funds for their employees, formulate development plans in line with their personal characteristics, and provide corresponding living security for their employees. The latter two mainly consider the performance of enterprises' social responsibility to employees qualitatively, while the latter two consider the performance of enterprises' social responsibility to employees quantitatively, which can be measured by various compensation and welfare benefits granted to employees. Specific indicators of salary and welfare rate can be selected for reflection.

Salary and welfare rate = employee compensation payable/total revenue from main business x 100%

This ratio reflects the degree to which the enterprise treats its employees and the welfare treatment. The higher the ratio is, the more attractive the welfare treatment of the enterprise will be, and the stronger the incentive will be for employees in material aspects; otherwise, it will be less.

However, this index cannot only be used to measure the social responsibility of the enterprise to employees, but can only be used as one of the indicators. Besides, some qualitative indicators should also be considered in the comprehensive measurement.

There are two main methods to measure the financial performance of enterprises: one is based on market measurement, that is, market index; The second method is based on accounting measurement, namely accounting index. This paper selects accounting indicators to measure the financial performance of high-tech enterprises.

The accounting indexes studied in this paper mainly use two ratios: Return on Total Assets Ratio (Return on Equity) and Return on Equity (Return on Equity), which reflect the profitability of enterprises, to measure the financial performance of high-tech enterprises in Shaanxi province.

The specific calculation formulas of the two ratios are as follows:

Return on assets = (total profits + financial expenses) / [(total ending balance of assets + total beginning balance of assets) / 2]

Generally speaking, the higher the value of the return on assets, the better. This ratio reflects the ability of an enterprise to obtain income with all assets, and it is a ratio that reflects the profitability of an enterprise. This ratio shows the input-output status of the enterprise as a whole. The higher the ratio value is, the higher the utilization efficiency of the enterprise's assets is, indicating that the enterprise has better performance in improving benefits, reducing costs and other aspects, and can also prove that the enterprise's financial performance is better.

Return on equity (ROE) = net profit / [(ending balance of shareholders' equity + beginning balance of shareholders' equity) / 2]

Generally speaking, the higher the return on equity is, the better it will be. This ratio is a very comprehensive index, reflecting the income level of the shareholders' equity of an enterprise, and its function is to evaluate the efficiency of the enterprise in using its own capital. The higher this ratio is, the better the return of enterprise investment will be.

3.2 Sample Selection.

All samples of this company from Shaanxi province high-tech enterprises, this paper first screened from 2015 to 2017, the recognition of hi-tech enterprises recognized by the high-tech enterprises of the listed company, and then according to the annual report 2017 operating income for further screening after sorting, 21 companies is eventually chosen as sample of new and high technology enterprise, relevant data sample of high and new technology enterprise mainly comes from the tide of information network.

3.3 Results Analysis.

Due to limited space, the specific data analysis process is not listed. According to the ratio analysis and correlation analysis of sample data, it is concluded that high-tech enterprises should pay attention to their contribution to the government. New and high technology enterprises shall, in accordance with the relevant laws, regulations and policies of the government, operate lawfully, pay taxes in accordance with the relevant regulations, and take the initiative to assume the obligations prescribed by the government. High and new technology enterprise if pay taxes as required in a timely manner in accordance with the law, the more contribution to the government, the government will be more support or more willing to support high-tech enterprises, high-tech enterprise in order to get more preferential policies, to the external environment of high-tech enterprises, and improve the financial performance of high-tech enterprises. The higher the income tax amount paid by high-tech enterprises, the stronger the payment capacity of high-tech enterprises and the better their business performance. The active tax payment of high-tech enterprises will benefit high-tech enterprises more, not only increasing the cost, but also improving their financial performance more.

Similarly, according to the ratio analysis and correlation analysis of sample data, it is concluded that high-tech enterprises should pay attention to their employees and actively fulfill their social responsibilities to them. It is beneficial for the financial performance of high-tech enterprises that they can timely pay their employees' remuneration, welfare and other expenses, and appropriately

increase various welfare benefits. Although increasing employee compensation and various welfare benefits will increase the cost borne by the enterprise, the increase in the cost can exchange for employees' hard work, create more value for the enterprise and improve the financial performance of the enterprise. According to the survey, in terms of salary, many high-tech enterprises in Shaanxi province have established enterprise annuity plans for their employees. Individuals and enterprises share a certain amount in proportion to provide better protection for their employees after retirement. At the same time, it also provides paid leave system for employees, who can choose their own time off according to their own situation. In terms of employee development, we will customize training plans for employees according to their personal characteristics, and provide regular professional post training for employees, so as to improve their personal skills and quality. It can be seen that Shaanxi high-tech enterprises have realized that the fulfillment of their employees' social responsibilities is one of the effective ways to improve their financial performance.

To sum up, the fulfillment of social responsibility by high-tech enterprises is positively correlated with their financial performance. Based on the current situation and in the long run from the perspective of development, enterprises' fulfillment of their social responsibilities does not deviate from their financial performance. The degree of CSR fulfillment is related to the future development of enterprises. Actively fulfilling the social responsibility for the government and employees can help enterprises to enhance their core competitiveness and obtain more resources and policy support from the state. This paper believes that shaanxi high-tech enterprises must pay attention to the attention of the government to the employees, maximize to meet the demands of these stakeholders in all aspects, the daily operation of enterprises and the performance of social responsibility closely together, for the healthy development of enterprises lay the foundation and pave the way.

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