Social Responsibility, Stakeholders and Management Efficiency of Working Capital

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Abstract: This article based on stakeholder theory, analyzing social responsibility how to affect the management efficiency of working capital with stakeholders and making an empirical analysis based on listed companies' data. Finally, this article makes a decision and give some advice on how to improve management efficiency of working capital.

1. Introduction

Nowadays, social responsibility has become a very hot topic. Companies' daily operations and development cannot leave stakeholders' support. Companies has realized the importance of stakeholders and considered the needs of stakeholders when making the decisions. They should not only pursue economic interests, but also perform social responsibilities as the maximization of stakeholder value has been a main goal. Performing social responsibility can be perceived by stakeholders, then they can take part in daily operations and make decisions, influencing the management of working capital. The management efficiency of working capital depends on the degree of performing social responsibility.

2. Theoretical analysis and research hypothesis

2.1 The definition of corporate social responsibility and working capital management

Before the analysis, it is necessary to define corporate social responsibility and working capital management. In this paper, capital is divided into monetary capital, human capital, social capital and ecological capital by using the classification method of capital form. Therefore, stakeholders can be divided into four categories: monetary capital stakeholders, human capital stakeholders, social capital stakeholders and ecological capital stakeholders [1]. Monetary capital stakeholders include shareholders and creditors, human capital stakeholders mainly include employees, social capital stakeholders mainly include government, consumers, suppliers and co regions, and ecological capital stakeholders are ecological environment.

In this paper, cash cycle index is selected as the index to reflect the overall situation of working capital management, which makes up for the lack of comprehensiveness and integrity of traditional theoretical research [2]. The cash cycle is calculated by the accounts payable period, accounts receivable period and inventory period. The shorter the cash cycle, the faster the turnover of funds in the purchase, production, sales and other links of the enterprise, and improve the management efficiency of working capital [3].

2.2 The relationship between social responsibility and working capital management efficiency from the perspective of stakeholders

At present, as an economic subject, the maximization of shareholder value is no longer its only goal, but also the interests of stakeholders. Stakeholders invest in enterprises in different ways to support the development of enterprises and the realization of enterprise goals. At the same time, enterprises should also give stakeholders a certain reward to repay them, that is, to fulfill social

responsibility. Only when the stakeholders perceive the social responsibility of the enterprise, they are willing to participate in the business activities of the company, and make appropriate actions to the enterprise according to their own judgment, which will affect the efficiency of working capital management of the enterprise.

The enterprise is an economic and social person closely related to the stakeholders. The business activities of the enterprise need the support of all stakeholders. The monetary capital is mainly provided by the shareholders and creditors. They provide financial support for the enterprise. The human capital is mainly provided by the employees. They provide labor support for the enterprise. The ecological capital is mainly provided by the environment. The environment mainly provides the nature for the enterprise Resources and external environment support, social capital is mainly provided by consumers, suppliers, governments, communities, the public, etc. When all stakeholders invest in the enterprise in various forms of capital, the enterprise needs to convert these capital into economic interests in its business activities and return them to all stakeholders. The enterprise's social responsibility behavior not only ensures the maximization of enterprise value, but also protects the interests of stakeholders. The specific content of corporate social responsibility to different stakeholders is different. Based on the theoretical analysis, this paper proposes the following assumptions:

Hypothesis 1: the level of corporate social responsibility to shareholders is negatively correlated with cash cycle.

Hypothesis 2: the level of corporate social responsibility to creditors is negatively related to the cash cycle.

Hypothesis 3: the level of corporate social responsibility performance is negatively related to the cash cycle.

Hypothesis 4: the level of corporate social responsibility to consumers is negatively correlated with the cash cycle.

Hypothesis 5: the level of corporate social responsibility to suppliers is negatively correlated with the cash cycle.

Hypothesis 6: the level of corporate social responsibility to the government is negatively correlated with the cash cycle.

Hypothesis 7: the level of corporate social responsibility to the community is negatively correlated with the cash cycle.

Hypothesis 8: the level of corporate social responsibility to the environment is negatively related to the cash cycle.

3. Results

3.1 The establishment of simulation model

According to the research hypothesis and the characteristics of the collected data, this paper constructs the model as follows:

$$CCC=\alpha_0+\alpha_1 EPS+\alpha_2 ICR+\alpha_3 EI+\alpha_4 PT+\alpha_5 ITR+\alpha_6 SD+\alpha_7 CER+\alpha_8 ISO14+\alpha_9 Size+\alpha_{10} Owner+\varepsilon \quad (1)$$

Where, CCC is the constant term of the model, α_0 is the independent variable coefficient of the model, and ε is the random error term.

3.2 Analysis of experimental results

As can be seen from the analysis of variance of Anova in Table 2, from the value of F, the value of F is the significance test result of the entire regression equation, which represents the linear relationship between the dependent variable and the independent variable in the model. Whether there is a significant impact on the above, which shows that the cash cycle and the respective variables and control variables have a significant impact on the whole. The corresponding significance of the F value is less than 0.05, and it can be considered that the linear relationship between the cash cycle and each variable has a significant impact on the whole.

Table.1. Variable selection table

Variable	Variable name	Computing method
CCC	Cash cycle	Cash cycle = accounts receivable turnover period + inventory turnover period - accounts payable turnover period
EPS	Earnings per share	After tax profit / total equity
ICR	Interest cover	(net profit + financial expenses) / financial expenses
EI	Employee profitability	Total payroll / operating income payable
PT	Accounts payable turnover	(main business cost + closing inventory - opening inventory) / average accounts payable
ITR	Book income tax rate	Total income tax / total profit
SD	Social donation expenditure rate	Social donation expenditure / total business income
CER	Operating cost ratio	Operating cost / revenue
ISO14	ISO14000 certification or not	Pass takes 1, fail takes 0
size	Enterprise scale	Natural logarithm of total assets at the end of the period
owner	Nature of enterprise	State owned enterprises take 1 (the first largest shareholder is a state-owned legal person).

Table.2. Analysis of variance

Model		Sum of square	df	Mean square	F	Significance
1	Regression	15892045.675	9	1765782.853	14.957	.000[b]
	Residual	232452907.262	1969	118056.327		
	total	248344952.937	1978			
a. Strain number: CCC						
b. Predicted value: (constant),ICR, SD, ITR, EI, EPS, ISO14, PT, Size, CER						

The significance test results of each independent variable and control variable in the coefficient table of Table 3, in the table, the constants, EPS, CER, EI, PT, and Owner are all less than 0.05, indicating that these variables have a significant impact on the dependent variable, and the Beta coefficient represents each independent variable. The coefficient of the variable in the regression equation. Table 3 examines the impact of corporate social responsibility on the cash cycle. From the regression results, it can be seen that the variables that have a negative impact on CCC are: EPS, CER, EI, PT, ISO14, Owner, which shows the performance of this stakeholder Socially responsible corporate cash cycles are shorter and working capital management efficiency is higher, which is consistent with assumptions 1, 3, 4, 5, and 8.

Table.3. Coefficient statistics

Model		Non standardized coefficient		Non standardized coefficient	T	Significance
		B	Standard error	Beta		
1	(constant)	430.238	139.413		3.086	.002
	EPS	-67.126	16.163	-.101	-4.153	.000
	CER	-635.205	59.752	-.270	-10.631	.000
	EI	-1841.793	404.141	-.105	-4.557	.000
	PT	-1.434	.670	-.049	-2.141	.032
	ITR	19.963	13.804	.032	1.446	.148
	SD	.902	2.985	.007	.302	.763
	ISO14	-3.625	18.523	-.004	-.196	.845
	size	28.546	14.240	.047	2.005	.045
	ICR	.017	.103	.004	.169	.866
a. Strain number \: CCC						

4. Conclusion

The analysis results conclude that the higher the level of social responsibility performed by the company on shareholders, the shorter the cash cycle, and the higher the efficiency of working capital management; the higher the level of social responsibility performed by the enterprise on employees, the higher the efficiency of working capital management; The higher the level of social responsibility performed by the person, the higher the efficiency of working capital management; the higher the level of social responsibility performed by the enterprise on the supplier, the shorter the cash cycle, and the faster the efficiency of working capital management; the higher the degree of social responsibility performed by the enterprise for the environment, the operation The higher the efficiency of fund management; the higher the degree of social responsibility performed by state-owned enterprises, and the higher the efficiency of working capital management.

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