Efficiency of services rendered by social businesses: theory and practice

Eficiencia de los servicios prestados por las empresas sociales: teoría y práctica.

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ABSTRACT: Services rendered by social businesses are examined in terms of different theoretical approaches, existing in the world practice. The use of a systematic approach, integration and assimilation of the existing theoretical approaches, research plurality within the framework of services provided by social businesses makes it possible to speak about their efficiency. Specification of terminological certainty, systematization of data and analysis of theoretical information allowed developing criteria for the efficiency of the social business. Based on the use of various methods, the indicators for efficiency evaluation of the services rendered by organizations have been determined. Furthermore, the results of efficiency evaluation of services have been highlighted. The research contributes to the prognostication of socio-economic consequences of the efficient services rendering by social businesses in Russia.

Keywords: service rendering, efficiency, social business, indicator, evaluation criteria

RESUMEN: Los servicios prestados por las empresas sociales se examinan en términos de diferentes enfoques teóricos, existentes en la práctica mundial. El uso de un enfoque sistemático, la integración y la asimilación de los enfoques teóricos existentes, la pluralidad de la investigación en el marco de los servicios prestados por las empresas sociales hace posible hablar sobre su eficiencia. La especificación de la certeza terminológica, la sistematización de los datos y el análisis de la información teórica permitieron desarrollar criterios para la eficiencia de la empresa social. Sobre la base del uso de varios métodos, se han determinado los indicadores para la evaluación de la eficiencia de los servicios prestados por las organizaciones. Además, se han destacado los resultados de la evaluación de la eficiencia de los servicios. La investigación contribuye al pronóstico de las consecuencias socioeconómicas de la prestación eficiente de servicios por parte de las empresas sociales en Rusia.

Palabras clave: prestación de servicios, eficiencia, negocio social, indicador, criterios de evaluación.

1. Introduction

The level of economic development of a country is determined by various factors. One of the
significant factors is the efficiency of the functioning of service rendering sector, including the rendering of social services. Social services help to solve many problems in Russia. For example, they may include the provision of food to people in hard-to-reach areas, delivery of health care, ensuring the quality of life of the elderly, employment of people with disabilities, graduates of orphanages as well as parents of large families, etc.

The use of effective models, mechanisms and management tools, as well as participation in state social projects, will allow promoting the development of social businesses. Their services will help to solve a number of urgent social problems of the Russian regions and contribute to increasing the number of social benefits aimed at meeting the needs of the population.

2. Methods

First of all, it is necessary to analyze and define more exactly the conceptual framework of social business activities and focus on basic terms.

The first term is “organization”. Definitions of the term “organization” and various approaches that have emerged in the theoretical and practical environment are presented in Table 1.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition of the term “organization”</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual for technical translator (Reference technical translator, n.d.)</td>
<td>Organization is a company, corporation, firm, enterprise or institution, or their units, whether or not incorporated, public or private, performing independent functions and having an administration.</td>
<td>Organization is understood as a subject of activity.</td>
</tr>
<tr>
<td>Dictionary of foreign words in the Russian language (Chudinov, 1910)</td>
<td>Organization is an arrangement of something, the formation of a coherent whole.</td>
<td>Organization is seen as a mechanism.</td>
</tr>
<tr>
<td>Big psychological encyclopedia (Big psychological encyclopedia, n.d)</td>
<td>Organization is a differentiated and regulated association of individuals and groups, which act on the basis of common purposes, interests and programs.</td>
<td>Organization is understood as a system of actions.</td>
</tr>
<tr>
<td>Centre for Creative Technologies (Skudalova, 2017)</td>
<td>Organization is a management system.</td>
<td>Organization is presented as a process or aggregate of management actions.</td>
</tr>
</tbody>
</table>

Having summarized theoretical and practical approaches we distinguish different understandings of the term “organization”:

1. Putting in order the state (condition) and the relationship of parts of a whole (system).
2. Set of processes aimed at putting in order the state (condition) and the relationship of parts of a whole (system).
3. Group of persons jointly implementing a project and achieving the established goal.
4. Managerial process defined by the functions of control, organization, planning, motivation with the need to achieve the goals.

The concepts of “organization” and “enterprise” should be distinguished.
Table 2
Review of definitions of the term “enterprise” in the theoretical and practical environment

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition of the term “enterprise”</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Dictionary</td>
<td>Enterprise is a property complex used for business activities.</td>
<td>Enterprise is considered from the point of view of a complex of interacting resources.</td>
</tr>
<tr>
<td>Economic Dictionary</td>
<td>Enterprise is a business or a firm, an independent economic entity with the rights of a legal entity that manufactures and sells products, performs works and provides services based on the use of the property by a work community.</td>
<td>Attention is focused on the enterprise as an economic entity.</td>
</tr>
<tr>
<td>Finance Dictionary</td>
<td>An enterprise is a combination of initiative, foresight and willingness to take risks which is necessary for a successful business.</td>
<td>An enterprise is considered as a set of actions and qualities of people for carrying out business activities and achieving the established goals.</td>
</tr>
</tbody>
</table>

The definitions presented in Table 2 express almost unified scientific understanding of the term “enterprise” as a property complex for production of goods, provision of services and performance of works in order to generate income and profit.

Enterprises can be classified according to various criteria (Sergeeva, Bedenko, Karavanova et al., 2018). For example, the criteria may include such features as branch and production specialization; production structure; the size of an enterprise, organizational and legal forms, etc. In addition to the above-mentioned distinctions, we suggest the division of economic entities according to the principle of influence or impact on society:

1. Social (commercial with a social effect);
2. Non-social (commercial without a social effect).

The first group includes companies engaged in entrepreneurial activities aimed at alleviating or solving social problems and achieving the social effect. Any small- or medium-sized business could be considered a social organization. Categorization of this type of activity is quite complex and it has no clear boundaries since today there are many expert opinions on this issue, but there is no Federal Law on “Social Business” or “Social Entrepreneurship” (Sergeeva, Komarovskaya, Bakhtigulova et al., 2018). The second group deals with enterprises only of commercial nature without any social effect, aimed at obtaining profit.

Synthesizing the above-mentioned terms and their characteristics, social business should be understood as a differentiated and mutually ordered association of individuals and groups acting on the basis of common goals, interests and programs aimed at solving social problems. The existing purpose, namely the solution of social problems is the main distinctive feature of social business.

Rendering of services by social businesses is a sufficiently new phenomenon in the social and economic system of Russia. The significance of this phenomenon in the contemporary life of people is determined mainly by the interest of researchers and entrepreneurs in it, and also by the presence of foreign experience useful for this country (Sergeeva, Ippolitova, Solovyeva et al., 2018; Sergeeva, Karavanova, Bereznetskaya et al., 2018).

In the services sector, intangible assets (services) act as the result of commercial activities of social businesses. The notion of “services” is specific and is located at the junction of jurisprudence and economics. Analysis of the research works in the sphere of foreign and
Russian services theory reveals that there are at least three options for determining this category depending on the approach to the content of a service:

a) definitions that characterize a service as an action and a type of activity;

b) definitions that consider a service as a result of an activity;

c) definitions that characterize a service both as an activity and as a result (Sergeeva, Bedenko, Tsinizova et al., 2018).

The result of a service is "the result of the activity of enterprise or sole proprietor engaged in meeting the relevant needs of the consumer of the services".

In view of the foregoing, the services of social businesses are understood as the activity combining the following three features: 1) the activity aimed at meeting social needs of customers; 2) the activity based on the principles of social and economic efficiency, innovation and adequate provision of resources; 3) the activity aimed at establishing an efficient economic environment that allows solving social problems in a market-friendly way.

The mission of social businesses consists in solving urgent social problems, reducing social tension. Besides, current objectives of business activities consist in profit earning and an increase in the cost of business (Sergeeva, Morokina, Mitrosenko et al., 2018).

3. Research

As a result of this research of the essence of social business, the following approaches and provisions are highlighted.

1) Social approach. Within this approach, any activity aimed at achieving a social effect could be considered as a socially-oriented business. Assignment of charity, the help of wealthy people to the needy to this type of entrepreneurial activity is a matter of discussion.

2) Catalyst approach. In this approach, the provision of services by social businesses acts as a catalyst for social transformations that lead to long-term changes in the socio-economic life of society. In this case, social businesses affect the overall social context.

3) Innovative approach. Innovation is one of the keys to any successful business. In this approach, the achievement of social effect will occur with the mobilization of resources and the use of innovative tools.

In each of the approaches given above the rendering of social services is determined through the attitude of people toward business, charity and balance between income and achievement of social effect from entrepreneurial activity.

This study enabled to systematize practical and theoretical approaches to the notion "socially oriented organization" and to group them as follows:

Group 1 – the activity directed to the achievement of social purpose or solution of a certain social problem;

Group 2 – the activity that uses an innovative approach to achieve the desired social effect;

Group 3 – the activity which acts as the catalyst factor of public transformations.

Thus, the activity of a social business is a special type of a socially-oriented activity based on the principles of social and economic efficiency, innovations and adequate provision of resources.

Furthermore, the main objective of a social business consists in combining resources and creating an effective economic environment, which allows solving social problems in a market-friendly way.

Social businesses put in circulation those economic resources, which earlier were not used, thus increasing economic efficiency. The development of the services of social businesses makes it possible to most fully satisfy the social needs and therefore it is a factor, which contributes to an increase in the effectiveness of the social problems solution.

We assume that the subjects of social businesses could be as follows:

1. Economic subjects, implementing socially-oriented projects and programs within the
operating businesses.
2. Organizations, which ensure the employment of the disabled, mothers, who have children of up to three years, leavers of orphanages, and also persons, released from places of detention.
3. Organizations, which render the services of public health, physical culture, education; which produce medical appliances and technology; which contribute to social adaptation and rehabilitation of particular groups of citizens; which publish special periodic literature.

The positive practice of such organizations is shown in Table 3.

**Table 3**
Examples of the best social business practices in Russia

<table>
<thead>
<tr>
<th>Name of business project</th>
<th>Parameters</th>
<th>Brief characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Farmers School”</td>
<td>The project operates since 2003. The founder and owner of the project is Vyacheslav Gorelov (Perm’).</td>
<td>The project is directed toward the solution of the problem of socialization and employment of orphans. It is self-supported due to the sale of agricultural production.</td>
</tr>
<tr>
<td>“Life Button”</td>
<td>The project operates since 2010. Project initiators are Irina Linnik and Dmitriy Yurchenko.</td>
<td>The project is created for the aid to elderly people in difficult life situations. The medical signal button makes it possible to call to the emergency center, where doctors can consult and help.</td>
</tr>
<tr>
<td>New rehabilitative technologies “Armours” Ltd.</td>
<td>The project is developed by Aleksey Nalogin, who is disabled because of a spinal cord injury.</td>
<td>The project develops orthopedic systems for disabled people. It is actively supported by the fund “Our future”.</td>
</tr>
<tr>
<td>Creative workshop “Merryfelt”</td>
<td>The organization was established in 2007 in the Yaroslavl region.</td>
<td>The project is directed toward the solution of the problem of employment of large-family mothers, who do not have the possibility to work full-time.</td>
</tr>
<tr>
<td>Travel company “Liberty”</td>
<td>The company was established in 2004. Founders of the company are Natalya Gasparyan and Maria Bondar, St. Petersburg.</td>
<td>Company organization offers unique tourist tours for the disabled wheelchair users around Russia and abroad.</td>
</tr>
<tr>
<td>“Home doormats made by grandmothers”</td>
<td>The project has been operating since 2012. Project founder is Svetlova Ekaterina, Vologda.</td>
<td>The project is directed toward the retention of traditional crafts, the guarantee of employment of elderly retired people.</td>
</tr>
</tbody>
</table>

4. Discussion
The following conditions are necessary for the successful activities of social business:
1. State support of social business projects, for example, on the basis of state and private partnership.
2. Allocation of funds for the implementation of social projects and provision of state
property for use on a long-term basis.

3. Active promotion of social businesses.

4. Organization of centres, “business incubators”, where representatives of social businesses can share experiences, problems and possible solutions. The social goal is to attract young people to create social business projects.

5. Micro-financing as the method of financial support of social businesses. The assignment of the necessary spectrum of financial services to low-income families and to micro-business in such a way that the recipients could use financial services for purposes of their own development.

6. Tax vacations for social business.

7. Organization of special competitions for social businesses.

The directions of the activity of social businesses in the segments of service rendering and the priority groups of users are given in Table 4.

<table>
<thead>
<tr>
<th><strong>Segment of service rendering</strong></th>
<th><strong>Directions of service rendering by social businesses</strong></th>
<th><strong>Priority group of users</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Services of public health</td>
<td>Massagetherapy</td>
<td>disabled people, disabled children, the retired</td>
</tr>
<tr>
<td></td>
<td>Dentalservices</td>
<td></td>
</tr>
<tr>
<td>Services of travel and recreational sphere</td>
<td>Children's health-improvement camp</td>
<td>children from low-income families, disabled children, disabled people, the retired</td>
</tr>
<tr>
<td></td>
<td>Health resort treatment</td>
<td></td>
</tr>
<tr>
<td>Everyday household services</td>
<td>Repair of household equipment</td>
<td>low-income families, disabled people, the retired</td>
</tr>
<tr>
<td>Services of the sphere of culture</td>
<td>Tickets to concerts, exhibitions</td>
<td>the retired, disabled people, low-income families</td>
</tr>
<tr>
<td>Services of physical culture and sport</td>
<td>Season tickets to swimming pools and gyms</td>
<td>the retired, disabled people, low-income families</td>
</tr>
<tr>
<td>Juridical services</td>
<td>Consultations, legal aid</td>
<td>the retired, disabled people, low-income families</td>
</tr>
</tbody>
</table>

Services to the priority groups of users are provided free of charge or with a discount depending on the selected business project.

The effective rendering of services by social businesses will allow:

a) solving certain social problems;
b) achieving the goal of social business;
c) agreeing on the benefits of the representatives of all participants in the development and realization of social business-projects;
d) forming the database of evaluating and monitoring processes, whose results are directed toward the improvement of the social businesses and quality of life of population;
e) creating special conditions for guaranteeing the sustainable development of social business enterprises;
f) forming conditions for the economic increase in regional social and economic systems.
Many research works are devoted to questions of efficiency evaluation in the services market. In economics, the efficiency evaluation of services is understood as the ratio of the effect of the result to the utilized or consumed resources. Many scientists concur in the estimation of efficiency as a reproductive category and note that when rendering a service, the results of public production and the expenditures connected with it are changeable. Therefore the dynamics of their relationship is an important form of the expression of the final result and efficiency (Sergeeva, Vorobyev, Luchina et al., 2018).

In the majority of studies, the concepts of effectiveness and efficiency are interrelated. Both of these terms are defined as “result” of the draft on funds for achievement of purposes. This point of view is predominant among scientists and characterizes the efficiency of means of production, live labour, joint investments, i.e., efficiency is considered first of all as the result.

The efficiency of services is a set of effective indicators of services provision that takes into account economic, social, integration, diversification and other relative effects. These indicators characterize the profitability of a certain activity for the producers of services and ability to meet the demand of users for the goods and services.

In this definition the following important components of the efficiency of services are clarified and highlighted:

1) the definition allows uniting the simultaneous estimation of different measurement parameters;
2) the definition establishes the interrelation of the efficiency evaluation methods of services by integrating two components: economic, connected with obtaining successful indicators, “profitable for the producers”, and also social, characterized by the degree of the satisfied demand of users for the goods and the services;
3) the definition ensures the possibility to solve administrative problems since the effects obtained from the service rendering (economic, social, diversifying and others) are measurable categories, therefore, they could be controlled (Sindyashkina, 2010).

The estimation of the efficiency of services is the basis for tactical and operational management of organization for the purposes of reaching the competitive advantages.

The construction and classification of a measurement system for the efficiency evaluation of services are important. In the process of studying the opinions of the Russian authors regarding the efficiency evaluation of services, the differences between the notions “criterion” and “indicator” were revealed.

In our view, criterion expresses the essence of efficiency and gives the possibility to estimate its quality, and indicator expresses quantitative assessment. A certain set of indicators can correspond to one criterion.

The efficiency of services has various forms of manifestation. Efficiency change is determined by many factors, which influence the development of the organization. Using a set of performance indicators makes it possible to adjust the objectives of the organization, to determine its development strategies. Timely reaction to changes in the internal and external environment of organizations, ability to foresee them allows reaching the target result and general success. Indicators reflect the processes inside the economic activity of business subjects and are the scientific generalization of the real social phenomena (Asaul, 2009).

It is possible to assume that indicators are necessary for the characteristic of current economic phenomena, and the criterion is the measure for the estimation of these phenomena. Criterion reflects the most essential features of social and economic conditions of business activities (Pashkus, 2012). A system of indicators should meet particular requirements, among which we distinguish the objectivity of each proposed indicator, a strict correspondence to its object of estimation. Each indicator must quantify a certain important side of service rendering by an organization for customers. The economic efficiency of services is the principal criterion of the organization activities.

The level of economic efficiency of organizations is determined by the comparison of two values – economic effect (result) and efficiency of resources. A system of indicators consists...
of a group of indicators that characterize the efficiency of current expenditures of direct and materialized labour associated with the production and service delivery process, as well as the profitability of total costs and the efficiency of resources.

The estimation of social business efficiency allows:

a) revealing negative factors and reasons, which influence the quality of social services;

b) determining the result of business activities in accordance with its purposes;

c) taking timely measures for an increase in the efficiency or optimization of the activity (Tolstoy, Dudareva, 2011).

Basic parameters of the efficiency of social businesses, which can be designated as the economic and non-economic criteria, are given in Table 5.

| Table 5  |
|-----------------|------------------|
| Criteria of social business efficiency | |
| **Criterion** | **Content** |
| **Economic** | |
| Demand for the services | Reflects the need of customers for the social services |
| Cost of the services | Correspondence of the actual cost of services to the cost determined by social businesses on the basis of the quarterly and annual report |
| Financial and economic activity of the organization | Absence of financial and economic improprieties in the activity of social businesses rendering the services to population; it is determined by special balance commission |
| Economic effect from the rendering of social services in the service area | Ability to meet the demand of customers in social services; it is determined on the basis of quarterly monitoring |
| Number of service receivers | Percentage of the service receivers from the actual number of citizens, who need services; it is determined on the basis of the quarterly monitoring |
| Increase in average wages of employees | Reflects changes in the wages of employees depending on the rendering of social services |
| **Non-economic** | |
| Availability of services | Openness and accessibility of information about the organization, comfort of conditions and accessibility for the disabled people, queuing time |
| Qualification and communicative efficiency of the organization | Qualification of personnel, professionalism of personnel, and also the percentage of the recipients, satisfied by the quality of service in the organization; it is determined on the basis of monitoring, conducted by |


social businesses. For the purpose of obtaining objective information, the evaluation of communicative effectiveness is based on the quantity indicators of employees’ professional qualification and on the basis of the inquiries and interviewing of the serviced citizens about the degree of satisfaction with the quality of services.

| Quality of social service | Correspondence of the quality of available services to state standard; it is determined on the basis of the quality management system |
| Estimation of economic efficiency of the organization | Basic activity of organization, financial and economic activity, work with the personnel, the estimation of key operating performance production indicators |

Estimation for each criterion is accomplished by responsible executors in accordance with the affirmed procedures and with the use of diverse methods of efficiency estimation (Valevich, Parola, 2008):

1. Comparison method is the comparison of the reporting period data with work indicators for the corresponding period of the previous year.
2. Sociological method is the collection of primary information with the aid of interviewing (inquiry).
3. Evaluation of the level of satisfaction of need of customers.
5. Parametric method is the comparison of service standard with actual service.
6. Method of cost estimating is the analysis of the ratio of actual and planned cost of services (Kurdyukov, 2014).

Alongside these criteria, it is possible to propose some indicators, which also will help to estimate the efficiency of provided services (Table 6).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Equation</th>
<th>Content</th>
</tr>
</thead>
</table>
| Coefficient of an increase in the total volume of the services | \( V_p = \frac{V_n}{V_{n-1}} \),  
\( V_n \) – total volume of the services in the accounting period,  
\( V(n - 1) \) – total volume in the previous period | Shows the growth in the volume of social services |
| Coefficient of a change in the productivity of labour | \( LB = \frac{LB_n}{LB_{n-1}} \),  
\( LB_n \) – labour productivity in the accounting period,  
\( LB_{n-1} \) – labour productivity in the previous period | Shows how labour productivity has changed due to the provision of services |
| Rate of the provided services | \( C_{ss} \) – the cost expression of the volume of services, rendered by social businesses free of charge to citizens, who | Shows the rate of services, delivered by all social businesses to citizens, who need aid, in the total volume of those services provided to the |
need the social aid (it is determined on the basis of cost in accordance with price list and quantity of provided services),

\[ C_j \] - total volume of the social services provided to the given categories of citizens

<table>
<thead>
<tr>
<th>Degree of the satisfactoriness of personnel by their work</th>
<th>Estimation is made on the basis of the analysis of opinions and reactions of employees to the personnel policy of the enterprise and its particular areas</th>
<th>Opinions are determined by questioning or interviewing. Analysis can cover a large range of questions: general job satisfaction; satisfaction by the organization of labour; by its productivity and by wages, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (output)</td>
<td>[ P = \frac{V}{W} ] or [ P = \frac{V}{T} ]</td>
<td>The volume of services, delivered in the unit of operating time or the volume of services, which fall for one average available worker per month, quarter, year. It is determined by the ratio of the volume of services to the work expenditures of operating time for the rendering of these services.</td>
</tr>
<tr>
<td>Labour expense (ratio of labour to output)</td>
<td>[ Tc = \frac{T}{W} ]</td>
<td>The value, reciprocal to production, characterizes labour inputs for the rendering of services. It is determined by the ratio of labour inputs to the volume of services</td>
</tr>
</tbody>
</table>

The choice of indicators is always individual, it can be more or less expanded depending on purposes, the form of the provided services and include different estimations and characteristics (Yamploskaya, Zonis, 2004).

5. Conclusion

The results of efficiency estimation of services can be used for:

1) provision of receivers of social services with additional information about the quality of work of social businesses, including via their rating. This information will be helpful to customers for selecting a particular organization for obtaining particular social services;
2) determination of the results of the activities and development of timely measures for increasing the efficiency or optimization of the organization;
3) timely detection of negative factors, which influence the quality of social services. This will help develop the proper measures for their elimination, and also motivate managers and employees of social businesses.

Analysis of the scientific and theoretical aspects of the problem allows us to conclude that the efficiency of services of social organizations based on the use of innovative socio-economic models, mechanisms, management tools, participation in state social projects is one of the conditions for solving current social problems of Russian regions, providing social benefits aimed at meeting the needs of the population.
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