

TOOLKIT FOR SOCIAL RESPONSIBILITY OF BUSINESS IN THE SYSTEM OF INCLUSIVE CORPORATE MANAGEMENT OF SUSTAINABLE DEVELOPMENT OF UKRAINIAN AGRICULTURAL COMPANIES

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Abstract. The *research subject* is the social responsibility of agribusinesses in the context of current corporate governance practices. *Methodology.* The study uses the following methods of economic research: content analysis method (when processing scientific sources and reviewing thematic literature); abstract and logical method (when substantiating the defining principles and criteria of social responsibility of business entities in the agricultural sector); statistical observations and economical and statistical calculations (when analysing indicators of the achieved state of social responsibility of agricultural companies); abstract and logical method (when substantiating conclusions to the study). The research is aimed at finding tools to increase the social responsibility of agrarian business through the transformation of the corporate culture of agricultural management of Ukrainian companies. *Conclusion.* Ukraine has a strong agricultural potential. However, achieving national and global sustainable development goals, which are relevant shortly, requires a change in business values and strategic guidelines. Such values should be aimed at solving the problems of protecting the environment, preserving natural resources, improving the quality and safety of agri-food products, and improving the quality of life of the rural population. The solution to these problems is inextricably linked to voluntary, socially responsible agribusiness initiatives. The analysis carried out showed that there is a high level of agribusiness social responsibility in the management of the activities of large-scale agricultural enterprises in Ukraine, which is reflected in the voluntary non-financial reports. In small- and medium-sized agribusinesses, the perception of the need for social responsibility is limited and constrained by a lack of financial resources. The calculated indicators show a low level of social responsibility in the agricultural business of small- and medium-sized agricultural enterprises in Ukraine. The level of chemicalisation of agricultural production and ploughing of agricultural land is high. There are significant problems with the use of rural labour resources and the development of rural areas. The main problems were identified in the spectrum of irrational use of land and labour resources and the low quality of life of the population in rural areas of Ukraine. The processes of recognition of the values and benefits of socially responsible agribusiness in Ukraine are slow. As a tool for increasing the social responsibility of agribusinesses in Ukraine, a system of principles and criteria of socially responsible business is proposed for implementation in the corporate governance of Ukrainian agribusinesses.

Key words: agricultural business, inclusive agricultural management, Ukrainian agricultural companies, social responsibility, corporate culture, sustainable development.

JEL Classification: Q10, M14

1. Introduction

Ukraine has enormous potential for agricultural production that can ensure food security for the

Ukrainian nation and EU countries. Despite the protracted military conflict in the country, now in its second year, agriculture, unlike other sectors of

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the national economy, demonstrates a high degree of sustainability and adaptability to challenging business conditions. At the same time, Ukraine's accession to global and European sustainable development initiatives places radically new demands and priorities on the further functioning of the agricultural sector and mechanisms for creating agri-food chains. The margin of safety and stability of Ukrainian agriculture today is determined by a high level of intensification of production, which, together with low short-term competitive advantages, constitutes strategic risks and threats to the sustainable development of the agricultural sector from a strategic perspective. In the global agri-food market, products created on the basis of the principles of sustainable development, corporate social responsibility and inclusive corporate governance practices are becoming increasingly popular. The result of the implementation of these principles is the production of environmentally friendly, safe agri-food products that meet the needs of consumers on the basis of quality parameters and the achieved balance between the interests of agri-business owners, buyers, society and the environment. Taking into account the needs of future generations while meeting the needs of present generations is one of the critical criteria of the concept of sustainable development, the level of value perception determined by the corporate culture of agricultural management and the level of social responsibility of agricultural business.

2. Literature Review

Corporate social responsibility is already a relatively familiar concept of corporate governance, which, in addition to the interests of business owners, considers a wide range of interests and needs of a whole range of stakeholders. According to a survey conducted by 77.4% of employees of agricultural companies, the concept of corporate social responsibility in agribusiness is an important and a priority for further management (Ortega, et al., 2016)

In a broad sense, corporate social responsibility manifests itself in four main areas: economic responsibility, environmental responsibility, philanthropic responsibility and ethical responsibility. *The Growing Importance Of Social Responsibility In Business* defines corporate social responsibility as a company's responsibility to achieve long-term goals for customers and a way to benefit society (*The Growing Importance of Social Responsibility In Business*).

Hohnen interprets agribusiness social responsibility as the implementation of socially beneficial social, environmental and economic initiatives in the corporate culture and development strategies of agribusinesses (Hohnen, 2007).

Mijatović M. et al. (2021) see the creation of equal conditions for the full provision of healthy food for the population as the main goal of corporate social responsibility and explore the corporate social responsibility of agricultural companies through the prism of sustainable development goals: preserving the environment and combating climate change.

Climate change and the adaptation of agriculture to its trends are key issues and challenges of modern inclusive management, one of the tools of which is social responsibility of business (Xiao-San Luo, et al., 2017).

The defined directions of corporate social responsibility of agricultural companies represent a rather complex and broad area of agricultural management, which is voluntary and quite costly from the point of view of financial security. In this regard, there is an active scientific discussion about the impact of the level of corporate social responsibility of companies on their results and capitalisation of the company value. Today, most of the world-famous companies demonstrate their commitment to corporate social responsibility and the results of social value creation (Ferrell, Hao, & Renneboog, 2016; Kavun, Guryanova, & Zhosan, 2015).

Their research shows that corporate social responsibility has a clear financial impact in the form of an increase in the market value of the assets of companies that demonstrate a commitment to social values and needs. McWilliams & Siegel (2000) provide evidence that the impact of corporate social responsibility policies, as reflected in corporate reporting, is directly related to the level of investment attractiveness and return on investment. Complementing this methodological approach to the impact of the level of social responsibility of agribusiness on the performance of agricultural companies, Madhu (2022) notes that the practice of implementing socially responsible initiatives reduces the risk of the organisation agribusiness, provides bonuses from opportunities to enjoy tax benefits and provides long-term competitive advantages. Similar results are demonstrated by the social responsibility practices of Ukrainian agricultural holdings (Zamlynskyi, et al., 2023).

The exclusivity and relevance of the practical aspects of socially responsible agribusiness has led to considerable interest among researchers in indicators to assess its actual level and effectiveness. Briamonte & Giuca (2016) propose as main indicators the use of resources (savings), the cost of implementing socio-economic and environmental initiatives for agribusinesses, the cost of human resources development and the creation of safe working conditions. Faizrakhmanov et al. (2019) the set of indicators is systematised into three groups: the level of innovation activity (the share of research

and development costs, the share of innovative products), economic indicators (GDP, sales, profit), indicators of environmental protection (expenditure on eco-measures, biodiversity conservation, investment in fixed assets). Mills et al. (2021), when assessing the level of social responsibility of agribusiness, focused on the social component using indicators of social and environmental sustainability of business structures: farmers' awareness of ecological problems of the territory, interest in landscape assets, level of ecological knowledge, degree of readiness of personnel to implement the tasks of responsible agribusiness, self-identification of employees, level of knowledge and qualifications.

In their research, Martos-Pedrero et al. (2022) use a comprehensive model based on the following factors: the potential capacity of agribusinesses for social responsibility and the level of its understanding and perception, the degree of awareness of the role of ethics in agribusiness, image and reputation, financial performance, and the organisational and legal form of agribusinesses. Biró et al. (2021) assess the corporate social responsibility of agricultural business through a system of social and environmental reporting indicators, the main of which is the level of adaptation of farms to environmental, social and economic changes brought about by the concept of sustainable development (increasing the share of eco-products and services, conservation of natural resources, reduction of CO₂ emissions, share of renewable energy sources, and so forth). The principles and foundations of sustainable development are studied by Ukrainian scientists when formulating strategies for regional development and economic recovery (Kramarenko, et al., 2022; Pryshchepa, Kardash, Yakymchuk, et al., 2020).

Ukrainian scientists prefer indicators of efficiency of resource use in the context of implementation of measures of corporate social responsibility and indicators of the state of development of organic farming in the context of modern transformations of European integration (Lopatynskyi, et al., 2023).

Scientists agree that the social responsibility of agribusinesses is voluntary and proactive, and is determined by the level of understanding and perception of social values by management and business owners. At the same time, in recent years there has been a significant number of recommendations and standards that regulate the level of social responsibility of agribusinesses and orient their main directions and actions. In today's environment, the main rules of corporate social responsibility that have already acquired the status of international standards include the following: Global Reporting Initiative (GRI), ISO Group standards, Account Ability, Occupational Health

and Safety Assessment Series (OHSAS), Corporate Responsibility Audit, national standards that have transcended national borders – Sunshine, Keidanren, Sullivan social standards and others.

Modern ways of organising and managing agri-food businesses based on sustainable development are actively shaping new initiatives and regulations that help agri-food businesses to increase the level of sustainability, such as Responsible Agricultural Supply Chains, recommendations from the FAO and other world organisations, such as the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests.

Ukrainian scientists are also actively researching the processes of using agribusiness corporate social responsibility tools. Yermakov O. Y. and Nahornyi V. V. (2021) propose a mechanism of corporate social responsibility of agricultural enterprises, including goals, motives, corporate social responsibility programmes, behavioural characteristics of the main stakeholders and expected results. Among the main areas of corporate social responsibility of Ukrainian agricultural enterprises, the scientists distinguish financial activities, social and environmental areas, and domestic and foreign economic directions (depending on the interests of the main stakeholders of agricultural formation). Soloviova O. et al. (2022), Zinchuk T. O., Levkivskyi Ye. V. (2019) consider corporate social responsibility of agricultural business to be a promising innovative tool for sustainable agricultural development, giving top priority to the ISO system (Chernoivanova, et al., 2021). The result of the implementation of such a tool is the highly profitable activity of agribusinesses and, at the same time, voluntary non-profit initiatives in the spectrum of socio-economic and environmental changes that are important for society.

Innovative programmes and projects for the sustainable development of agricultural business have both direct and indirect impact on closing the inclusive gaps that exist today in rural development. The main ones are:

- Income imbalance between urban and rural areas;
- the state of social protection in rural areas;
- opportunities for the rural population to exercise their social and political rights;
- gender equality;
- access to resources for residents.

The purpose of the article. The purpose of the publication is to find tools for increasing the social responsibility of agrarian business through the transformation of the inclusive corporate culture of agricultural management of Ukrainian companies based on an assessment of its current level and identification of current trends in the development of the agricultural sector of Ukraine.

The main objectives of the study are as follows:

1. To identify the main problematic aspects that hinder the development of social responsibility of agricultural business in Ukraine.

2. To justify the tools of inclusive socially responsible agricultural governance (principle and criteria).

3. To assess the actual level of social responsibility of Ukrainian agricultural companies.

Methods. The article uses general scientific and specific economic research methods. The review of literature and study of the theoretical essence of the selected research problem was carried out using the content analysis of sources covered in scientometric databases, in particular, Scopus and Web of Science. The official websites of large Ukrainian agricultural holdings were also used as primary sources of case studies, where non-financial (social and environmental) reporting is available.

Using the methods of induction and deduction, the choice of the research topic is substantiated, its purpose and main objectives are formulated. The abstract and logical method is used to substantiate the basic principles and criteria of social responsibility of business entities in the agricultural sector. The method of statistical observations and economic and statistical calculations is the basis for analysing the indicators of the achieved state of social responsibility of Ukrainian agricultural companies. The information database also included data from the State Statistics Service of Ukraine. When calculating the level of social responsibility of agricultural companies, large agricultural holdings were excluded from the total number of all Ukrainian enterprises. The study was conducted at agricultural enterprises of large and small sizes. The conclusions of the study are based on the abstract and logical method.

3. The Main Research Material

The transformation to the concept of sustainable development, which is gradually being implemented in the practical activities of Ukrainian agricultural enterprises using the tools for increasing the level of social responsibility of agricultural business, is a complex and lengthy process mediated by several factors. The main factors determining the degree of success of socio-economic and environmental transformations in agriculture in modern conditions are the level of corporate culture and existing drivers of agricultural management. In Ukraine, the level of corporate social responsibility largely depends on the nature of the perception of social responsibility values by the owners, managers and employees of agricultural enterprises. A deep perception of the values of social responsibility of business by its founders is today a decisive factor in the philosophy of development of agricultural

enterprises and the justification of strategies for their implementation.

The social responsibility of agribusinesses is a strategic competitive advantage, the most important of which are the quality, environmental friendliness and safety of agri-food products, building the intellectual capital of agribusinesses, the powerful potential of agro-branding and the possibility of maximising the value of agribusinesses, increasing the ratings of investment attractiveness, winning the favour of consumers (buyers), stakeholders and strengthening competitive positions in the agri-food market. These long-term advantages have a precise mechanism for translating into specific economic rewards, which are expressed through the final performance indicators of the activities of the business structures. At the same time, these strategic advantages are currently limited by the significant influence of two key factors: the time factor and the available financial potential of agricultural companies. The unstable conditions of economic life in Ukraine, complicated by the results and consequences of the military conflict, result in the dominance of short-term interests of agribusiness owners and the priority implementation of short-term business goals, the main priority of which is the commercial priority of profitability. In addition, the limited financial capacity of the majority of small- and medium-sized agricultural enterprises in Ukraine does not contribute to the implementation of long-term goals, especially those that require significant amounts of investment and financial resources. Corporate social responsibility instruments require substantial financial resources, which manifest themselves as long-term investments and have a strong impact after a (often significant) period of time. This increases the risk of agribusiness, especially in the current political and socio-economic crisis in society. Today, these limitations are the main obstacles to the active development of corporate social responsibility in the agricultural sector.

Despite the existing barriers, the practice of socially responsible agriculture in Ukraine continues to strengthen and spread among agricultural enterprises. To provide institutional support for the development of corporate social responsibility in Ukraine, the national expert organisation CSR Ukraine (Create Sustainable Result) was established 15 years later as a partner of CSR Europe and the World Business Council for Sustainable Development. The main purpose of the national organisation is to promote socially responsible initiatives and business principles in the practice of Ukrainian companies. According to the analytical data of the organisation, the largest share of socially responsible business initiatives in Ukraine is implemented in large

enterprises – 67%, about 18% of all initiatives take place in companies with international activities, 13% of socially responsible enterprises in the country are transnational companies, and 2% are small business entities. Compared to other sectors of the national economy, the share of agricultural enterprises that are members of CSR Ukraine is as follows: large agricultural enterprises – 12%, agricultural enterprises engaged in foreign economic activity – 14%, and transnational agricultural corporations – about 13%. At the same time, agriculture is the leading sector in terms of the share of business entities participating in CSR Ukraine. Among other types of economic activity, a significant share falls on the business structures of trade and production of consumer goods (CSR. Ukraine).

The results indicate a growing understanding of the need for social responsibility in the corporate structures of the agricultural sector. At the same time, the size of agricultural enterprises and the level of organisational culture of agricultural management and corporate governance practices remain a significant problem in the implementation of programmes and projects of corporate social responsibility in the agricultural sector. The leaders of socially responsible business in Ukrainian agriculture today are large agricultural enterprises with solid financial potential and a high level of corporate philosophy of agricultural management. According to the Ukrainian branch of Forbes, the list of the top 20 largest agricultural companies in Ukraine includes Astarta-Kyiv, Eridon, Cardill, Viterra, Kernel, Nibulon, LNZ, Delta Wilmar, MHP, Ukrlandfarming, Agroprosperis (NCH), Epicenter-Agro, HarvEast, Agroton, and others (20 largest companies in the Ukrainian agricultural sector).

The results of the research showed that almost all large-scale agricultural enterprises in Ukraine have straightforward corporate social responsibility programmes and projects and report annually on the results achieved, even though social and environmental reporting is not mandatory in Ukraine. These enterprises have strategic goals that are closely related to the goals of the global and national sustainable development approach. Familiarisation with the voluntary social reporting of Ukrainian agricultural enterprises showed that the main areas of implementation of socially responsible agricultural business projects are personnel development and improvement of socio-economic working conditions (about 75% of all programmes), environmental protection programmes, public charity projects and assistance to participants in military conflicts, cooperation with local, territorial rural communities. Each of the social responsibility projects of these agriholdings has

a clear target focus and defined criteria for their successful implementation. The following are among the most financially large-scale social responsibility programmes of agricultural businesses: "Green Office", "Sustainable Agriculture", "Health of Rural Communities" (Kernel), "Cultural Heritage", "Community Well-being", "Village Doctor" (MHP), "IT Education", "Clean Environment", "Human Pedagogy" (Astarta) and others. These programmes help to improve mutual understanding between stakeholders, buyers and consumers of agricultural products, enhance their image and increase the well-being of the population in rural areas.

At the same time, the practice of implementing such socially responsible projects and programmes for the future sustainable development of agriculture and rural areas is limited by the relatively small number of large agricultural business entities in Ukraine. According to the State Statistics Service of Ukraine, there are 46108 agricultural enterprises that are classified as small enterprises according to the size criteria (which is 86.5% of the total number of agricultural enterprises) (The number of active economic entities by types of economic activity with distribution by the number of employed workers in 2016–2022). These agricultural formations have much less potential for financial support to implement socially responsible business development programmes. As a rule, the values of sustainable development are not fully reflected in business management. The main priority and goal of the majority of medium and small agricultural structures in Ukraine is the short-term maximisation of profits and the fullest possible satisfaction of the interests of the owners of agricultural enterprises, who often do not take into account the socially significant needs of the rural population, the environment, present and future generations. This leads to excessive commercialisation of agriculture, which often has a negative impact on the personnel of agricultural structures, the population and the development of rural areas, biodiversity and natural resources of the agricultural sector. Accordingly, this affects the social responsibility indicators of modern Ukrainian agricultural enterprises.

It is timely and necessary to improve the philosophy of agribusiness management and enhance the organisational corporate culture of agribusinesses to overcome these problematic aspects in the agribusiness management system. One of the tools for improving corporate culture is to understand and accept the values and benefits of social responsibility for the agricultural industry and society. In practice, this can be ensured by implementing the principles of socially responsible business in the philosophy of management of agricultural structures and taking into account its criteria in the course of economic

activity. Among the main principles of socially responsible agricultural business, it would be appropriate to suggest the following:

- Transparency principle of management and reporting;
- inclusivity, equality, and equity;
- unity principle of goals and balance of interests of agribusiness, stakeholders and society;
- compliance with the norms and standards governing social responsibility in the agricultural sector;
- the principle of greening agricultural production, preserving and restoring the natural agricultural potential;
- the principle of ethics in business and management;
- the principle of efficiency and synergy.

The implementation and observance of these principles in economic activity will bring together the interests of all participants in the public agricultural process into a single system, which will create the conditions for obtaining benefits and rewards for all parties. In addition, the implementation of the principles of corporate social responsibility in the corporate philosophy requires a revision of the essential criteria for doing business. This set of criteria should correlate with the priorities of sustainable development in agriculture and rural areas and should become a decisive factor in the future management of agriculture (Figure 1).

Improving the instruments of social responsibility of agrarian business requires defining a methodological

framework for assessing efficiency and progress. Agricultural business is a complex type of economic activity, the effectiveness of which is mediated by a small number of specific factors and conditions. This makes the system of indicators and measures of the level of social responsibility in the activities of agricultural companies more complex. In the scientific literature, there are several methodological approaches to assess the current state of social responsibility of agribusiness. A systematic review of the scientific literature allowed to identify a number of leading indicators for assessing the level of social responsibility achieved by agribusiness. Among the leading indicators offered by scientists, the most important are the efficiency of agricultural activities, staff turnover, the level of remuneration of agribusiness personnel, the tax responsibility of agribusinesses and the amount of socially responsible investments. Based on such indicators, an integral index of the level of social responsibility of agribusinesses can be proposed.

Indicators are often systematised according to the main areas of such activities or the primary stakeholder context. Fully agreeing with this methodological approach, it appears practical to conduct an analytical assessment of the actual level of social responsibility of Ukrainian agricultural enterprises in terms of critical indicators that indicate the state of use of natural resources, social capital and current policy of agricultural producers

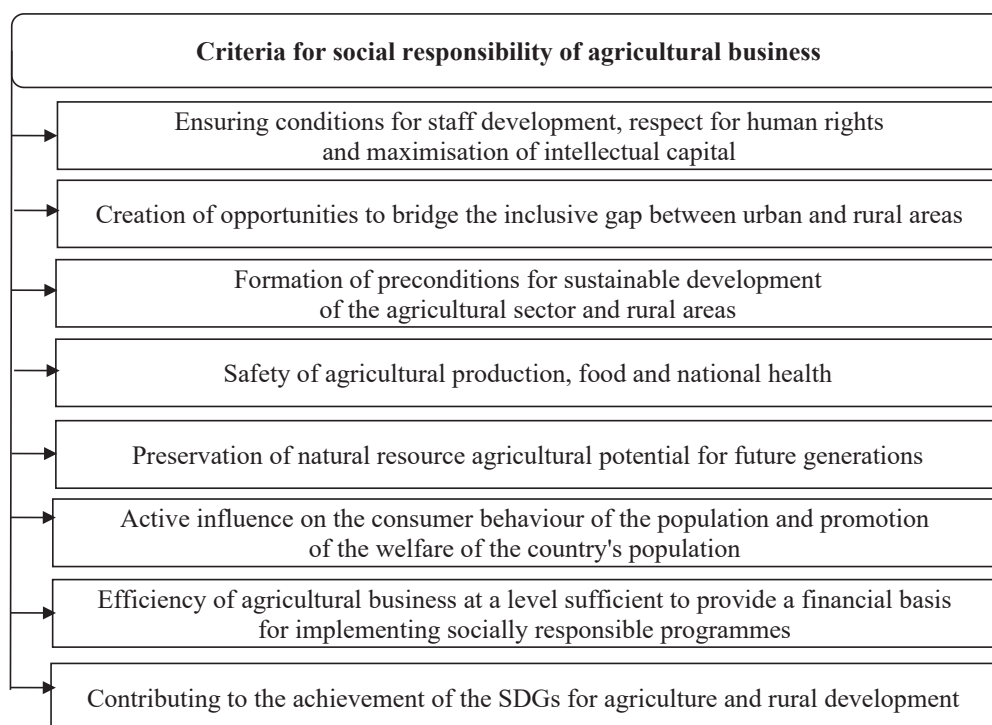


Figure 1. Criteria for the feasibility of social responsibility of agricultural business

Source: developed by the authors

Table 1

**Indicators of the level of social responsibility of agricultural companies in Ukraine
(except for agricultural holdings)**

| Indicators | 2000 | 2010 | 2015 | 2018 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Percentage of ploughed agricultural land, % | 77,8 | 78,1 | 78,4 | 79,1 | 79,5 | 79,6 | 79,6 |
| Share of fertilised area, % | 56,0 | 70,0 | 81,0 | 91,0 | 93,0 | 92,0 | 88,0 |
| Amount of mineral fertiliser applied per 1 ha, kg | 60 | 84 | 98 | 134 | 152 | 154 | 144 |
| Area treated with pesticides, % | 28,5 | 37,7 | 42,6 | 89,5 | 91,4 | 92,0 | 89,0 |
| Share of agricultural land under organic production, % | - | 0,4 | 1,0 | 0,7 | 1,0 | 0,6 | 0,6 |
| Biodiversity conservation, thousand heads | 9423,7 | 4494,4 | 3750,3 | 3332,9 | 2874,0 | 1003,4 | 942,1 |
| Carbon dioxide emissions, million tonnes | 152,0 | 193,2 | 161,1 | 150,5 | 135,3 | 141,2 | 139,3 |
| Share of water used for production needs in agriculture, % | 23,6 | 26,4 | 20,3 | 24,5 | 24,0 | 41,0 | 38,1 |
| Capital investments, million UAH | 15692,2 | 11062,6 | 30154,7 | 66104,1 | 50679,7 | 69950,3 | 51439,5 |
| Grain yield, centners per hectare | 18,3 | 27,6 | 43,8 | 52,2 | 46,1 | 59,3 | 50,3 |
| Monthly salary of employees in the industry, UAH | 114,0 | 1472 | 3309 | 7557 | 9734 | 12287 | 13061 |
| including as a % of the economy average | 49,5 | 63,9 | 74,8 | 80,8 | 84,0 | 87,7 | 88,0 |
| Number of employees in the industry, % | 11,2 | 9,0 | 9,6 | 8,4 | 7,9 | 8,0 | 8,0 |
| Relative poverty rate in rural areas (by expenditure), % | - | 24,1 | 27,9 | 31,6 | 43,8 | 44,1 | 44,4 |

Source: calculated by the authors based on data from (Agriculture of Ukraine, 2022)

to preserve the resources of the agricultural sector and rural areas (Table 1).

According to the analysis, in general, the level of social responsibility of Ukrainian agricultural enterprises should be higher (except for the activities of extensive agricultural enterprises). The main problems of agricultural production are concentrated in the irresponsible use of land resources, excessive use of chemicals (88% of the total cultivated area) and the highest level of ploughing of agricultural land in Europe – 79.6%. Over the past few decades, this has led to a loss of fertility in Ukrainian soils, with virtually no possibility of restoring it in the short term. This is also due to the severe loss of biodiversity, which has declined by 90% in the last twenty years, and has minimised the potential for organic fertilisation. Today, the profitability of most Ukrainian farms is achieved through a high level of production intensification based on the use of chemicals. At the time, the trend towards the greening of farms and the transition to organic and environmentally neutral agriculture and livestock farming was spreading worldwide. The main obstacles to these processes in Ukraine are high risks, lack of financial resources and the priority of short-term profitability of agribusiness. A difficult situation in agriculture is also observed in the social component of agribusiness responsibility. The level of remuneration of employees in Ukrainian agribusinesses has traditionally been much lower than in other sectors of the economy. In addition, the gap between the level and quality of life of the rural population and the urban population has increased significantly in recent years. Solving these problems, which are of vital importance to the national economy and the country's agricultural sector, requires a systematic

approach and the support of institutional state authorities, local governments, rural communities and municipalities. However, the difficult socio-economic situation in Ukraine significantly limits the financial potential of state and local authorities. In such conditions, one of the main ways to solve the existing problems of the agricultural sector and rural areas can be to voluntarily increase the level of social responsibility of agricultural enterprises and the principles of sustainable development.

Despite the duration of the military conflict on the territory of Ukraine, the domestic agricultural sector shows a high degree of sustainability and strength, which is reflected in the final financial performance indicators. The share of profitable agricultural enterprises in agriculture is 79%. Thus, the level of profitability of operating activities of agricultural enterprises (excluding agricultural holdings) in 2022 is 21%, and the level of profitability of all activities is 14.1% (Agriculture of Ukraine, 2022). According to the authors' calculations, agricultural enterprises received an average net profit of about 298.1 thousand UAH per 100 hectares of agricultural land. A significant trend in the current state of agricultural development in the country is the preservation of profitability trends. Despite the serious consequences of the protracted military conflict, the efficiency indicators of agricultural enterprises have lost no more than 10-13% of their pre-war values. Domestic agriculture has such a margin of safety with a relatively low level of aggregate social responsibility of agricultural enterprises and the dominance of financial interests of their owners in management processes. The authors are inclined to their hypothesis that the potential for efficiency and sustainability of

Ukrainian agriculture and rural areas has significant opportunities to increase with active transformations of the agricultural management system towards the perception and implementation in practice of the principles of socially responsible business and the values of sustainable development of the agricultural sector. Achieving this should begin with a deep perception of these strategic values by each participant in the agro-production process and, most importantly, an understanding of the long-term benefits to agribusiness owners in Ukraine.

4. Conclusions

Agriculture is the main sector of Ukraine's economy, which in the second year of the military conflict demonstrates a relatively high level of stability and dynamic development. In today's environment, agriculture in developed countries is moving towards a transformational model of sustainable development, one of the tools of which is the social responsibility of agricultural business. Social responsibility of business is already a requirement of time, consumers and society. Implementation of its principles in the practical activities of agricultural companies requires a change in management priorities, perception of key results, and a change in the philosophy of agricultural companies towards a higher degree of inclusiveness. In Ukraine, these processes are relatively slow and are constrained by the low level of corporate governance and insufficient financial potential of most medium and small agricultural companies. The exception is large agricultural holdings, where the company's philosophy is strategically focused on finding a balance between the interests of business, society and the environment, which is seen as an essential criterion for inclusive corporate agricultural management. This philosophy has resulted in the implementation of a wide range of

social responsibility programmes for agricultural businesses, which are supported by large-scale financial support and are reflected in the voluntary non-financial reporting of agricultural holdings. In contrast, small- and medium-sized agricultural enterprises in Ukraine have significant problems with adopting the principles and priorities of social responsibility and implementing them in practice. Studies have shown that in the area of responsibility of Ukrainian agribusinesses, there are significant problems in the use and preservation of natural resources in rural areas, in particular, land. The loss of farm animal biodiversity is occurring at an extremely alarming rate. The decline in their productive stock, especially cattle, strategically limits the potential for reproducing the natural fertility of Ukraine's soils, which are already the most ploughed up in Europe. There are also significant problems in the use of agricultural labour and significant inclusion gaps in rural areas. The results of the study showed that, in general, the level of social responsibility of Ukrainian agricultural business remains low (with the exception of large agricultural holdings).

With a view to finding tools for enhancing social responsibility of agrarian business in Ukraine, the authors of the article propose a system of principles and criteria of socially responsible business for implementation in the sphere of inclusive corporate governance of Ukrainian agrarian companies. The authors are inclined to the scientific hypothesis that social responsibility of business is an effective tool for the practical implementation of the strategy of sustainable development of agriculture and rural areas. Understanding and acceptance of the values of socially responsible agribusiness by the owners of agricultural companies and all participants in the social agricultural process can form the preconditions for finding financial sources to achieve the goals of sustainable development of the agricultural sector.

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Received on: 05th of October, 2023

Accepted on: 21th of November, 2023

Published on: 28th of December, 2023