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THEORETICAL ASPECTS OF ASSESSING THE INVESTMENT ATTRACTIVENESS OF SOCIALLY RESPONSIBLE COMPANIES

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Abstract
In the modern business environment, socially responsible business becomes a significant business management tool that *allows strengthening the company's competitiveness, so more and more business companies include aspects of social responsibility in their activities. The article analyzes the ways and possibilities of assessing the investment attractiveness of socially responsible companies. The research problem is the inclusion of the social responsibility assessment of companies in the assessment of their investment attractiveness. The purpose of the study is to theoretically substantiate the peculiarities of the assessment of the investment attractiveness of socially responsible companies.*

Keywords: socially responsible companies, investment attractiveness, assessment of investment attractiveness of the companies.

INTRODUCTION

Socially responsible companies focus not only on the pursuit of profit, but also on the negative consequences of their activities, i.e. the negative impact of their activities on the environment, society, their employees, etc. On the other hand, socially responsible activities sometimes require more resources, which usually reduce the company's profits. Research conducted by many scientists has shown that socially responsible activities of companies can only ensure financial returns in the long term. Meanwhile, the financial return is one of the main indicators of investment attractiveness. For this reason, it is appropriate to theoretically base the specifics of the assessment of the investment attractiveness of socially responsible companies.

The research problem is the inclusion of the social responsibility assessment of companies in the assessment of their investment attractiveness. The object of the study is the investment attractiveness of socially responsible companies. The purpose of the study is to theoretically substantiate the peculiarities of the assessment of the investment attractiveness of socially responsible companies. In order to achieve the goal, it is necessary to analyze the characteristics of the activities of a socially responsible company, to define the concept of investment attractiveness assessment and the specifics of socially responsible companies' investment attractiveness assessment.

Research methods: systematic and comparative analysis of scientific literature, analysis and synthesis of statistical data.

CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

After analyzing the definitions of corporate social responsibility, it can be said that it is a transparent and ethical activity that minimizes the negative impact of the company's activities on the environment. On the other hand, the concept of corporate social responsibility does not detail the composition of corporate social responsibility and does not describe the activities of socially responsible companies. For this reason, in order to understand the specifics of the activities of socially responsible companies, it is appropriate, first of all, to analyze the composition of corporate social responsibility. Some researchers propose to include aspects such as environmental protection, protection of human rights, community involvement, favorable employment, fair business, transparency, responsibility in the composition of corporate social responsibility. [1,10] It is true that the focus is mostly on environmental, social, market and employee issues. The international network of business leaders of Europe, Japan and the United States Caux Round Table, the association The Global Sullivan Principles distinguished four areas of corporate social responsibility: human rights, labor standards, environment and anti-corruption. In each of these areas, the operating principles of socially responsible companies are distinguished, such as supporting and respecting human rights, eliminating all forms of forced labor, combating discrimination in the field of work, refusing child labor, combating any form of corruption, applying a responsible approach to the environment etc. [5]

In the scientific literature, corporate social responsibility is defined as transparent and ethical company activities that comply not only with the laws in force in the country, but also with generally accepted norms of behavior, i.e. the company voluntarily makes a decision to carry out all its operational processes in such a way as not only to earn a profit, but also to contribute to the creation of public welfare. [2,13] As society's norms and expectations change, the perception and composition of corporate social responsibility is also constantly changing.

Lu, Liang, Zhang, Rong, Guan, Mazeikaite, Streimikis (2021) systematized the business benefits of socially responsible activities and distinguished three areas where its positive effects are manifested, that is, economic return, social return, political return. Economic return manifests itself through the improvement of the company's image, and at the same time, the improvement of relations with employees, suppliers, customers and investors. All this affects the company's financial results and improves the profitability of operations. The social return manifests itself through the growth of employees' qualifications, their greater involvement and the company's own involvement in solving society's problems. The political return of social responsibility manifests itself through the improvement of the company's relations with state institutions and greater influence in the formation of the legal framework. [10]

When discussing the positive and negative effects of socially responsible activities on the company's performance, one can find many conflicting opinions of scientists, which are based on the conducted research and the obtained results. A large number of researchers admit that in the short-term perspective, the integration of socially responsible measures into the company's activities is quite expensive and that the concept of corporate social responsibility is basically the opposite of the fundamental business goal - making a profit. [2,3,4,6] This is especially relevant for smaller companies. Lasytė (2020) points out that the increase in costs due to socially responsible activities forces companies to increase prices, which negatively affects consumers. [8] A study conducted by scientists in Lithuania showed that consumers would still not agree to pay more just for the fact that the business carries out socially responsible activities. [2]

In conclusion, it can be said that in many cases, socially responsible activities are beneficial for business, especially medium and larger ones. Business benefits can manifest through economic, social and political returns. On the other hand, the incorrect integration of the principles and measures of socially responsible activities into the company's activities can also have negative consequences, as it can increase the company's costs, as a result of which the prices of goods and services are increased, which causes consumer dissatisfaction.

ASSESSMENT OF THE ACTIVITIES OF SOCIALLY RESPONSIBLE COMPANIES

After describing the essence, composition and benefits of corporate social responsibility, it is necessary to discuss how the activities of socially responsible companies can be evaluated. From the most general point of view, the activities of such companies do not differ from the activities of traditional companies, so their performance results should be evaluated analogously. But a more detailed assessment of the socially responsible activities of companies poses certain challenges. According to researchers, the assessment of socially responsible activities is complicated by the complexity of the construct of corporate social responsibility, and there is no unified definition indicating the composition of corporate social responsibility. In order to assess social responsibility, many different programs, tools, standards of governmental and independent organizations and social responsibility indices have been created, which also complicates the assessment of social responsibility. [10,12]

One of the main sources of corporate social responsibility assessment is the corporate social responsibility report. Organizations prepare social responsibility reports because they want to capture the implemented social responsibility measures (economic, environmental and social) and define their impact on interested parties. are not regulated and therefore each company can freely choose the form and content of the report. Such a situation negatively affects the credibility of the social report as a document, as it encourages companies to present in their reports information focused on the expectations of interested parties, rather than revealing the real impact of the company's activities on the environment and public welfare. [6,7,13]. Many researchers propose to use such methods as content analysis, questionnaire survey, reputation indices and one-dimensional methods in order to evaluate corporate social responsibility. [1,3,7]

Content analysis is based on secondary data sources, which may include annual reports and other publications on the company's website about socially responsible activities. Using the reputation index method, the social responsibility of companies is evaluated by specialized rating agencies. Using this method, the following indexes can be evaluated: MSC KLD 400 Social Index, Fortune Magazine Reputation Index, Dow Jones Sustainability Index, etc. [3,7] Questionnaire analysis is usually used when there is no rating by a business rating agency, in addition, in the company's annual reports and on the Internet websites do not have enough information. This method allows you to gather information from primary sources. A uni-dimensional approach focuses on only one dimension of social responsibility. [7] Each of the above methods has its advantages and disadvantages. The biggest drawback is the lack of accurate, objectively evaluated data [3].

In conclusion, it can be said that the assessment of socially responsible activities is a complex process, because it is still not clear what is covered by the concept of social responsibility and according to which criteria the assessment should be carried out. In addition, social responsibility is a voluntary activity of companies, so there are no requirements to predict the assessment methodology. For this reason, the assessment of socially responsible activities is carried out in each individual case separately, taking into account the goals set by the company in the field of social responsibility.

CRITERIA AND METHODS FOR ASSESSING THE INVESTMENT ATTRACTIVENESS OF COMPANIES, TAKING INTO ACCOUNT THE ASPECT OF CORPORATE SOCIAL RESPONSIBILITY

In order to minimize investment risks and expect the greatest possible investment benefits, it is necessary to assess the investment attractiveness of companies before making investment decisions. According to Tamošiūnienė, Dobrovolskienė, Vaidila (2021), the assessment of investment attractiveness is important not only for investors, but also for other interested parties: owners, regulators, etc. Attracting a potential investor often depends on the economic viability of the organization and the degree of stability of its financial condition. These parameters best describe the company's investment attractiveness. [15]

After analyzing the scientific literature, it was found that researchers define the concept of investment attractiveness of companies in different ways, so it is appropriate to compare different definitions.

Levchenko describes the company's investment attractiveness as a set of internal and external factors that determine the company's position among other companies in the industrial sector. [9]

The investment attractiveness of the company should be interpreted as a complex indicator of the current and potentially possible level of development of the company, which is expressed by the totality of the conditions and characteristics of the company's activity and the system of integrated values, reflecting the financial, economic, production, social, innovative, environmental, legal aspects of the company's activity and ensuring the investor's interest in investing in order to increase these investments and obtain a social effect. [1,11,12,14]

Many researchers look at investment attractiveness as a complex indicator of a company. In addition, they note a very important aspect of investment attractiveness, indicating that the indicator of investment attractiveness combines not only the current, but also the potential level of development of the company. Since the investments are expected to bring benefits in the future, it is very important to evaluate the company's development prospects. [7,14]

After describing the concept of investment attractiveness, it becomes clear that investment attractiveness is often treated as an investment climate or conditions defined by internal and external factors. For this reason, the investment attractiveness of the company cannot be assessed in isolation, as it depends on the investment attractiveness of the sector or the country as a whole. For this reason, authors distinguish various levels of investment attractiveness (company, sector and country level). [9,15]

As Levchenko notes, from the qualitative factors at the level of individual companies, one can distinguish an indicator describing the risk of investment, the degree of favorability of the region, and from quantitative factors - the intensity of the company's financial flows (liquidity of assets and capital, solvency), the profitability and financial condition of the company, the book value of fixed assets and etc.). [9]

Based on research conducted by researchers, the methods of assessing the investment attractiveness of companies can be classified into certain groups [4]:

- Methods based on the evaluation of the company's financial results. Here, the main financial indicators describing the performance of the company are taken into account: asset liquidity, profitability, financial stability (solvency), etc.
- Methods based on the assessment of the influence of factors on the level of the company's investment attractiveness. Here, various levels of internal and external factors of investment attractiveness are taken into account.
- Methods based on assessment of business and economic indicators. According to this group of methods, not only financial, but also other indicators describing financial and economic activity (the company's activity in the market, etc.) are taken into account.
- Methods based on company valuation. This usually takes into account the company's market value and its change, forecasting the change in value, etc.
- Comprehensive assessment. According to Binda et al. in order to carry out a

comprehensive assessment, a set of economic and psychological components should be determined, taking into account the needs of investors and their acceptable risk. [4]

By the opinion of most previously mentioned authors, financial analysis remains the most important, which helps to ensure the company's financial stability and attractiveness to potential investors.

In order to assess the investment attractiveness of companies in more detail, it is appropriate to carry out a comprehensive assessment. Such assessment also allows including aspects of the company's social responsibility. Melnyk, Adamiv, Smereka (2018) proposes to analyze 6 elements of investment attractiveness when performing a complex assessment of investment attractiveness: production attractiveness, technological attractiveness, material attractiveness, financial attractiveness, social and personnel attractiveness, marketing and logistics attractiveness. [11] Supplementing this comprehensive assessment model with the insights of previously mentioned authors, it is possible to present a comprehensive assessment model of companies' investment attractiveness, taking into account aspects of the company's social responsibility (1 table).

1 table. Comprehensive assessment model of companies' investment attractiveness, taking into account aspects of the company's social responsibility

Production and product attractiveness	To reflect the presence of appropriate production conditions to produce quality products within the specified time, the company's production capacity, level of innovation, diversification, and level of production quality. The attractiveness of the product is ensured by the appropriate level of production and price. Inclusion of corporate social responsibility aspects (e.g. product purpose, chemical composition, etc.) in the set of evaluated indicators.
Technological and material attractiveness, taking into account innovative attractiveness	Described by evaluating the company's production and storage facilities, devices, used technologies, etc. The evaluation takes into account the innovation financing strategy, production technical development strategy, etc. Inclusion of aspects of the company's social responsibility (use of renewable energy sources for electricity production, renewal of the car fleet, etc.) in the set of evaluated indicators.
Attractiveness of raw materials and materials	Describes the stability, reliability, etc. of production activities of suppliers of raw materials and materials. It also describes the efficiency of the use of raw materials and materials in the production process. Inclusion of corporate social responsibility aspects (use of non-polluting resources, use of resources harmless to human health, etc.) in the set of evaluated indicators
Financial attractiveness	Describes the company's financial condition, to what extent it can cover short-term obligations, independently finance capital, obtain loans and attract the necessary investments for the development of the company, etc. Inclusion of aspects of corporate social responsibility (optimal use of financial resources in compliance with legal norms; liquidation of corruption, use of green investments, etc.) in the set of evaluated indicators.
Social and personnel attractiveness	Shows the availability, qualification and suitability of the labor force to meet the needs of production and economic activity. Also it shows whether the company has qualified employees with the necessary knowledge, skills and experience to perform their professional duties and the opportunities to improve their qualifications. The company's attractiveness is defined by taking into account all levels of employees. Inclusion of aspects of the company's social responsibility (support and respect of human rights, elimination of all forms of forced labor, fight against discrimination in the field of work, refusal of child labor, etc.) in the set of evaluated indicators.
Marketing, theoretical and logistical attractiveness	Reveals the possibility of selling the product with existing marketing tools and the presence of effective market positioning tools. Also evaluates the location of the company (infrastructure, land price, etc.); describes logistics infrastructure objects, defines their sufficiency in order to ensure the uninterrupted process of production and realization of products. The inclusion of aspects of the company's social responsibility (application of adequate marketing tools, ensuring environmental friendliness of the location and the buildings used, provision of suitable logistics facilities, etc.) in the set of evaluated indicators.

Source: created by author

Summarizing the analysis of the criteria and methods for assessing investment attractiveness, it can be stated that there is no unified methodology for assessing investment attractiveness that is suitable in all cases, and the assessment criteria are chosen in each specific case depending on the situation and assessment needs. In order to assess the investment attractiveness of socially responsible companies, attention should be paid to specific evaluation indicators, which are also chosen in each specific case depending on the specifics of the company's activities and evaluation needs.

CONCLUSION

The analysis of the companies' investment attractiveness revealed that one of the main criteria reflecting the companies' investment attractiveness is the financial results of the company's activities. However, the integration of corporate social responsibility principles causes additional costs for the company, so the benefits of corporate social responsibility are not always noticeable in the short term. These investments can bring more benefits to the company in the long run, strengthening its competitive advantage. Empirical studies conducted by researchers assessing the influence of corporate social responsibility on the company's financial results have shown conflicting results, showing both positive and negative or neutral effects.

Summarizing the specifics of assessing the investment attractiveness of socially responsible companies, it can be said that recently more and more investors are looking for socially responsible investment alternatives, because they want to integrate their social and environmental approach into their investment activities. This determines the importance of assessing the investment attractiveness of socially responsible companies. On the other hand, the analysis of the scientific literature revealed that the aspect of socially responsible activities is very rarely included in the methodologies for assessing the investment attractiveness of companies, as it requires additional data, sometimes difficult to access or evaluate additional human resources for the analysis, etc. Therefore, it requires further analysis and research in order to assess the investment attractiveness of socially responsible companies.

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