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AUDIT: METHOD OF ASSESSING THE EFFECTIVENESS OF SOCIAL RESPONSIBILITY OF AGRARIAN ENTERPRISES

Abstract: Recently, the role of social responsibility on a global scale has been constantly increasing. This has significant influence on socio-economic development and dynamics. A new paradigm of productive functioning of society is formed, based not on maximizing profits, but on responsible behaviour to the main stakeholder groups. The agrarian sector of the country's economy is characterized by sufficient resource and economic potential to allow for the sector's development, but the irrationality of nature, resource and energy intensity of technologies, low economic efficiency, and high financial costs make it impossible to develop effectively. That is why social responsibility is one of the most effective directions of development as it foresees a fundamentally new combination of factors in the functioning of the agricultural sector. The purpose of our research is the substantiation of methodological approaches to the audit of the state of social responsibility of agrarian business and development of directions in modern conditions of management. The domestic practice of agricultural business does not have clear approaches to understanding, implementation of socially responsible behaviour of agricultural enterprises, or an idea of what are the ethical principles of modern business and the economic benefits of socially responsible behaviour. Accordingly, it is problematic to assess the state of social responsibility of businesses in the agricultural sector. That is why the task of the paper is to substantiate the methodological approach to the assessment of the current state of social responsibility of the agricultural sector and to determine its development prospects for agricultural enterprises. The realization of the purpose and objectives of the scientific paper is carried out by the following methods: systematic approach – in the formation of theoretical and methodological foundations of the formation and implementation of the principles of social responsibility of the agricultural sector, generalization – in substantiation of methodological approaches to assessing the state and development of social responsibility; economic and statistical techniques – a reflection of the main parameters of economic growth and the impact of social responsibility of agricultural business on the social and environmental indicators of rural development.

Keywords: social responsibility, corporate social responsibility, non-financial reporting, social audit, agrarian sector, audit methodology.

1. Introduction

Today, there is an objective need to pay attention to socio-economic development trends. We are faced with the problem of balance and the process of development of its components which can only be secured by the formation of a social responsibility system. This is of great importance for the agricultural sector, the particularities of which functioning are a specific combination and use of socio-natural factors.

Agrarian sector entities, under pressure from the growing demands of society on the processes and results of doing business, are aware of the need for social responsibility.

Questions of development of theoretical and methodological foundations of development of social responsibility, formation of principles of its implementation in the practice of doing business, and of substantiation of the methodology of assessing the effectiveness of social responsibility at the micro level in modern economic conditions are covered in the works of foreign and domestic scientists-economists: V. Yarovaya, I. Carroll, G. Bowen, R. Freeman, I. Hryshova, L. Matviychuk, O. Lazarenko, etc. (Yarovaya 2013, Freeman et al. 2006, Hryshova and Nepochatenko 2013, Matviychuk 2016, Lazarenko et al. 2008).

However, in the context of economic uncertainty, promotion of agricultural business entities in international markets and imbalanced development of economic and social spheres, the methodological tools for assessing the effectiveness of social responsibility of agrarian business have been researched fragmentarily while the question of socially oriented production development requires scientific generalization, systematization and definition of perspective directions.

Practical importance of the results of the study are determined by the possibility of a comprehensive assessment of the current level of social responsibility of agricultural business, of substantiation of reasons and consequences of realization of social mission of agricultural enterprises, as well as of directions and motivational mechanisms of its development.

2. Social audit in the development of the corporate social responsibility system of agrarian enterprises

The issue of corporate social responsibility has become increasingly relevant in recent years. Economically developed countries are paying more attention when conducting business not only to its profitability, but also to the price and consequences of profit. This leads to the fact that the composition of the mechanism of functioning of economic entities is complemented by a social and environmental element.

Significant economic, social and environmental turmoil has led in recent decades to rethinking the established business practices and principles of social service organization. That is why the concept of Corporate Social Responsibility (CSR) has emerged in the last century, which defines a new approach to corporate governance and every day attracts an increasing number of companies around the world. At the same time, large industrial enterprises have a high level of energy and material resources, which means accumulating significant material and human and other resources. They have also a high potential for impact on social well-being and on socio-economic stability and sustainable development, which creates an urgent need not only in social but also ethical and environmental responsibility.

Social responsibility issues have been actively pursued since the beginning of the 19th century: the movement to protect workers' rights and the use of the first social programs by the British industrialist R. Owen; the organization of houses of mercy by the priest John Kronstadt; participation of domestic entrepreneurs in the establishment of social services in the country. Practices of this kind have become a subject of intense research interest since the mid-20th century. The theoretical conceptualization of this issue dates back to 1953 thanks to an article by G. Bowen "Businessman's Social Responsibility", in which the author says that corporate social responsibility is the implementation of such policy and making decisions that would be desirable to achieve the goals and realize values of society (Matviychuk 2016).

In the 1960s, British economist George Goider insisted that social audit could become "an effective management tool and at the same time allow stakeholders (individuals or groups of people who influence a company's business) to influence company policy". It was during these years that public dissatisfaction with the negative effects of production growth, such as increasing environmental pollution, all kinds of discrimination, decreasing of the safety of product and deterioration in the quality of goods, began to worsen.

As a result of these circumstances, the government and public opinion have shifted much of the responsibility for social injustice and economic inequality to business. As social technologies are introduced into corporate governance, new, flexible forms of indirect legislative regulation of these processes emerge, such as social reporting standards.

Social audit is a specific form of "analysis, audit of the conditions of the social environment of the organization in order to identify the factors of social risks and make proposals to reduce their impact". When conducting a social audit one should proceed from the fact that ideally the company should provide:

- consumers – with a high quality of goods and services and with respect for their human dignity;
- employees – with decent pay and working conditions, healthcare and efficiency, care for problems and needs, equal rights and opportunities for work regardless of gender, age, race;

- owners and investors – with the attitude of trust, guarantee of optimum return on invested capital, free access to information, limited only by the framework of law and conditions of competition;
- suppliers – with fair and honest relationship with them, development of long-term and stable relationships, exchange of information and involvement in the planning process;
- the local population – with observance of universal norms of behavior, maintenance of peace and security, observance of human rights, sponsorship actions, participation in public life;
- competitors – with mutual attention, development of open markets for goods and capital, refusal to use dubious means of achieving competitive advantages, respect for property rights, including intellectual property;
- environment – with fulfillment of all sanitary norms, carrying out of measures geared towards the protection of nature.

The methodological basis of social audit is the general theory of technologicalisation as a universal process characteristic of social development. There are temporal bases of division of social process into stages, periods, operations. The process of social audit is divided into stages (fig. 1).

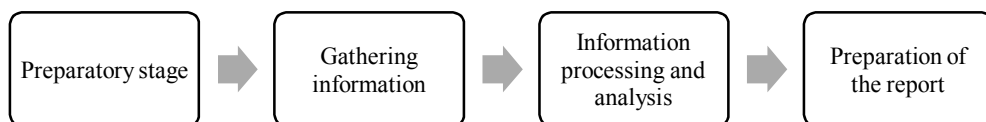


Fig. 1. Stages of social audit

Source: the authors' own development.

1. The preparatory stage includes:
 - conclusion of the contract between the audit firm and the client;
 - recruitment of auditing company staff (creation of audit team);
 - determining the level of audit (unit, department, company)
2. Gathering information. There are several methods of assessing the social responsibility of organizations. In the practice of management, the following quantitative indicators of measuring the social effect of corporations proposed by a number of American scientists in the early 80's of the 20th century are known:
 - use of “social indicators” that determine quality of life indexes based on quantitative parameters: living conditions, healthcare, transportation, etc. and other assessments of the impact on the quality of life of corporations' social activities;
 - drawing up a “social report” in the usual balance sheet that takes into account the social benefits and costs of the activities of the companies

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- concerning employees, customers, suppliers, local authorities as a whole, environmental improvements and local taxes related to local benefits, etc.
- a method of managing a social program aimed at developing a system, including estimating the costs of social programs and the effectiveness of their implementation, which allows to “reasonably” make a budget and increase “social income” for capital investment
3. Information processing and analysis. Information processing can be done by the method of calculating the social index. Scores are calculated for each question group. The organization thus determines its rating, as well as the relationship between goals and efforts of the organization in the social sphere (“what the organization wants” and “what the organization does” on the one hand, and “what the organization receives” on the other)
 4. Preparation of the report. The evaluation of the social activity of the enterprise is completed by the preparation of a report, which analyzes the principles of social orientation, determines the responsibility of each of the groups of staff and proposes incentive measures. The report may look at ways to improve staff management, including the introduction of new technologies, suggestions for modifying existing procedures, improving and clarifying documentation

Domestic experience in social accounting and social reporting is virtually nonexistent. In the practice of Ukrainian enterprises and financial and credit institutions, social reports are still unusual (the first social report was compiled by the Credit Union First Credit Society in 2006), but globalization and integration processes require increasing implementation of social reporting. Publication of social reporting stimulates the economy to improve the conduct of its business and to increase social indicators in the enterprise.

According to the expert study of the NAS of Ukraine and the Institute of Sociology, 71% of Ukrainian enterprises report among the possible positive consequences of social activity of companies an increase in stability in society, while among the internal effects they report that the majority noted only moral satisfaction (23%) (Konik et al. 2002). And since functioning of one’s own business from the inside, given the Ukrainian mentality, is a priority task, these statistics confirm the low level of practical implementation of ideas of corporate social responsibility. The practice has led to the need to develop more rigorous standards for the evaluation and comparison of enterprises in terms of social responsibility, which requires the development of an appropriate scientific basis.

The following companies are making public social reports in Ukraine: METINVEST Group of Companies (METINVEST), Obolon PJSC (Obolon), Nestle Ukraine LLC (Nestle), Coca-Cola (Coca-Cola 2011), Kyivstar (Kyivstar), SAN In-Bev Ukraine (Global Citizenship Report Ukraine), Vidi Groups (Vidi), Life (Life), etc.

Among the Ukrainian agroholdings that submit social reports are the following:

1. Agrofussion is an enterprise located in the regions of Mykolaiv and Kherson. The main vector of social responsibility is rationalization of energy use, minimization of consumption of water resources, ensuring high quality of production at the proper level of environmental policy
2. JV Nibulon LLC has land resources in about 12 regions of Ukraine, the social component of the enterprise provides decent working conditions for staff, special attention is paid to the provision of proper basic education and to development of infrastructure of the Ukrainian villages
3. PJSC Mironovsky Bakery is located in more than 9 regions of our country. Social activity consists in ensuring safe working conditions in the enterprise, maintaining decent pay, ensuring maximum environmental protection and minimizing anthropogenic impact
4. Kernel Trade LLC (Kernel) – covers over 12 regions of Ukraine. The company pays considerable attention to the professional skills of the staff and to the environment and is responsible for product quality

We investigated the activity of almost 40 agricultural enterprises of the region of Mykolaiv. Our investigation showed that social activity is conducted at the proper level in the following enterprises: STO “Beam” of the district of Novoesselsky, LLC “Novosillya” of the district of Kazankivsky, LLC “Golden Colossus” of the district of Vitovsky, STOV them. T.G. Shevchenko of the district of Bereznegovatsky, JSC “Vradiyevsky” of the district of Vradiyevsky, JV “Southern colossus” of the district of Novoadsky – at these enterprises the social reporting is not formed separately, however there are separate directions of formation of “Labor report”, etc.

There is an objective need to develop more rigorous standards for evaluating and comparing businesses in terms of social responsibility.

Based on accurate quantitative methods, social audit as a method of controlling the social responsibility of an enterprise, provided that it is conducted regularly, gives an opportunity to present the dynamics of socio-economic processes that occur in a particular enterprise, which inevitably leads to a change in the awareness of each participant in this process of their role as an equal partner. Publication of the results of the social audit of the activity of the enterprise makes its actions more open to the public. Thus, as tool of control, social audit contributes to building new, dialogical relationships in society.

The Global Compact of the United Nations was signed in 1999 to unite the efforts of entrepreneurs with the activities of trade unions, NGOs and government bodies. It is a volunteer initiative which aims to bring together socially responsible companies to share experience in implementing relevant projects and programs.

Today, the agreement brings together several thousands companies from more than 100 countries, creating one of the largest voluntary CSR initiatives in the world. It should be noted that Ukrainian business structures have become quite eager to sign

this agreement – 93 companies have joined the initiative. However, only one in three executives in Ukraine is aware of the CSR concept and no unified standards and rules for Ukrainian business have yet been created.

For many years, well-known companies in the world believed that only those who use ethical approaches to the community as a whole and to their employees in particular can be reliable partners. Therefore, international expert organizations, business associations and audit firms are currently actively developing standards in compiling and verifying companies' social reporting. These reports should supplement the financial information and provide a clear picture of the sustainability and long-term prospects of business development.

There are four main approaches to the concept of corporate social responsibility in the scientific literature (KPMG 2013):

1. Economic approach, according to which the enterprise is a tool for creation of wealth and all its social activities are aimed at achieving economic results. The most prominent supporter of this approach is the American economist M. Friedman, who believes that “there is one and only one social responsibility of the business world – to use their resources and engage in activities aimed at increasing profits subject to the rules of the game, i.e. to engage in open and free competition without fraud” (Freeman et al. 2006). That is, in this way, the enterprise performs its economic function, producing goods and services necessary for society, while creating jobs and maximizing profit for shareholders
2. Political approach, based on the fact that businesses are able to influence society in some way, which is why they must use that ability responsibly. At the same time, social power means the ability to influence the results of important social processes in order to solve social problems, regardless of political institutions. The most famous is the concept of “corporate citizenship” which originated in the early 21st century. According to this concept, the role of the enterprise can be considered in a narrow and broad sense. In a narrow sense, the role of the enterprise is reduced to philanthropy, social investment and certain generally recognized responsibilities to the local community. In a broad sense, an enterprise should be responsible for those areas where the state is incapable of protecting its citizens
3. Social approach, according to which the enterprise should focus its activities on defining the social demands of society and responding to them, thereby contributing to the strengthening of their positions. In the 1970s, the concept of corporate social responsibility changed slightly from a “good for society” attitude to a definition of “what society requires from business”. In view of this, the activities of any enterprise in the field of CSR should be determined by the expectations that society places on it. However, some authors distinguish between the requirements for reducing the negative impact and the requirement for enhancing the positive impact of the company on society. The emergence of the stake-

holder theory in the 1980s led to the emergence of a new line of research, according to which the social role of business should be determined by the requirements of stakeholders, thus replacing the concept of society with the concept of “stakeholders” (Garriga and Melé 2004)

4. Ethical approach the main feature of which is that the idea is based on the moral and ethical obligation of business and individual managers to society

Other approaches include the triple bottom line of the American economist J. Elkington (2000) and a normative approach from the perspective of the stakeholders of his colleague E. Freeman. According to J. Elkington’s approach, each enterprise bears economic, environmental and social responsibility to society, thereby ensuring its viability. J. Elkington’s ideas were further developed and reflected in the theories of “universal rights” and “sustainable development”. Yes, the theory of “universal rights” is based on the recognition of human rights, labor rights and respect for the environment as necessary conditions for the work of enterprises. At the heart of the theory of “sustainable development” is the idea that the enterprise in its activity is responsible not only to the contemporary, but also to future generations. That is why it must control both economic, social and environmental performance. Instead, E. Freeman’s normative approach made it possible to describe the relationships between enterprises and groups of people interested in their activities. According to this theory, the enterprise bears moral responsibility not to the society as a whole, but only to the stakeholders, that is to: shareholders, employees of the enterprise, suppliers, consumers and territorial communities in which it operates (Garriga and Melé 2004).

Charity companies are more likely to develop a CSR strategy that covers business processes within the company. Over time, charity programs evolve into CSR programs.

Corporate social responsibility is multilevel in nature (Blowfield 2014), as shows fig. 2.

Social capital is a complex category that is often referred to in the context of CSR and on which the pace of economic growth, industry competitiveness and the effective functioning of other components of social capital depend. In a narrow sense, social capital is determined by investments in the development of state and public institutions, connections, norms that promote the growth of welfare, stimulate the development of production, and reduce poverty and social injustice. Social capital is characterized by the presence in individuals and in legal entities of stable public relations, useful for increasing their income, which creates advantages of their location in the hierarchical structure of society and organizations, as well as in interpersonal relations. The principles of corporate social responsibility are presented in fig. 3.

With the spread of principles of corporate social responsibility in the world, there is a shift in emphasis on aspects such as employment relations and good business practices. The elements of corporate social responsibility respond to the expectations of society at some point in time and are accordingly subject to change. In addition,

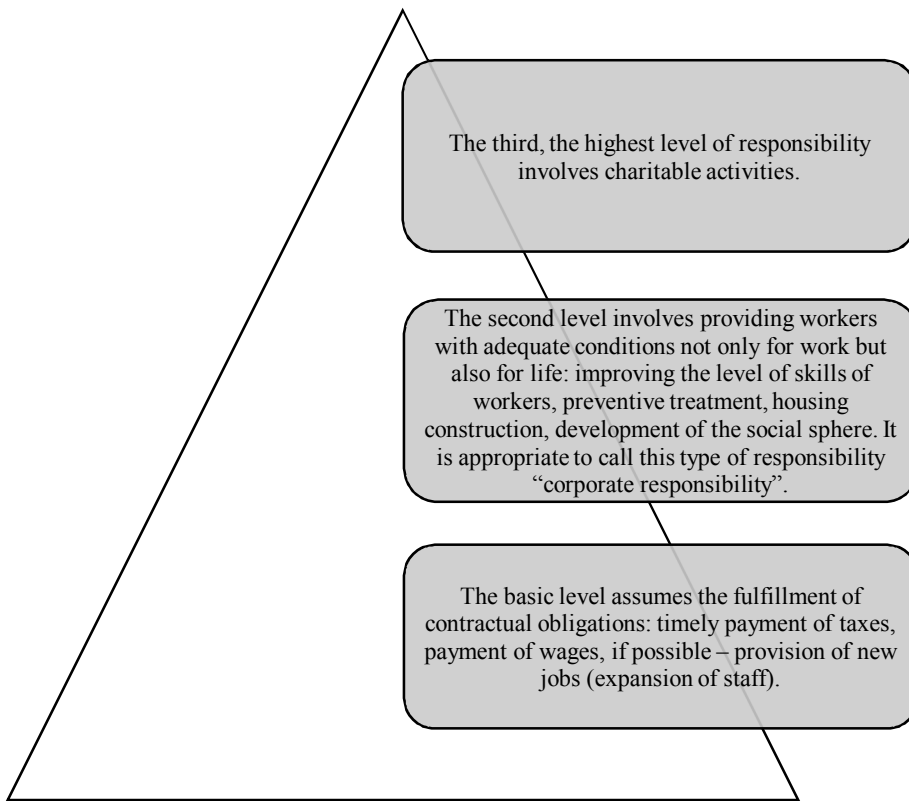


Fig. 2. Levels of corporate social responsibility

Source: the authors’ own development based on (Zadek et al. 2003).

corporate social responsibility interpretations have changed over the years with various researchers and companies offering their own definitions, but after the release of the 2010 ISO 26000: 2010 International Standard on Social Responsibility, a discussion on the core concepts, principles and elements of social responsibility business has lost its relevance. According to this standard, corporate social responsibility is the responsibility of an organization for the impact of its decisions and activities on society and environment through transparent and ethical behaviour that promotes sustainable development, including the health and well-being of society; it takes into account expectations of stakeholders; it complies with the laws and with international standards of behaviour; it is introduced throughout the organization (Horeva and Shkoda 2015).

The application of corporate social responsibility also provides companies with specific benefits, in particular, improvement of risk management; improvement of

reputation management; increase in sales and market share; motivation of employees; optimization of operating processes and reduction of costs; investor loyalty; improvement of financial performance; establishment of relations with the public sector and with society, etc.

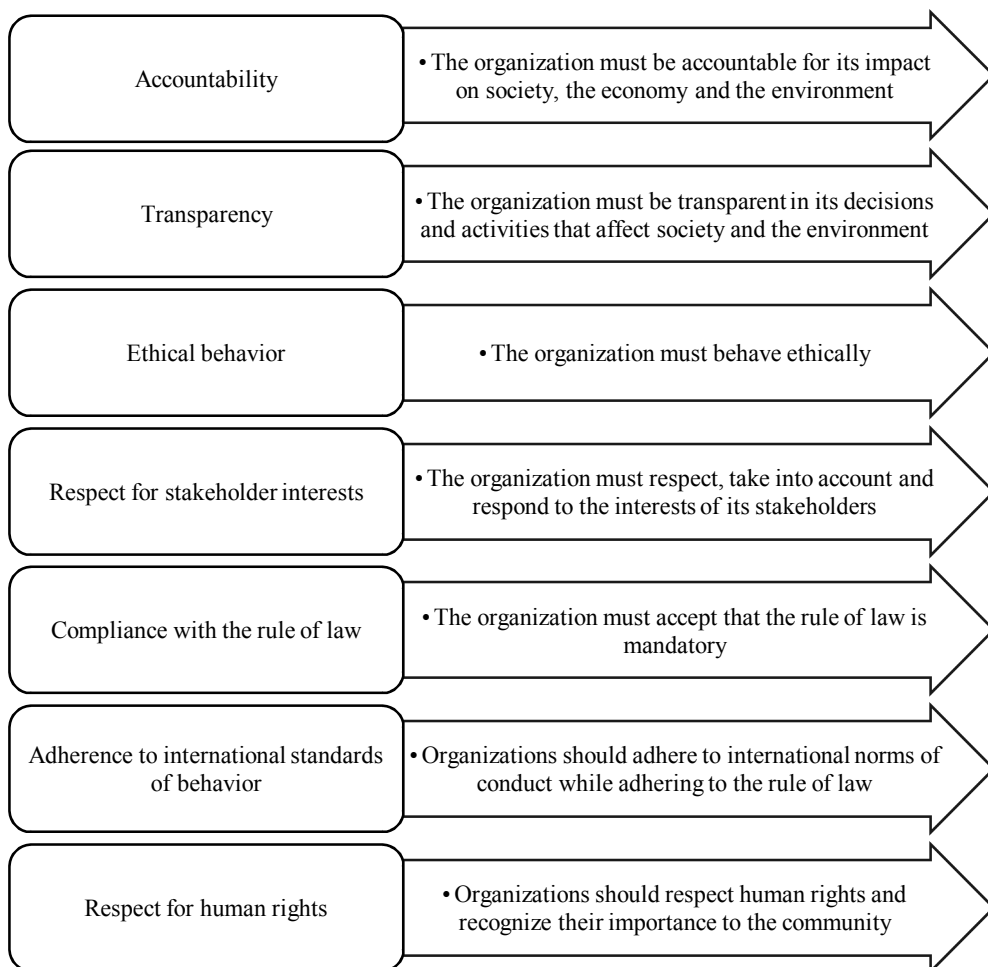


Fig. 3. Principles of corporate social responsibility

Source: the authors' own development based on (Horeva and Shkoda 2015).

The evolution of views on CSR is shaping new approaches to its contemporary concept in the age of globalization.

3. Characteristic features of social audit abroad

It is well known that the idea of corporate social responsibility gained popularity in the countries of Western Europe and the USA in the 1950s and over the years evolved and spread as corporations became larger and more powerful. It can be argued that many organizations have been motivated to implement social responsibility programs due to greater public awareness of environmental and ethical issues and to the increasing pressure from organized groups of activists – environmentalists, feminists, consumer advocates, etc. (United Nations).

The positive effects of business transition in developed countries on socially responsible behaviour are so illustrative that they have led to a global interpretation of corporate social responsibility as an optimal and effective tool for addressing a wide range of issues on the path to sustainable human development.

It can be argued that the first practical steps in social auditing were made by the United States. Social audit began there with the fact that in the 1940s there were regular social ratings. The focus was on assessing the relationship of private business with staff, trade unions, the local community and the local government. Charitable activity of business connected to social interests of local population also became important.

The economic growth characteristic of the US economy in the 1960s and 1970s had serious negative consequences for society: consumers were dissatisfied with the deterioration of the quality of a number of goods and services, some employees protested against the deterioration of working conditions and discrimination in the area of pay. The population of many states has expressed increasing concern about pollution.

Important changes have taken place within the business community. Big mediatic scandals related to the unethical behaviour of the executives of large corporations have given rise to distrust them, which has threatened a significant reduction in clientele. Even before investing in other companies or acquiring them, entrepreneurs themselves became interested not only in the results of financial activities but also in the social climate in these companies: staff management, level of professional qualification of employees, relations with trade unions, etc.

Thus, the birth of social audit has been linked to several important circumstances. On the one hand, it was the result of the pressure of society on business to regulate the socially significant aspects of the corporation's activity, on the other – the awareness of private business that the positive social image of the enterprise significantly increases its competitive ability.

The attitude of US law to, for example, “socially responsible behaviour” of private banks is very telling. In 1977 the congress passed a Law on reinvestment in the local community. In essence, they referred to voluntary investments in social infrastructure in the territories in which banks operate. The law did not provide for any

punitive sanctions against banks that refused to engage in charitable activities. However, each year the banks had to report on its activities. Based on these reports, rating lists of banks' activity in the field of social investments were published by major business publications. This practice had a great impact on US depositors: they preferred to place their savings in banks that were in the top of rankings.

In France, too, the legal foundations of social audit have become embedded under the influence of an exacerbated social climate in the enterprise. Following the well-known events of May 1968, the problem of reorganization of companies was actively discussed in France in the 1970s and in 1977 a law obliging companies to submit an annual social report was passed.

In Germany, at the same time and for the same reason, a similar Sozialbericht appeared, although they were provided on a voluntary basis. In the United States, the Council on Economic Conclusions (CEP) has begun to rank companies publicly in their social policy and environmental actions. As a result, in 1972-1977 many US corporations issued social reports.

An interesting initiative was proposed by experts of the English Account Ability Institute (Institute of non-financial and ethical reporting). They had an idea of a public audit when it comes to forming something like a supervisory board, consisting of representatives of various stakeholders who are called upon to observe the reporting process and to certify with their authority that all the information presented in the report is reliable. Time will tell how productive the Account Ability approach is. The search for a reliable and affordable verification mechanism is ongoing.

Attempts to regulate non-financial reporting have been made in different countries, but only in some of them have they achieved some legislative design. In one form or another, no financial information is requested at the legislative level in Denmark (since the 1995 Green Act), Sweden, Norway, the Netherlands, France (since 2002), the United Kingdom and South Africa (the King Report on Corporate Governance). On the part of some European countries, the introduction of regulatory requirements was a response to the European Commission that in 2001 adopted the Green Paper on Corporate Social Responsibility.

It should be noted that in any country, regulation is not of a forceful nature and does not aim at total state control over what the private sector does. As a rule, the laws do not contain stringent reporting requirements (companies can publish the information they need in their annual reports, which in most cases they do on websites or choose a different way of submitting them). Note that these requirements mainly apply only to companies of certain types (those whose shares are freely traded on the stock exchanges and those which are one of the largest employers).

In fact, there are two camps of international organizations that determine the main trends in the development of socially responsible business: the UN and similar organizations of the world and continental level, as well as business structures and public organizations at the local level. The legal basis for CSR is largely the volun-

tary rules of so-called soft law which implement the strategies, declarations and recommendations of the institutions and institutions of both camps. In addition, in some European countries, the requirements for certain aspects of business socialization are legally enshrined.

Taking into account the specifics and features of corporate social responsibility in individual countries, its models are distinguished by geographical approach: American, European and Asian. Of these, the first two are diametrically opposite: if the American model is closely intertwined with philanthropy and the preference is given to the implementation of social programs through specialized companies, then within the European model of corporate social responsibility such programs are an integral part of the company's strategy and act as a factor that determines the company's approach to the choice of partners, projects, and investment objects. The Asian model occupies an intermediate place and has both common and distinct features with the other two (table 1) (Yarova 2013).

Table 1. Comparative characteristics of CSR models

Comparison in regards to	American model	European (German) model	Asian (Japanese) model
Specificity of CSR	Approached to philanthropy	It is part of the business strategy	It is formed under the influence of cultural traditions
Scope	Social programs are funded through non-profit organizations or directly	Limited by values and business strategy	“Production family” – all employees of the company
Legal regulation	Application of the principles of case law	Codification of legislation	There is no legislative regulation. Internal corporate directives apply
Target	A flawless reputation	It is a good will to do more than set	Realization of tasks and goals within the institute of “life long hiring”
The role of government regulation of CSR	Missing. Business independently determines the need and degree of influence on solving social problems	Essentially, the requirements for business socialization are fixed at the legislative level	Active in influencing strategic business planning
Kind of responsibility	Individual	Collective solidarity	Collective
Stakeholder Relations	Ethical relationships are the key to satisfying the best interests of the owners	Equal treatment of all stakeholders	Equal treatment of all, but special attention to “productive family”

Source: the authors' own development based on (Life).

The application of the models is determined by the level of development of the country and the legislation. Moreover, at different historical stages each country underwent a period of social responsibility of the State, which created appropriate conditions for the implementation of CSR. But it should be noted that the effective functioning of the corporate social responsibility system is impossible without adequate interaction between business and the State. The role of the State in regulating the implementation of corporate social responsibility varies greatly. In any case, however, the interaction between the State and business in this field is based on formalized and legally mandated mechanisms.

The European model of corporate social responsibility is first and foremost related to the achievement of the companies' main business goals and the desire to increase their investment attractiveness. The main feature of this model is the formation of the responsibility of the owners of capital to employees, which is due to the formation and strengthening of legal requirements and incentives in the field of socialization of business in these countries. An example of state regulation of business socialization in Europe is the introduction of mandatory public information on investing pension contributions into the activities of socially responsible companies. The effectiveness of a company's social activity becomes one of the important criteria for its functioning as a whole. Today, the socially responsible investment (SRI) sector is worth 15 billion USD and continues to grow dynamically. Effective institutional support in these countries is key to the rapid spread of socially responsible business practices in Europe. It is thanks to the joint efforts of public authorities, public and academic circles, as well as businesses in EU countries, that social responsibility has been assimilated into business practice. Table 2 lists in detail the institutions that contribute to the development of corporate social responsibility in some EU countries as well as businesses in those EU countries that have been able to assimilate social responsibility into business practices.

The ongoing evolution of the institutional environment of CSR development is driven by a strong legal foundation. Legal norms in force in all EU countries include: International Labor Organization (ILO) standards (labor standards, Declaration of Principles for Transnational Companies and Social Policy, Declaration of Fundamental Principles and Rights at Work); The OECD Guidelines for Multinationals; European Commission Green Paper ("Promoting a European Approach to Corporate Social Responsibility"); The Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Issues; Council Directive 2003/4/EC on access to environmental information; Universal Declaration of Human Rights; European Convention on Human Rights; international pacts on civil, political, economic, social and cultural rights; The Kyoto Protocol; Council Regulations 1836/93/EC and 761/2001/EC on eco-audit – a systematic, documented and regular assessment of the environmental process; Voluntary principles and standards of responsible business conduct (Hryshova and Nepochatenko 2013).

Table 2. Institutional support for CSR in the EU member states

Government agencies	Research centers	Business circles
Austria		
<p>Ministry of Social Security, Generation and Consumer Protection initiated competitions and rewards for businesses that promote equal opportunities and family friendly policies.</p> <p>Ministry of Agriculture, Forestry, Environment and Water within the Austrian Sustainable Development Initiative coordinates a number of CSR activities.</p> <p>The federal government adopted the Sustainable Development Strategy in 2002.</p>	<p>Austrian Environmental and Technology Community in 2001 founded the payment form for Socially Responsible Investments, the Austrian CSR Initiative, established in 2002.</p> <p>Institute for Policy Development Cooperation publishes a magazine on CSR since December 2003. The Austrian Industry Federation, the Ministry of Economic Affairs and Labor, as well as the Chamber of Commerce conduct events, seminars, analytical studies to raise awareness of CSR and formulate Austrian CSR Recommendations.</p>	<p>Austrian Business Council for Sustainable Development, Ministry of Social Security and Protection of Generations and Consumers, Institute for Integrative Tourism and Development, and the Asian Tour Operator have participated in the development of a Code of Conduct for the Protection of Children against Sexual Abuse.</p>
France		
<p>National Council for Sustainable Development (2003) is made up of 90 members of different community groups and is in the process of forming a strategy. The Sustainable Development Team is monitoring the implementation of this strategy. The post of Minister for Sustainable Development was introduced.</p>	<p>The Payroll Committee is set up by trade unions (2002) controls the management and investment of social funds.</p>	<p>IMS-Entreprendre pour la Cité (1986) – a non-profit organization founded at the initiative of French business leaders, implements CSR through a network of more than 130 member companies.</p>
Great Britain		
<p>Since 2000 the Minister for Social Responsibility has taken action. The Government is raising awareness of CSR, harmonizing internal and international frameworks for social, environmental reporting and labeling.</p>	<p>The SIGMA project – an association whose purpose is to develop a governance sustainability structure that incorporates management principles, systems and tools. Funded by the Department of Trade and Industry.</p>	<p>Small business consortium is concerned with raising the level of awareness of competitive opportunities of small and medium-sized businesses by improving their social, economic and social influence by management.</p>

Source: the authors' own development.

The Asian (Japanese) CSR model was formed under the influence of cultural traditions and the country's continued active involvement in strategic business planning.

Due to evolutionary development, social responsibility has entered into all spheres of entrepreneurship and has become a norm of business conduct. Thus, in addition to organizational development and the multiplication of profits, this model implies an awareness of the enterprise of its responsibility to society and the environment and the desire for the progress of humanity as a whole.

A feature of the Asian CSR model is the attentive attitude of the workforce which is not limited to productive relationships but is associated with the assistance of the enterprise to solve the problems of employees throughout their life (financial assistance at birth, treatment, training, etc.). The members of the “production family”, while working at the enterprise, are in the so-called “lifetime employment”, which guarantees the employee social protection financial support, career growth and generous pension payments in the case of diligent work. None of the norms of business conduct regarding public initiatives are provided for by law, but they are a social imperative and unconditional for most large companies.

Practical government regulation in the field of CSR in Japan includes: decisions to impose a carbon charge for fuel and the use of proceeds to undertake measures against global warming; Japan’s active involvement in promoting socially responsible business at the UN.

Public and Business Associations of Japan are the initiators of the formation, continuous improvement and strengthening of existing corporate requirements and norms on corporate social responsibility. In particular, these rules are enshrined in the Keidanren Charter for Good Corporate Behavior, as well as in the 15th White Paper on Market Evolution and CSR Management, published by the Keizai Doyukai Corporate Governance Association in 2003 (Freeman et al. 2006). Reporting and control by research centers on the use of state and corporate pension funds, as well as the environmental impact of business operations, have been introduced.

Successful enterprises form specialized departments for the implementation of social initiatives of the enterprise which control the issues related to CSR and work closely with the departments of investment, finance and environment. It is worth noting that as a rule, information about the social events held by the company is actively promoted in the media, reflected in their reports, cited as a positive argument in the process of establishing cooperation with new partners, and used to shape their business image.

The American model of CSR has evolved over the last century and has acquired its characteristic features and mechanisms for implementing social business initiatives. The peculiarity of this CSR model is the voluntary nature of the enterprise’s involvement in solving society’s problems. Corporate assistance, as a rule, takes the form of charity, philanthropy, sponsorship and is implemented through special charitable foundations in which the enterprise-benefactor is involved. Participation in corporate social projects is not related to their strategy and is often driven by the philanthropic traits of their owners (Lazarenko et al. 2008).

The arguments in favor of the US CSR model are: its simplicity or absence of the need to involve specialists in the implementation of social projects within the enterprise; the visibility of the results of charity and their positive impact on the image of the enterprise; a great support of other CSR models among the population and public organizations that perceive social business initiatives as caring for a particular individual, community, village or region.

With regard to economic efficiency, it is worth mentioning that the US CSR model is costly. Since the implementation of social programs is useless and does not imply the achievement of business goals, its main purpose is to gain public confidence and sympathy. Implementing environmental projects, whose level of funding is commonly interpreted as the degree of harmony in the functioning of the benefactor in the environment, is a widespread practice in this model of social behaviour.

4. Audit methodology and prospects of evaluation of social liability efficiency of agrarian enterprises

Drawing on international experience in the development of social responsibility, it is possible to define a cumulative list of indicators that can be applied to the audit of individual components of social responsibility of agrarian business (hereinafter – SVAB) and provides the following:

- scientific substantiation of activities in the field of SVAB, which allows to ensure the objectivity of the choice of directions and to minimize the influence of factors that are subjective;
- complexity and wide coverage of components in the analysis of the activity of enterprises in the field of social responsibility;
- determination of guidelines for improvement of activity in this field through the formation of normative (threshold) values of indicators.

In general, audit of corporate social responsibility and the effectiveness of social investment in the world is based on several approaches: the results of non-financial reporting and using index, rating, qualitative and quantitative methods. The social accounting cycle, like general accounting, is an algorithm for obtaining non-financial statements based on primary data which consists of several sequential steps.

Its periodicity is usually one year, which, at the choice of the company, can either coincide or not with the calendar. The mechanism, implementation of goals and objectives of accounting for social activity using the method of accounting approach are presented in table 3.

Table 3. Development of algorithm of formation of non-financial reporting

The accounting period	Sequence number	The work being done is their goal
During the accounting period	1	Identify the transaction or event to be accounted for in social reporting Purpose: To collect information on operations and events related to social activities (usually in the form of primary documents)
	2	Entering an operation or event that is important in terms of social reporting to the magazine Purpose: To identify, evaluate and record the economic consequences of social activity in chronological order in a form that is convenient for further breakdown of accounts (journal)
	3	Transferring information from magazines to the ledger Objective: Transfer of social activity information into special ledger accounts
At the end of the accounting period	4	Preparation of unadjusted preliminary (trial) balance Objective: To create a working document to verify the equality of debit and credit for transactions related to social initiatives, serving as a starting point for corrective journal entries
	5	Logging and posting corrective journal entries Purpose: To record the accruals of donations received and expenditures in the social sphere at the time of completion of operations; transactions that have been delayed; performance indicators and other economic developments that were not reflected in the original social activity document at one time
	6	Preparation of adjusted trial balance Objective: The reconciliation of the debit and credit balance of the accounts reflects the operations of the social initiative
	7	Preparation of financial statements Purpose: To bring the summary financial information about the social activity of the company to the attention of external users
	8	Logging and posting records that close the accounts Objective: To close temporary accounts and transfer the remaining balance to social initiatives
	9	Preparation of trial balance after closing accounts Purpose: To verify the equality of debits and credits, after making the closing accounts of records
At the beginning of the next accounting period	10	Logging and posting entries will cancel the corrective Objective: To simplify the implementation of a number of subsequent journal entries and to reduce the cost of accounting (this step is at the discretion of the company and is optional)

Source: the authors' own development based on (Karagod 2006).

According to the concept of social responsibility, the basic components of corporate social responsibility are envisaged, namely: organizational management, human rights, labor relations, fair operating activities, environmental protection, consumer protection issues, development of local communities and cooperation with them

(Redkina 2011). Therefore, some scientists propose to carry out an indicator of “degree of social responsibility” on the basis of thermometer components proposed by the concept of social responsibility (Kuznetsova 2009).

The most common types of assessments of the effectiveness of CSR programs in the scientific literature are (Chupis et al. 2011):

- efficiency – the ratio of the obtained result to the goal that characterizes the economic efforts of the company to achieve a specific result;
- cost effectiveness – ratio of results to the cost of resources;
- expediency – the ratio of goals to real social problems, which characterizes the degree of solving real social problems.

Possible indicators of qualitative assessment of social responsibility of agrarian business are presented in table 4.

Table 4. Indicators of qualitative assessment of social responsibility of agrarian business

Group of indicators of social responsibility to employees	Group of environmental indicators	Group of indicators of enterprise behavior in the agrarian market
<ul style="list-style-type: none"> - staff turnover - remuneration and working conditions in comparison with the sectoral ones - gender structure of human capital - evaluation of the enterprise by its own employees 	<ul style="list-style-type: none"> - the impact of the enterprise on nature and costs related to it - use of recyclables - energy intensity of production - penalties for exceeding environmental standards 	<ul style="list-style-type: none"> - unfair advertising - penalties of the Antimonopoly Committee - customer service - payables - level of conformity to standards and certification of products - participation in the strategic development of the region

Source: the authors' own development based on (Kuzhel 2014).

The proposed sets of indicators reflect the degree of relationship of agricultural business with the natural and social environment in the following aspects: economic, labor, social and environmental responsibility. On this basis, the SVAB assessment should be based on a system of performance indicators for individual enterprises. For a more complete and comprehensive assessment of social responsibility, it is necessary to use a combination of qualitative and quantitative parameters which will make a comprehensive diagnosis and assess the effect of SVAB.

The list of indicators of assessment of environmental, social and labor responsibility, the method of their calculation, the normative (threshold) values of indicators of evaluation of individual manifestations of SVAB, as well as the method of their calculations presented in the literature, suggest that they should be determined on the basis of analysis of existing regulations and publications and that they should raise issues of environmental safety assessment of production, enterprise taxation, relationships with various stakeholder groups, staff management and development, and

procedures of conducting financial and economic analysis. The overall list of indicators of assessment of social responsibility is presented in table 5.

Table 5. Overall list of indicators of assessment of social responsibility

Type of responsibility	The scorecard
Economic responsibility	<ul style="list-style-type: none"> - the rate of depreciation of fixed assets - factor of updating of fixed assets - fixed asset disposal ratio - asset turnover ratio - turnover ratio of fixed assets (return on assets) - equity ratio - current ratio - quick liquidity ratio
Environmental responsibility	<ul style="list-style-type: none"> - environmental fee - the coefficient of losses of the enterprise from irrational use of nature - coefficient of adequacy of expenditures for environmental measures - coefficient of efficiency of expenditures for environmental measures - coefficient of ecological capacity of the enterprise's products - coefficients of compliance of the volumes of harmful substances with their maximum permissible concentration
Social responsibility	<ul style="list-style-type: none"> - the tax burden - the rate of increase of tax payments per unit of increase in the financial result - coefficient of quality of products, works - factor of charitable activity of the enterprise - employment rate of persons with disabilities
Responsibility for work	<ul style="list-style-type: none"> - age composition - educational level of employees - coefficient of professionalism of the staff - the rate of occupational injuries - coefficient of financing of measures on labor protection - coefficient of compliance of working conditions with sanitary and hygienic standards - coefficient of financing of measures for improvement of sanitary and hygienic working conditions - social spending ratio per employee

Source: (Kozireva 2013).

We propose to evaluate the level of social responsibility of the enterprise with the help of an integral indicator, which reflects the degree of correspondence of the actual level of socially responsible expenses of the enterprise in comparison with the accepted base.

In the main types of social expenditures we propose to include: wage costs, a single social contribution, costs for the “social” package and staff development, taxes and fees in the budget, current social expenditures, and social investments. The calculations are based on the calculation of the ratio of individual types of social costs to net income from sales of products (table 6). At the same time, the considered

approaches to the assessment of social responsibility envisage the implementation of three stages:

- the first stage is to determine the absolute values of social costs;
- the second one is the calculation of individual coefficients;
- the third one is the calculation of complex coefficients in comparison with the accepted base (average or best enterprise).

Table 6. System of coefficients reflecting the level of social responsibility of enterprises relative to the basic values

The coefficient that characterizes the level of social responsibility for a particular type of social spending (k_{SC})	The algorithm for calculating the coefficient
Wage spend ratio (k_{pj})	$k_{pj} = \frac{\textit{The amount of labor costs}}{\textit{Net sales revenue}}$
Social package and personnel spend ratio (social guarantees) (k_{cg})	$k_{cg} = \frac{\textit{The amount of social security costs}}{\textit{Net sales revenue}}$
The rate of payment of the single social contribution to the pension fund (k_{SSC})	$k_{SSC} = \frac{\textit{The amount of SSCs}}{\textit{Net sales revenue}}$
Tax and charge rate ratio (k_{TL})	$k_{TL} = \frac{\textit{The amount of taxes paid}}{\textit{Net sales revenue}}$
Current social spending ratio (k_{CCR})	$k_{CCR} = \frac{\textit{The amount of current social costs}}{\textit{Net sales revenue}}$
Social investment rate (k_{SI})	$k_{SI} = \frac{\textit{The amount of social investment}}{\textit{Net sales revenue}}$

Source: the authors' own development based on (Ogorodnikov 2012).

When it comes to the development of social responsibility of agrarian business it is also necessary to take into account an important role of the state policy, since the formation of practically all elements of the mechanism of agrarian business' development depends on it. To this end, it is necessary to develop and to implement a comprehensive state program of support and promotion of SVAB, also taking into account the international experience of stimulating business representatives to develop social responsibility. The following elements should be included in this system:

- spreading public opinion on the importance of social responsibility of agricultural business for the social and economic development of the enterprise, the community and the state as a whole;

- formation of positive opinion among representatives of agrarian business regarding active social position in society;
- development of legal documents with a clear interpretation of social responsibility, criteria for its measurement and forms of application;
- standardizing the system of preferences for agricultural enterprises that implement social responsibility policies and implement socially important socio-economic and environmental programs;
- improvement and active application of the tax mechanism, according to which privileges will be determined in the process of implementation of social programs;
- providing in the governing legislation the disclosure of information on non-financial risks of the activity of enterprises, requirements for economic entities in the field of social responsibility;
- development of state mechanisms to stimulate the implementation of a policy of continuous systematic improvement of corporate social responsibility.

Such a system should focus not only on reducing and preventing the negative effects of agricultural business but also on achieving economic, environmental and social effects which can be considered as a basis for enhancing the competitiveness of individual enterprises and providing a strategy for their development.

5. Conclusions

The theoretical paper generalizes the theoretical work and proposes the solution to an important scientific and practical problem of substantiation of theoretical and methodological foundations of carrying out the social responsibility audit of the subjects of the agrarian sector of Ukraine. The results of the study allow us to draw the following conclusions:

1. It has been proved that at the present stage the rates of social transformation are too fast, therefore there is an objective need for the integration of society to meet the challenges of time
2. The study of the issue of corporate social responsibility has made it possible to conclude that it is necessary to concentrate attention on the concepts of “social audit” and “non-financial reporting” for the Ukrainian enterprises. It has been found out that in the context of processes of integration in the economy the enterprise that is planning a successful future raises the issue of focusing efforts on social factors
3. It is substantiated that the socialization of the economy should be carried out on the basis of balancing the economic, environmental and social elements of development of the subjects of the modern agrarian sector. The international and

- domestic experience of forming the standards of social responsibility of the agricultural sector entities is characterized
4. The basic stages of conducting social audit have been formed. The mechanism of realization of goals and tasks of accounting of social activity with the help of algorithm of formation of non-financial reporting is developed
 5. The general list of indicators of social responsibility assessment is summarized. The main types of social expenditures are proposed, and these include: wage costs, a single social contribution, costs for a “social” package and staff development, taxes and fees in the budget, current social expenditures, social investments. A system of coefficients is developed that reflects the level of social responsibility of enterprises relative to the basic values
 6. It is proved that for the development of social responsibility of the agricultural sector of Ukraine it is necessary to develop and to implement a comprehensive state program of support and incentives. It is important to develop legal documents with a clear interpretation of social responsibility, criteria for its measurement, forms of application and methodology of social audit

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