

SOCIAL TRADING PERFORMANCE IN RUSSIAN REGIONS

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Abstract: *The trade industry, providing the population with consumer goods and services, creating jobs and generating the state budget revenues, has an important social nature. In Russia trade is one of the key sectors of the economy, however, the level of trade development in the regions is quite different. This article deals with assessment of the social trading performance in the regions of Russia. To assess the social trading performance, we used an integrated indicator calculated on the basis of the following indexes: retail trade turnover per capita, retail space per thousand residents, the number of retail facilities per thousand residents, price index, the cost of a fixed set of consumer goods and services, the share of non-foods in the structure of retail trade turnover, the share of gross value added from trade in the gross regional product, the share of tax payments and fees from trade in the total tax revenues to the regional budget, foreign trade balance, the number of employed in trade as a percentage of total employed in the region, the average wage of trade personnel as a percentage of the average wage in the region, and the proportion of small business forms.*

The conducted analysis allowed generating a comprehensive perception of regional differences in the level of social performance of the Russian trade industry, classifying Russian regions based on integrated indicator, which characterizes a level of social trading performance. This allowed us to identify the regions with the highest and lowest social trading performance, comparing the social trading performance in terms of constituent entities of the federal districts of the Russian Federation, as well as assessing and collating the individual components of the social trading performance of Russian regions.

The results obtained, including the calculating methodology of the integrated indicator of the social trading performance can be applied in the state regulation of trading activity. In particular, regular monitoring of the level of social trading performance in the regions of Russia will allow providing targeted and exact state support of the regions.

Keywords: *trade, Russian regions, efficiency, social performance, consumers, sales staff, tax revenues.*

1. INTRODUCTION

Contemporary Russian economy is characterized by a high significance of the service industries (Rudenko et al., 2015), in which the trade industry is a key element. Providing

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population with consumer goods, trade solves not only economic but also social objectives. According to the Federal State Statistics Service (Trade in Russia, 2015), currently, continuously growing share of trade in gross domestic product of Russia reached 17.4% that is higher than the percentage of any other industry. Trade also leads among economic activities in terms of employment of population (18.7%). Trade sector includes 34.7% of all operating businesses, 38.8% of small enterprises, and 39.8% of individual entrepreneurs. The industry provides 10.7% of income tax payments and fees to the budget of the Russian Federation that is second only to the mining and manufacturing industry. In recent years, the amount of investment into the fixed assets in trade increases. Thus, trade is one of the most important, promising and dynamically developing sectors of the Russian economy. At the same time, the level of trade development in various regions of the Russian Federation is different (Strategy of trade development in the Russian Federation, 2014). Given the fact that Russia is the largest country in the world, each country region is an independent social and economic system, largely determining the development of the entire state (Skorobogatykh et al., 2016). In this regard, the study of regional differences of Russian trade, including that in the context of its social significance, becomes quite relevant.

This article addresses the following objectives: assessing the social trading performance of Russian regions based on a single integrated indicator, which is calculated with due account for the different ways of social performance formation; classifying Russian regions in terms of social trading performance; identifying the regions with the highest and lowest level of social trading performance; comparing the social trading performance of the entities in the context of federal districts of the Russian Federation; as well as evaluating and collating the individual components of the social trading performance in Russian regions.

2. THEORETICAL SUBSTANTIATION

In economic science, social performance is understood primarily as corporate social performance, defined as “business organization’s configuration of principles of social responsibility, processes of social responsiveness and policies, programs, and observable outcomes as they relate to the firm’s societal relationships” (Wood, 1991) or as “company performance, which reflects the company’s response toward stakeholder demands and social issues” (Patrisia and Dastgir, 2016). Corporate social performance is also considered as the measured value of corporate social responsibility (Crane and Matten, 2010). According to a recent studies, corporate social responsibility of trade business is appreciated by Russian consumers, and contributes to formation of its positive reputation in the population (Mayorova and Lapitskaya, 2016; Ivanov and Mayorova, 2015).

Social trading performance activity is characterized by satisfying consumer demand for goods and services, lowering costs and saving time of buyers when purchasing goods, as well as improving the quality of trade service (Tokar, 2005; Valevich, 2008; Karch, 2010). Fomina (2010) and Korobkin (2013) distinguish the so-called budgetary

social trading performance, which is estimated by amount of tax revenues into various level budgets, the proportion of taxes in profits, revenues, and commodity circulation of entities engaged in trade. Social trading performance is manifested not only in external environment but also in the internal context of trading companies, i.e. in sales workers labor conditions and character, as well as their salaries and wages (Korobkin, 2013). Thus, considering the social trading performance as an industry sector, we can argue that it is formed through three key directions: when interacting with consumers, interacting with state, and securing employment. Each of the above direction must be considered when assessing the social trading performance in the regions of Russia that was reflected in the methodology of the present study.

3. METHODOLOGY

To assess the social trading performance in Russian regions, we propose to use the integrated indicator calculated on the basis of three groups of indexes, characterizing the interaction of the industry with consumers and state, as well as job security:

- 1) indexes characterizing interaction with consumers:
 - x1 – retail trade turnover per capita, mln rubles/pers.;
 - x2 – retail space per thousand residents, m²/1000 pers.;
 - x3 – number of retail facilities per thousand residents, units/1000 pers.;
 - x4 – price index;
 - x5 – the cost of a fixed set of consumer goods and services, rubles
 - x6 – the share of non-foods in the structure of retail trade turnover, %.
- 2) indexes indicating interaction with the state:
 - x7 – the share of gross value added from trade in the gross regional product, %,
 - x8 – the share of tax payments and fees from trade in the total tax revenues to the regional budget, %
 - x9 – foreign trade balance, bln rubles.
- 3) indexes indicating job security:
 - x10 – the number of employed in trade as a percentage of total employed in the region, %,
 - x11 – the average wage of trade personnel as a percentage of the average wage in the region, %;
 - x12 – the proportion of small business forms, %.

At the first stage of calculating the integrated indicator of social trading performance in the region, all selected indicators are reduced to a common measuring scale that is

carried out with the use of the formula (1) in the case of the positive effect of the concerned parameter on the total score, and the formula (2), if the effect of the certain parameter is negative.

$$I_i = \frac{x_i - \min x_i}{\max x_i - \min x_i} \quad (1)$$

$$I_i = \frac{\max x_i - x_i}{\max x_i - \min x_i} \quad (2)$$

where I_i – is the index of the region according to the i -th index;

x_i – is the i -th indicator of the region;

$\max x_i$ – is the maximum value of the i -th indicator;

$\min x_i$ – is the minimum value of the i -th indicator.

The next stage involves the calculation of intermediate indicators of social trading performance of the region for each block of indicators, produced in accordance with the formula (3):

$$(K_j = \sqrt{\frac{\sum_{i=1}^n I_i^2}{n}} \quad (3)$$

where K_j – is the intermediate indicator of social trading performance for the j -th block of indicators;

I_i – is the index of the region for the i -th indicator;

n – is the number of indicators in the j -th block.

The calculation of the integrated indicator of social trading performance of the region is carried out on the basis of the intermediate indicators for each block taking into account their significance assessed according to the formula (4). Since the underlying social purpose of the trade consists in the provision of goods and services to consumers, the indicator characterizing the social trading performance, when interacting with consumers, has a higher exponential order.

$$K = \sqrt[12]{K_1^4 * K_2^3 * K_3^3} \quad (4)$$

where K – is the integrated indicator of social trading performance of the region;

K_1 – is the intermediate indicator of social trading performance of the region, characterizing the interaction with consumers;

K_2 – is the intermediate indicator of social trading performance of the region, characterizing the interaction with the state;

K_3 – is the intermediate indicator of social trading performance of the region, characterizing job security.

When interpreting the value of the integrated indicator of social trading performance of the region we suggest using the following gradation (Table 1).

Table 1
Interpreting the value of the integrated indicator of social trading performance in the region (compiled by the authors)

The value of the integrated indicator	The group of the region in terms of social trading performance	The level of social trading performance
$0.8 < K \leq 1$	I	high
$0.6 < K \leq 0.8$	II	above average
$0.4 < K \leq 0.6$	III	average
$0.2 < K \leq 0.4$	IV	below average
$0 < K \leq 0.2$	V	low

Initial data for calculation of social trading performance indicators in Russian regions were taken from of the Federal State Statistics Service published in the statistical compilation “Trade in Russia. 2015” and “Regions of Russia. Socio-economic indicators. 2015”.

4. RESULTS

The results of conducted calculations (Table 2) show that currently in Russia there are no regions with a low level of social trading performance. One region (Republic of Ingushetia) with the integrated indicator equal to 0.37 made it into group IV, which is characterized by the level of social trading performance as “below average”. The average level of social trading performance (group III) was observed in 22.5% of Russian regions. Most regions (67.5%) are characterized by the level of social trading performance indicated as “above average” (group II). Group I includes 8.8% of regions with a high level of social trading performance. The highest social trading performance was noted in Moscow (with the indicator of 0.92) as well as in Smolensk and Moscow regions (0.86 and 0.85, respectively), the lowest level was in the Chechen Republic (0.43) and, as mentioned earlier, in the Republic of Ingushetia (0.37).

In general, the highest level of social trading performance is typical for the regions of the Central Federal District, of which more than 90% are characterized by the integrated indicator measured within the range from 0.6 to 1 (groups I and II). Regions with a high level of social trading performance (the integrated indicator of 0.8-1, group I) are also in the Southern, Ural and North Caucasian federal districts. At that, the constituent entities of the North Caucasian Federal District, which includes also Republic of Ingushetia, have the highest differentiation in the level of social trading performance. The Northern, Far Eastern, Northwestern and Volga federal

Table 2
Grouping of Russian regions on the basis of the integrated indicator of social trading performance (Trade in Russia, 2015; Regions of Russia, 2015; calculated by the authors)

Group	Regions
I	Moscow (0.92), Smolensk Region (0.85), Moscow Region (0.84), Stavropol Territory (0.82), Sverdlovsk Region (0.82), Krasnodar Region (0.82), Ivanovo Region (0.81)
II	Tula Region (0.80), Voronezh Region (0.80), Bryansk Region (0.80), Rostov Region (0.80), Novosibirsk Region (0.79), Republic of Adygea (0.78), Oryol Region (0.77), Pskov Region (0.76), Altai Territory (0.76), Magadan Region (0.75), Kirov Region (0.75), Nizhny Novgorod Region (0.74), Ulyanovsk Region (0.73), Tambov Region (0.73), Saint Petersburg (0.72), Yaroslavl Region (0.72), Novgorod Region (0.71), Kostroma Region (0.71), Republic of Bashkortostan (0.70), Tatarstan (0.70), Penza Region (0.69), Kurgan Region (0.69), Chelyabinsk Region (0.69), Volgograd Region (0.69), Republic of Mordovia (0.68), Republic of Karelia (0.68), Murmansk Region (0.61), Primorsky Territory (0.68), Tver Region (0.68), Republic of Sakha (Yakutia) (0.67), Altai Republic (0.67), Lipetsk Region (0.67), Belgorod Region (0.67), Khabarovsk Territory (0.66), Kemerovo Region (0.66), Vologda Region (0.66), Chuvash Republic (0.65), Kursk Region (0.65), Republic of Khakassia (0.65), Republic of Buryatia (0.65), Samara Region (0.64), Omsk Region (0.64), Kamchatka Territory (0.63), Vladimir Region (0.63), Republic of Mari El (0.63), Kabardino-Balkar Republic (0.63), Udmurt Region (0.63), Amur Region (0.62), Arkhangelsk Region (0.62), Leningrad Region (0.61), Republic of Dagestan (0.61)
III	Kaliningrad Region (0.60), Kaluga Region (0.60), Republic of North Ossetia - Alania (0.60), Zabaykalsky Territory (0.60), Tyumen Region (0.59), Irkutsk Region (0.57), Krasnoyarsk Territory (0.56), Jewish Autonomous Region (0.56), Astrakhan Region (0.55), Karachay-Cherkess Republic (0.55), Tomsk Region (0.54), Chukotka Autonomous District (0.53), Komi Republic (0.53), Republic of Kalmykia (0.53), Sakhalin Region (0.52), Republic of Tuva (0.50), Orenburg Region (0.50), Chechen Republic (0.43)
IV	Republic of Ingushetia (0.37)
V	–

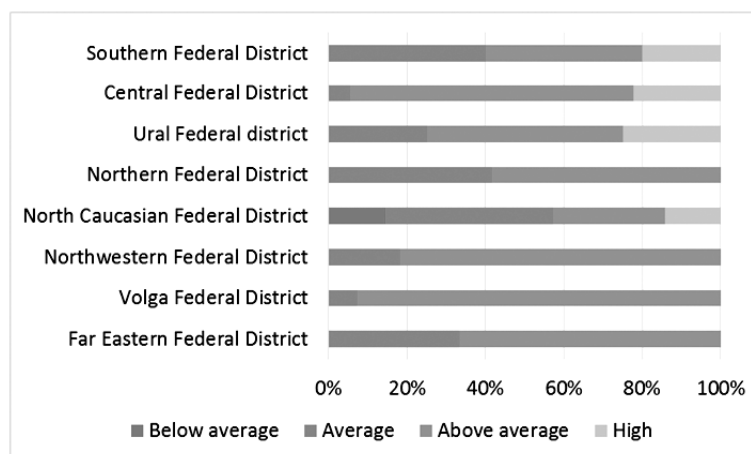


Figure 1: Level of social trading performance of Russian regions by federal districts (Trade in Russia, 2015; Regions of Russia, 2015; calculated by the authors)

districts are dominated by regions with “above average” level of social trading performance (the integrated indicator varies within the range of 0.6-0.8, group II) (Figure 1).

The analysis of social trading performance indicators with due consideration of individual areas of their formation (Figure 2) shows that social trading performance is more evident when interacting with customers, as well as providing employment, while the role of trade sector in the functioning of the state is in general less significant. At that, as a rule, for each individual region, relatively low value of a certain type of intermediate indicator is compensated by higher value of other intermediate indicator characterizing another component of the social trading performance.

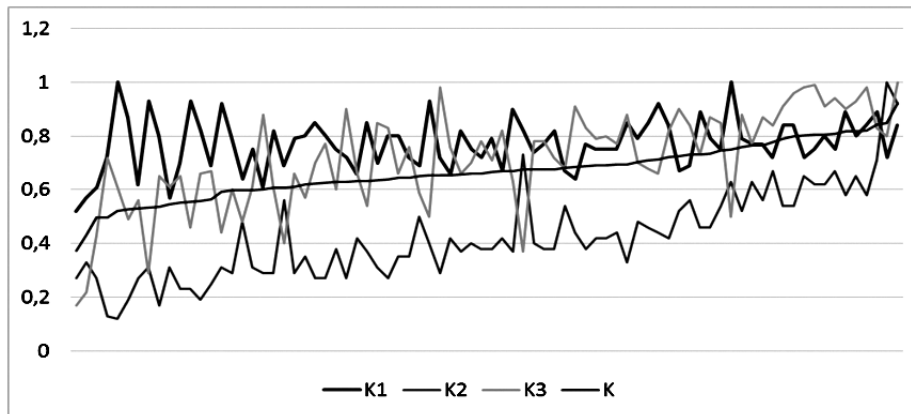


Figure 2: Distribution of the intermediate indicators of social trading performance in Russian regions (Trade in Russia, 2015; Regions of Russia, 2015; calculated by the authors).

where K_1 – is the intermediate indicator of the social trading performance of the region, which characterizes the interaction with consumers, K_2 – is the intermediate indicator of the social trading performance of the region, describing interaction with the state, K_3 – is the intermediate indicator of the social trading performance of the region, describing job security, and K – is the integrated indicator of the social trading performance of the region.

5. CONCLUSION

The conducted analysis allowed generating a comprehensive perception of regional differences in the level of social performance of the Russian trade, as well as classifying Russian regions based on integrated indicator, which characterizes a level of social trading performance. This allowed us to identify the regions with the highest and lowest social trading performance, comparing to the social trading performance in terms of constituent entities of the federal districts of the Russian Federation, assessing

and collating the individual components of the social trading performance of Russian regions. In consequence of the research we can draw the following conclusions.

- 1) Trade is one of the most significant, promising and dynamically developing sectors of the national economy and plays an important role in ensuring social welfare and improving the quality of life. Social trading performance is formed through three key directions: when interacting with consumers, interacting with state, and securing employment. Given these trends, when assessing the social trading performance in general and with regard to Russian regions, it is advisable to use the integrated indicator, calculated on the basis of the following indicators: retail space per thousand residents, the number of retail facilities per thousand residents, price index, the cost of a fixed set of consumer goods and services, the share of non-foods in the structure of retail trade turnover, the share of gross value added from trade in the gross regional product, the share of tax payments and fees from trade in the total tax revenues to the regional budget, foreign trade balance, the number of employed in trade as a percentage of total employed in the region, the average wage of trade personnel as a percentage of the average wage in the region, and the proportion of small business forms.
- 2) The results of conducted research on social trading performance based on the proposed integrated indicator have shown that currently in Russia there are no regions with low social trading performance. In most of the constituent entities (67.5%) noted level is above average, in 22.5% it is average, while just in 8.8% it is high. The value of the integrated indicator is distributed across the regions fairly evenly ranging from 0.37 in the Republic of Ingushetia (the only region, where the level of social trading performance is below average) to 0.85 in Moscow. Generally, the highest level of social trading performance is typical for the constituent entities of the Central Federal District. The constituent entities of the North Caucasus Federal District are distinguished by the highest differentiation in the level of social trading performance. As a rule, the social trading performance is more pronounced when interacting with consumers, as well as securing employment, while the role of trade in the state activity in general is less significant.

The results obtained, including the calculating methodology of the integrated indicator of the social trading performance can be applied in the state regulation of trading activity. In particular, regular monitoring of the level of social trading performance in the regions of Russia will allow providing targeted and exact state support of the regions.

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