

# CORPORATE SOCIAL RESPONSIBILITY OF AGRIBUSINESS AS A DETERMINANT FOR ENSURING THE DEVELOPMENT OF RURAL AREAS OF UKRAINE

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**Abstract:** The growth of scientific and practical interest in the problems of corporate social responsibility relates to the public demand for value orientations of modern life, which are based on the principles of democracy, objectivity and justice. The basis of multifunctional rural development should be recognized as the social responsibility of all stakeholders interested in improving the quality of rural residents' lives. The purpose of the study is to conceptually reveal and substantiate the activation processes of corporate social responsibility in the rural development of Ukraine in the conditions of European integration. The methodological basis of the study is based on the use of various methods of scientific knowledge, in particular: abstract-logical, structural-functional, induction and deduction, concretization, and graphic methods. During the conducted research, an assessment of the level of corporate social responsibility was carried out based on the parameters of the increase in the volume of

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social expenses and their structure among business entities in the agricultural sector of Ukraine for 2014-2022. Using consolidated reporting (financial and non-financial) of the leading producers of agricultural products in Ukraine, a correlation-regression model was formed. An assessment of the impact on the social costs' quantity of agricultural holdings of factors such as capital profitability, land profitability and the volume of net income per 1 ha of agricultural land was carried out. Based on the modelling results, it was established that the mentioned agricultural producers have the necessary financial resources to strengthen social activity in rural areas, primarily thanks to the rational use of land capital. The main results of the study are aimed at integrating the corporate social responsibility of agribusiness into all areas of life in rural areas, ensuring a combination of moral and ethical, and socio-economic foundations of rural development.

**Keywords:** agricultural sector, corporate social responsibility (CSR), rural development

**JEL:** A13, M14, Q13

**DOI:** <https://doi.org/10.58861/tae.bm.2025.1.04>

## INTRODUCTION

Rural development should be considered as one of the key priorities in solving the problems of global food security, which are increasingly facing the world community. The relevance of this issue for Ukraine is gaining particular importance, considering the potential opportunities of production and export of agricultural products to different countries of the world. Undoubtedly, the military aggression of the Russian Federation causes huge material and non-material losses for the agricultural sector of the national economy. The post-war recovery of Ukraine should be based on the formation of certain multifunctional centres of rural communities, focused on attracting investments, creating a trajectory for social well-being and ensuring the ecological sustainability of the territories. Despite all the complexity and problematic nature of the outlined development goals, there is a need for long-term interaction between business, government and society. Considering the experience of the European Union countries, the specified interaction can be based on the principles of corporate social responsibility.

In the process of forming modern civilizational strategies for humanity, the ideas of social responsibility are gaining more and more importance. In particular, the global Sustainable Development Goals until 2030 (2023) declared by the UN are aimed at: the development of the health care system (Goal 3), the formation of quality education (Goal 4), ensuring decent work and economic growth (Goal 8), rational consumption (Goal 12), and the achievement of peace and justice (Goal 16).

In the countries of the European Union, there is an obvious trend towards the socialization of corporate business. With the adoption of the European Directive 2014/95/EU, large companies submit reports on corporate social responsibility not voluntarily, but in a mandatory form (European Union, 2014). Such legislative transformations at the EU level are due to the need to increase investors' confidence in the competitiveness of companies, the need to increase the transparency of their published information and improve their own reputation (Arraiano & Hategan, 2019). In Ukraine, since 2020, the Concept of the state policy implementation in the field of promoting the development of socially responsible business for the period up to 2030 (2020) has been adopted, the main postulates of which are aimed at the effective interaction of various stakeholders, namely: the state, business, society with the aim of strengthening mutual responsibility of all participants in social relations.

The hypothesis of the study is the assumption that the growth and realization of the financial and economic potential of agricultural holdings will contribute to the strengthening of their social activity and responsibility for making strategic and tactical management decisions, which will have a positive all-encompassing impact on multifaceted rural development in Ukraine.

## **1. Literature review**

A critical review of literary sources gives reasons to single out five common features of corporate social responsibility that regulate the activities of corporations, namely: a) responsibility to society; b) responsibility for society; c) ethical rules and responsibility; d) initiatives for society and the environment; f) management of relations with society (Moon, 2014).

Conceptual principles of social responsibility are based on three generally recognized theories: Carroll (provides economic, legal, ethical and philanthropic responsibility); triple bottom line (aimed at economic, social and environmental responsibility), as well as stakeholder theory (aimed at regulating stakeholders' interests) (Brin & Nehme, 2019). The research of these theories gives reasons to distinguish their common features, specifically: observance of human rights and freedom, coordination of economic, social and ecological interests in society, application of moral and ethical standards of individual behaviour in society.

The modern model of rural development of the EU countries is based on the basic ideas and principles of social responsibility. This model is based on partnership and is aimed at the implementation of integrated rural development to achieve more efficient use of resources and reduce regional social inequality (Permingeat & Vanneste, 2019). We share the point of view that “a socially responsible enterprise is one of the strategic factors in balancing the socio-economic interests of villagers, a factor in the sustainable development of rural areas and a mechanism for ensuring inclusiveness” (Duke, 2020).

The modern scientific interpretation of the “corporate social responsibility” concept should be considered as: a powerful tool for maximizing the positive impact of corporations and commercial activities on the development of human society (Okpa et al., 2020); an opportunity to improve citizens’ well-being through socio-economic interventions (Azizi & Jamali, 2016; Ahijo et al., 2017; Jarmusevica et al., 2019); the way in which companies integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner, and thus can implement practices within the firm, create wealth and improve society (Mourougan, 2015). It is worth agreeing with Sieminski (2023), who emphasizes the need to integrate socially responsible values into the everyday practice of managing enterprises of various profiles.

In the scientific literature, there are quite polar opinions regarding the role and importance of large-scale corporations in realizing the potential of rural development. For example, Zinchuk & Levkivskyi (2019) emphasize the need “to focus agricultural holdings on the social, economic and ecological components of sustainable development in accordance with the Sustainable Development Goals, which, in addition to obtaining maximum profit for producers, will minimize the negative impact on the environment, ensure the development of rural infrastructure, as well as improve the life and well-being of the rural population.”

At the same time, it is worth emphasizing the existing threatening trends in the activities of agricultural holdings in Ukraine. Such threats are: monopolization of the land resource rental market and the market of agricultural products; absorption of small enterprises, limitation of opportunities for personal and farm development, etc. (Zabynets, 2018). It is believed that the further activities of agricultural holdings should be focused on the growth of their social and environmental mission, especially in the war and post-war (restoration) periods. Therefore, the study of scientific sources

shows that the role of corporate social responsibility in business at the national and global levels will only grow. This gives grounds for stating the expediency of scientific research in the given direction.

## 2. Methodology

**2.1. Research methods.** The study of the social responsibility of business as a determining criterion of the rural development of Ukraine in the context of European integration necessitated the use of a methodological toolkit based on a systematic approach in the application of methods of scientific knowledge. For a theoretical reflection of the reasons for the current demand in society for corporate social responsibility in a modern society, *an abstract-logical method* was used. The application of *the specification method* made it possible to substantiate the role of socially responsible business in the implementation of the EU common agricultural policy.

*The structural-functional method* contributed to the formation of practical proposals aimed at systematically strengthening the corporate social responsibility of stakeholders for balanced rural development in Ukraine. *The method of formalization* ensured the possibility of making theoretical generalizations necessary for conclusions and proposals formulation.

Based on the results of analytical research, a correlation-regression model was created to assess the impact of the financial and economic condition of agricultural holdings on their social activity. The basic indicator of the model is the amount of social costs per 1 employee of the agricultural holding (Y is the dependent variable in US dollars per 1 person), the following relative indicators are defined as the main influencing factors: return on capital (X1); land profitability (X2) and the amount of net income per 1 ha of agricultural land (X3). The research was carried out based on the annual reports of agricultural holdings for 2014–2022.

This study is focused on identifying the dependence between the level of social activity of agricultural holdings and their profitability and scale of management. The regression analysis results of the cumulative effect of the selected factors on the activity of the social position of agricultural holdings made it possible to construct an equation of the linear type, on the basis of which the statement about its sufficient statistical significance and reliability was formed. The parameters and main characteristics of the regression equation were estimated, namely: coefficients; standard error; t-statistics and

p-values. The developed correlation-regression model provided an opportunity to formulate practical proposals aimed at activating the social position of stakeholders as a determining factor in Ukraine's rural development and its European integration direction.

**2.2. The research information base** is formed by: normative legal acts of Ukraine (Law of Ukraine, 2017; Cabinet of Ministers of Ukraine, 2020); expert conclusions of the National rating of corporate reputation management quality (2023), the results of the study of business sustainability with the formation of the CSR Index (2023), the consolidated reporting of the leading agricultural holdings of Ukraine for 2014–2022, as well as data from the State Statistics Service of Ukraine. In addition, the scientific works of Ukrainian researchers, scientists from other countries, and information resources from the worldwide Internet are reflected in the presented study.

### 3. Research results

**3.1. The role of CSR in ensuring rural development.** Corporate social responsibility is based on philanthropic and people-oriented activities, the strategy of which is aimed at the comprehensive formation of humane and benevolent relations in rural society. Processes of deep multi-vector (economic, intellectual, personal, spiritual, social, political, etc.) transformation over many decades have formed the objective demand of society for responsibility. This conclusion is based on the following arguments.

First, there is a gradual change in social priorities, i.e. along with the desire to obtain material benefits, the question of systematic strengthening social and environmental responsibility for management decisions is being raised more and more loudly. Secondly, the integration and globalization of economic relations in the world give reasons to consider social responsibility as one of the determining factors for ensuring competitive advantages in the market, including agricultural products. Thirdly, compliance with the basic principles of social responsibility (openness, transparency, self-improvement, morality and humanity) will ensure the implementation of a human-centred approach in modern society.

The Common agricultural policy of the European Union is deeply imbued with a sense of social responsibility for management decisions made in the field of rural areas. Such generalizations are based on the analysis of

EU regulations on agricultural policy. In particular, the adopted Communiqué of the European Commission “The Future of Food and Farming” (2017) formulated the priorities of rural development in the following areas: decentralization, innovation, efficiency improvement, development of rural areas, environmental protection, young farmers, food safety.

The multifunctionality of rural area development is primarily focused on preserving and multiplying human, natural and economic potential; promoting social cohesion, sustainability; and defending the true values of life. This involves systemic changes in the formation and functioning of rural areas, socio-economic and cultural-humanitarian development, as well as a gradual increase in the well-being of citizens.

In 2021, the European Commission, as the highest executive body of the European Union, adopted the EU long-term plan for rural development “Towards stronger, connected, resilient and prosperous rural areas by 2040” (European Commission, 2021). This document envisages the implementation of comprehensive transformations aimed at improving the demographic situation in rural areas, the introduction of multi-level management of territories considering climate changes, the balancing of socio-economic development and digitalization. Therefore, the adoption of the strategic plan of the specified transformations in the field of agrarian policy provided an opportunity to form a “road map” of the rural areas functioning in the medium and long term.

### **3.2. Analysis of the social cost structure in the field of agriculture.**

According to the results of the conducted research, it was established that the level of social responsibility of business entities is measured in their ability to carry out social expenses on a permanent basis, which traditionally include payments to employees, deductions for social events, project financing, maintenance of institutions and social infrastructure facilities, etc. The volume and structure of the specified costs indicate the dynamics of social responsibility and the social activity directions of business entities, which determines the ability to form sustainable development of rural areas.

In Ukraine, during 2014–2022, there was a significant increase in the amount of social costs of economic entities in the agricultural sector (Table 1) – by 2.92 times, of which the cost of employee salaries increased by 3.28 times, and by 1.94 times – deductions for social activities (the choice of the research period is determined by the presence of an increase in social activity among agricultural entities and their ability to carry out social expenses).

*Table 1.*

*Increase in the volume of social expenditure and their structure in economic entities\* of the agricultural sector of Ukraine, %*

Indicator	Increase in the volume of expenses, 2014-2022	Structure of expenses					Change in the structure, v.p.
		2014	2016	2018	2020	2022	
Employee benefits expense of business entities	292.52	100	100	100	100	100	-
large entrepreneurship entities	352.30	10.09	9.80	8.63	12.44	12.16	2.06
medium entrepreneurship entities	266.46	63.75	67.58	65.49	s	58.07	-5.68
small entrepreneurship entities	332.97	26.16	22.62	25.88	s	29.78	3.62
of which micro-entrepreneurship entities	281.25	7.63	7.13	8.06	7.77	7.34	-0.29
Wages and salaries of business entities	328.09	73.40	82.00	82.08	82.15	82.32	8.92
large entrepreneurship entities	397.83	7.46	8.15	7.18	10.31	10.15	2.69
medium entrepreneurship entities	299.94	46.72	55.69	54.02	s	47.91	1.18
small entrepreneurship entities	369.47	19.22	18.16	20.88	s	24.27	5.05
of which micro-entrepreneurship entities	300.29	5.70	5.52	6.30	6.08	5.85	0.15
Social security costs of business entities	194.38	26.60	18.00	17.92	17.85	17.68	-8.92
large entrepreneurship entities	223.32	2.63	1.65	1.45	2.13	2.01	-0.62
medium entrepreneurship entities	174.56	17.02	11.89	11.46	s	10.16	-6.86
small entrepreneurship entities	232.00	6.95	4.47	5.01	s	5.51	-1.44
of which micro-entrepreneurship entities	225.20	1.93	1.61	1.76	1.69	1.49	-0.45

**Source:** calculated based on data from the State Statistics Service of Ukraine.

\* According to Ukrainian law, large enterprises are defined as enterprises with annual revenues of more than EUR 50 million and more than 250 employees; small enterprises are defined as enterprises with annual revenues of up to EUR 10 million and up to 50 employees, of which microenterprises are enterprises with annual revenues of up to EUR 2 million and up to 10 employees; the rest of the enterprises are classified as medium-sized.



From 2023, studies of the mentioned dynamics will be complicated due to limited access to relevant information, which relates to the presence of military operations on the territory of Ukraine). It is important to emphasize that the greatest social activity is shown by large enterprises, which, thanks to the scale of production, can finance large-scale activities and maintain the appropriate level of well-being in rural areas.

In the structure of social expenses, the special place of medium-sized enterprises attracts attention, which represents from 58.2% to 67.9% of the costs of employee wages and from 57.5% to 66.3% of deductions for other social measures. At the same time, the development of large-scale agrarian entrepreneurship contributes to the solution of the food problem at the regional, national and global levels. However, irrational use of land resources leads to their exhaustion, loss of fertility and other irreversible processes. In addition, it is worth noting the possible risks of land market monopolization, displacement threats to small and medium-sized agrarian businesses, creation of significant social and environmental problems. Obviously, the conflict between agricultural enterprises and society is of an economic nature (Sumets et al., 2022). Overcoming this conflict situation is possible thanks to the systematic strengthening of social responsibility of all stakeholders involved in the development of rural areas.

**3.3. Assessment of the social activity level of agricultural holdings in Ukraine.** According to the National Quality Rating of Corporate Reputation Management (2023), the top five agricultural holdings of Ukraine include Astarta, IMC, Kernel, Nibulon and MHP (Reputational activists, 2023). According to the logic of the presented research, it has become necessary to identify the factors that have the most significant impact on the social activity of agricultural holdings. Based on multifactorial correlation-regression analysis, the effect of key relative financial and economic indicators was evaluated, such as return on capital, land profitability and net income per hectare of agricultural land.

The choice of the research base was grounded on the level of social activity of agricultural holdings and their contribution to the multidimensional development of rural areas. The combination of financial, economic and social responsibility to society was reflected in the presented reporting for the period under study. This created the basis for further modelling and the formation of relevant proposals in the specified direction.

The basic indicator of the correlation-regression model was chosen as the amount of spending on social activities per 1 employee of the agricultural

holding as a key indicator of an active social position (Y is the dependent variable in US dollars per 1 person), the determining factors of which were:

- return on capital, % (x1), because of the assumption that the higher the level of profitability, the more net profit of agricultural holdings is directed towards social expenses;

- profitability of land (x2), due to the assumption that the higher the profit an agricultural holding receives for every 1 ha of agricultural land, the more funds it can allocate for social support of local territories;

- amount of net income per 1 ha of agricultural land USD / 1 ha (x3), which is associated with the assumption of significant opportunities for large-scale production to provide sufficient volumes of social spending.

The matrix of paired correlation coefficients (Table 2) shows that all the selected factors have a noticeable and strong influence of the reverse (-) action on increasing the amount of spending on social activities in the ratio per 1 employee of an agricultural enterprise. This indicates an insufficient level of social activity of agricultural holdings in relation to their business scale and profitability (Table 1).

*Table 2.*

*Matrix of paired correlation coefficients (r)*

Indicator	Y	x 1	x 2	x 3
The volume of expenses for social activities in the ratio per 1 employee of the agricultural holding, dollars. USA / 1 person (U)	1.0000	-0.7725	-0.3665	-0.4008
Return on capital (x1)	- 0.7725	1.0000	0.7276	0.3709
Land profitability (x2)	- 0.3665	0.7276	1.0000	0.5912
Amount of net income per 1 ha of agricultural land (x3)	- 0.4008	0.3709	0.5912	1.0000

**Source:** own research.

Based on the results of the regression analysis of the cumulative effect of selected factors on the activity of the social position of agricultural holdings (Table 3), a linear equation was constructed:  $Y = 25.6289 + (-1.3093) * x_1 + 42.5858 * x_2 + (-3.90417) * x_3$  with Fisher's test  $F = 25.07$ . Based on which it can be stated that the coefficient of determination of the built model of social activity of agricultural producers ( $R^2=0.7737$ ) is statistically significant, and the equation is statistically reliable.

*Table 3.*  
*Evaluation of the parameters and main characteristics of the regression equation*

Indicator	Y	x1	x2	x3
Coefficients	25.6289	-1.3093	42.5858	-3.9042
Standard error	4.8904	0.1733	10.7423	1.2813
t-statistics	5.2406	-7.5548	3.9643	-3.0470
p-value	0.0000	0.0000	0.0007	0.0059

**Source:** own research.

Thus, the determination coefficient of the obtained regression equation  $R^2 = 0.07737$  and the weighted determination coefficient  $R = 0.7428$  confirm the proposed hypothesis about the close dependence of the active social position on the factors included in the model, and the constructed equation reflects the following patterns:

$a_0 = 25.6289$  – indicates that under the conditions of stability of the selected factors, the amount of expenses for social activities per 1 employee will be \$25.63 (USD);

$a_1 = (-1.3093)$  – reflects that, based on the results of modelling, it was established that an increase in the return on capital by 1 percentage point leads to a reduction in the financing of social expenses by \$1.3 (USD), other characteristics remaining unchanged. This trend is due to the orientation of agricultural holdings to maximize profit against the background of insignificant social costs;

$a_2 = 42.5858$  – characterizes that, with an increase in the level of land profitability by 1 percentage point, there will be an increase in the amount of social expenses per 1 employee by \$42.59 (USD), which proves the close interdependence between the scale of agriculture and the level of social responsibility of business entities;

$a_3 = (-3.9042)$  – indicates that an increase of \$1 (USD), the amount of net income of agricultural holdings in relation to 1 ha of agricultural land causes a reduction in the amount of social expenses by \$3.9042 (USD). Such a regularity highlights the problem of the insignificant level of social activity of agricultural holdings, given the growth of their incomes.

Based on the parameters of the formed regression model of social activity of agricultural holdings, it is worth pointing out that such agricultural producers have significant resources for financing social activities and programs for the development of rural areas. However, their priority focus on profit maximization remains a restraining factor in actively spreading social initiatives and supporting rural development.

A strong reserve for strengthening the social responsibility of agricultural holdings is their close dependence on land capital. According to the simulation results, it is the land capital that acts as the basic potential for the possibility of increasing the financing number of social activities, since an increase in the level of land profitability by 1 percentage point leads to an increase in the amount of social expenses per 1 employee by \$42.59 (USD).

### 4. Discussion

The results of the conducted correlation-regression modelling give grounds for asserting that corporate social responsibility plays a decisive role in the formation of multifunctional rural development. Its successful implementation in the life of rural communities depends on the sequence and intensity of the implementation of interrelated measures:

1. The basis for the formation of a socially responsible business is a relationship of trust between interested parties. Based on the principles of trust, the foundation is created for the optimal combination and rational use of available resources (natural, economic, ecological, technological and social), certain opportunities (that is the choice of the type and direction of professional activity) and tools (legal, institutional and financial) to achieve strategic and tactical goals of entrepreneurial activity in rural areas.

2. Increasing the social responsibility of stakeholders in rural development should be primarily aimed at creating the necessary conditions to ensure the quality of life and socio-economic well-being of the rural population. This will make it possible to more actively attract highly qualified specialists (including citizens who are temporarily abroad) to rural areas with the simultaneous implementation of organizational, infrastructural, technological, environmental and other projects aimed at comprehensive diversification of the potential and existing development opportunities to improve the social life of villagers. In the post-war reconstruction of Ukraine, rural areas should be considered as special locations, created for the restoration and rehabilitation of citizens and the establishment of small and medium-sized agribusinesses by them.

3. Social partnership should be recognized as a creative option for the interaction of participants in rural society. It is based on social dialogue, responsibility, constructivism and mutual respect between all interested stakeholders. The process of broad implementation of social partnership into the agenda of the territorial communities functioning involves: creating

conditions for the development of various forms of ownership in villages, increasing labour productivity thanks to the introduction of innovative methods of organization and business conduct (technological, financial and economic, managerial, etc.) in rural areas, stimulating and motivating villagers towards self-realization, expanding their opportunities to master educational, informational, communication and cultural spaces, forming positive social capital (i.e. public society), as well as promoting inclusive rural development based on the creation of new economic opportunities and equal access to the benefits of civilization for all types of citizens who live in rural areas. Social partnership and social responsibility should be integrated into most business processes of business entities. Such measures will stimulate the reduction of social tension in society and increase moral and ethical norms of behaviour in the process of forming strategic and tactical decisions with the aim of ensuring multi-vector rural development.

4. The social responsibility of business can be realized through the diversification of sources of financial support for the development of rural areas. Streamlining the corporate social responsibility financing system contributes to the sustainable development of the country, increasing the level of education, health care, environmental protection and rural development (Singh et al., 2023). Considering international experience, it is worth following the principle “who can pay”. This principle is the basis of the progressive taxation system. We share the position of Borodina et al. (2020) regarding the feasibility of introducing per-hectare payments for the accumulation of financial resources in the Rural Development Fund. The payers of such payments should mostly be large land users (agroholdings) that use more than 5,000 hectares of agricultural land. In addition, it is worth increasing inclusiveness, that is, the accessibility of rural residents to various financial instruments, including investment and credit resources, as well as microinsurance and insurance. It is worth noting that the trajectory of international financial flows is increasingly directed towards the development of “green” and information and communication technologies, which are implemented in the model of digitalization and social guarantees (Sribna et al., 2023). Thus, the implementation of the outlined measures should contribute to the achievement of spatial and social cohesion in the process of rural development.

5. Over the last decade, there has been a rapid development of the digital economy, associated with the use of the latest technologies, improvement of the information and communication environment, opportunities for innovative decision-making, including the vital activities of

rural areas. Instead, the rapid digitalization of socially significant processes causes the generation of certain risks, and this leads to the objective necessity of strengthening social responsibility in the field of modern technology use. According to Art. 6 of the Law of Ukraine “On the Basic Principles of Ensuring Cybersecurity in Ukraine” (2017), the food production industry and agriculture are classified as critical infrastructure objects, which indicates the need to increase the responsibility of all stakeholders for possible cyber-attacks and cyber threats in rural areas. It is believed that the growth of social responsibility of entities whose professional activity relates to the use of modern information and communication technologies is an adequate and timely solution for effective countermeasures against probable cyber threats in the current period, as well as in the future.

Therefore, further development of rural areas in Ukraine requires increasing social responsibility in almost all spheres of rural livelihoods. In the case of non-implementation (or incomplete implementation) of the proposed measures, destructive processes of an economic, social and ecological nature may intensify, which is undesirable given the complexity of Ukraine’s post-war recovery.

### **CONCLUSIONS**

The results of the conducted research give grounds for asserting that modern civilizational challenges (economic, ecological, political, food, social) have formed an objective demand of society for increased responsibility in making management decisions in the short-term, medium-term and long-term waiting horizon. In the process of research, it was established that the versatility of rural development depends on the social activity of all stakeholders interested in improving the quality of life of rural residents.

In the process of research, a positive trend was established regarding the increase in the amount of social expenses of economic entities in the field of agriculture by almost 2.92 times for the period 2014–2022, which indicates the readiness of agribusiness to make socially responsible decisions in the context of sustainable development of rural areas. Based on the results of correlation-regression modelling, an impact assessment of the financial and economic indicators of large land users on their social activity was carried out. The specified model made it possible to identify the existence of a close relationship between the active social position of agricultural holdings and

parameters, such as capital profitability, land profitability and the amount of net income per 1 ha of agricultural land.

On the other hand, it should be noted that there is significant untapped potential for financing social projects in rural areas. This is due to several main reasons: relatively low motivation for social activity; the presence of various risks (institutional, economic, financial, etc.) that objectively restrain the process of implementing social and environmental initiatives in rural areas; military aggression of the Russian Federation against Ukraine, especially the temporarily occupied territories. Research results indicate that land capital should be considered as a significant reserve for further expansion of the financing of social activities. This conclusion is based on the calculations, in particular, that an increase in the level of land profitability by 1 percentage point ensures an increase in the amount of social expenses by \$42.59 (USD) per 1 employee.

The deep awareness of the need for multifaceted rural development in Ukraine gives grounds to testify that increasing the social responsibility of interested parties will contribute to solving the following problems, namely: the combination of moral-ethical and socio-economic components of rural development; increasing the quality of life in rural areas; development of social partnership, strengthening digitization processes in rural areas, etc. The expected basic effect of the systemic interaction of the constituent elements of corporate social responsibility should be recognized as ensuring a deep transformation of values aimed at the formation of a socially oriented model of the economy.

Strengthening the role of social responsibility in various spheres of life in rural areas requires diversification of the sources of their financial support. In this context, it is expedient to introduce a system of financial and economic factors for medium and large land users to increase their interest in investing resources in the development of social infrastructure in rural areas. We consider it necessary to further expand financial inclusion for residents of rural areas, that is, access to investment and credit resources, payment instruments, savings and insurance. Therefore, the positive impact of social responsibility on the development of rural areas in Ukraine should contribute to the increase of spatial and territorial justice and, consequently, to the gradual increase in the well-being of rural residents.

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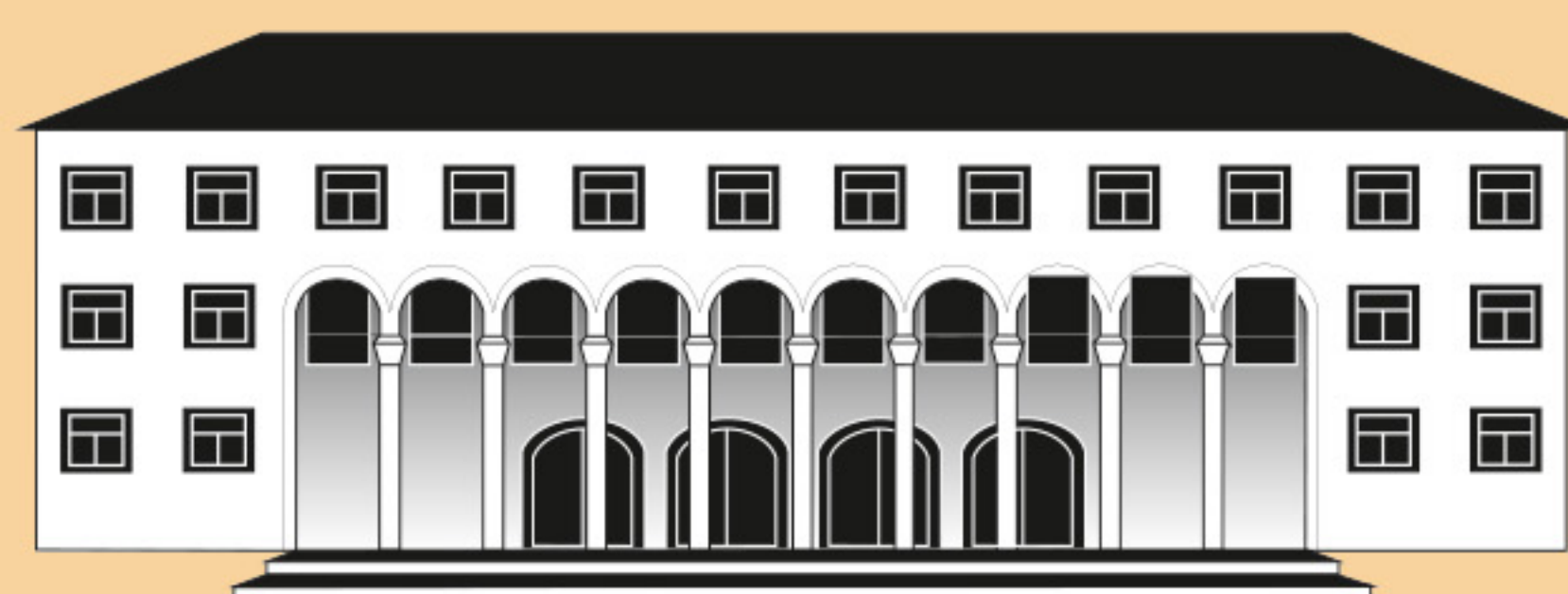
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ISSN 0861 - 6604  
ISSN 2534 - 8396

# BUSINESS management



PUBLISHED BY  
D. A. TSENOV ACADEMY  
OF ECONOMICS - SVISHTOV

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1/2025

BUSINESS management



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*The printing of the issue 1-2025 is funded with a grand from the Scientific Research Fund, Contract KP-06-NP6/29/04.12.2024 by the competition “Bulgarian Scientific Periodicals - 2025”.*

Submitted for publishing on 24.03.2025, published on 25.03.2025, format 70x100/16, total print 80

© D. A. Tsenov Academy of Economics, Svishtov,  
2 Emanuil Chakarov Str, telephone number: +359 631 66298

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D. A. Tsenov Academy  
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Year XXXV \* Book 1, 2025

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