

An audit in the system if the agrarian enterprises' social responsibility effectiveness assessment methods

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Abstract *The theoretical and practical significance of the problem of conducting a social audit by agricultural enterprises in the south of Ukraine has been studied. The factors that inhibit the processes of social audit by agricultural enterprises are identified. There are three groups of enterprises, according to the level of social responsibility. The dependence between the level of social responsibility formation and the resource provision of agricultural enterprises is analyzed.*

Key words: *agricultural enterprises, audit, social responsibility, assessment, method*

JEL codes: *M14; M41; O18; Q12.*

1 Introduction

Over the past decades, more and more agricultural enterprises position their activities as socially responsible. This raises the question of measuring this performance. Considering that the institution of the social responsibility effectiveness assessment is only at the stage of development, a unified universal assessment mechanism has not yet been developed. At the same time, social audit is becoming increasingly popular in this area as a method of the social responsibility effectiveness assessment.

The audit of the social responsibility effectiveness as an effective tool for its assessment becomes multi-level and can be applied not only on the scale of the national economy, industry or region, but also in the practice of individual enterprises of various industries. The agrarian sector of the country's economy is characterized by sufficient resource and economic potential, however, the irrational structure of nature management, resource and energy intensity of technologies, low economic efficiency, large financial costs do not allow an effective development. That is why social responsibility is one of the effective directions of development, which provides a fundamentally new combination of factors in the process of functioning of enterprises in the agricultural sector. In Ukraine, unfortunately, the relevant legislative regulation of social audit has not been created, therefore, only some agricultural enterprises are potential customers of this kind of inspections.

At the same time, taking into consideration conditions of economic uncertainty, the advancement of agricultural entities to international markets and the imbalanced development of the economic and social spheres, the methodological tools for the social responsibility effectiveness assessment of agricultural enterprises, including social audit, have been studied fragmentarily, which requires scientific generalization, systematization and identification of promising development directions for the social responsibility effectiveness assessment.

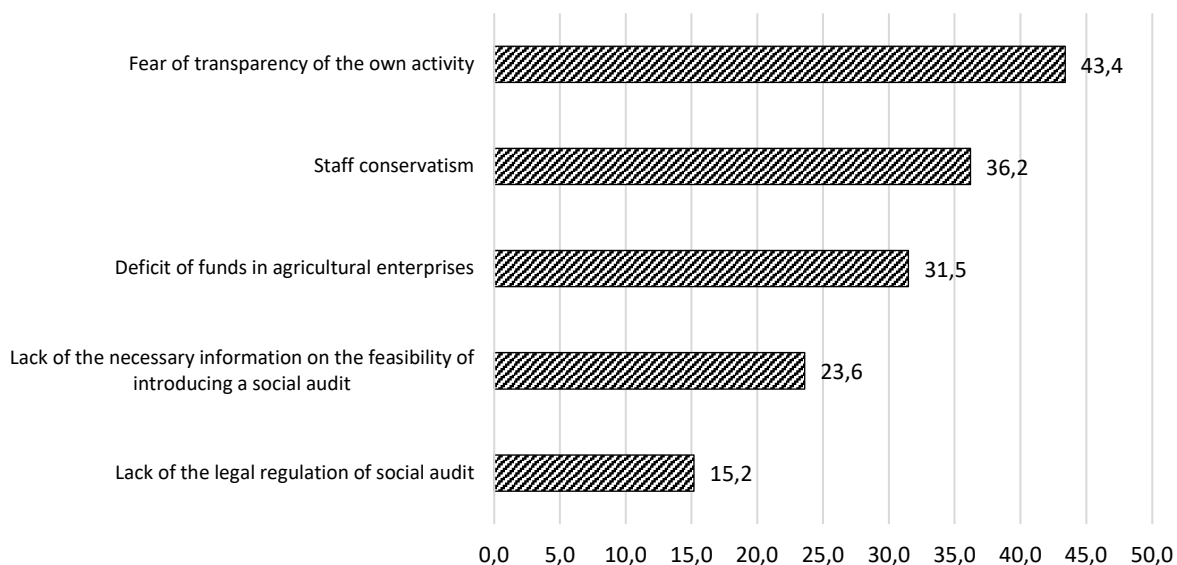
2 Methodology and Data

Socially responsible activity of agricultural enterprises becomes the basis for their effective functioning and development in the future. Thus, an urgent issue is the analysis of methods for measuring the results of social events in order to determine the effectiveness of the socially responsible activities of an enterprise in order to develop a strategy for the coming period. We propose to use social audit as one of such methods. The methodological basis of this research are the following the theory of systems, the theory of economic development, scientific works of foreign and domestic scientists on the formation of social responsibility. Investigating various methods of the social responsibility effectiveness assessment of enterprises' activity, it can be argued that a large number of specialists give preference to assessing the areas of social responsibility. Vorona A. (2010) argues that the implementation of socially responsible activities brings certain results to the enterprise: economic, social, image. In the works of N. Nenashev (2008) and N. Shmigol (2010), the author's approaches to assessing the effectiveness in the main areas of socially responsible activity are considered. A system of indicators has been developed for each area. In their articles, one can find such indicators used in assessing the effectiveness of social responsibility in areas such as: cost, effective, structural, and efficient. In our opinion, the proposed indicators are heterogeneous - cost and natural, absolute and relative - which makes it impossible to conduct an objective assessment of the effectiveness of social responsibility activities among a group of enterprises. The team of authors Juhaszova, Zuzana (2019) as the final internal document of the enterprise, according to the assessment of social responsibility, reasonably considers the forms of non-financial reporting.

To achieve the goal of the study - to determine the advisability of using audit as one of the methods of the social responsibility effectiveness assessment of agricultural enterprises, we used general scientific and special methods, in particular: groupings (when assessing the effectiveness of social responsibility of agricultural enterprises with different levels of use of available resources in groups of enterprises) the method of comparisons (comparison of indicators for assessing the compliance of resource provision of agricultural enterprises with the level of formation of their social responsibility) a sociological method, namely, its method of questioning (when determining the proportion of factors that inhibit the process of social audit in agricultural enterprises). Currently, social audit has become a stable system, with its inherent characteristics, procedures, technologies, as well as its own specific problems and methods of solving them.

However, as our research has shown, not all agricultural enterprises, even those that carry out social activities, are ready to carry out social audit procedures. Among the surveyed almost 40 agricultural enterprises of Mykolayiv and Kherson regions, the following are submitted their social reports: "Agrofussion" is an enterprise located in Mykolayiv and Kherson regions. The main vector of social responsibility is the rationalization of energy use, minimization of water consumption, ensuring high quality of the products at the appropriate level of environmental policy; LLC "Nibulon" - has land resources in about 12 regions of Ukraine, the social component of the company provides decent working conditions for staff, a special place belongs to the provision of proper basic education, infrastructure development of the Ukrainian countryside. Social activity is also carried out at the appropriate level in the following enterprises: LLC "Ray" of Novoodesky district, LLC "Novosillya" of Kazanka district, LLC "Golden Ear" of Vitovsky district, LLC named after T.G. Shevchenko Bereznehuvatsky district, JSC "Vradyivsky" Vradyivsky district, TzDV "Southern Ear" Novoodesky district - these companies do not form separate social reports, but there are some areas of "Labor Report", etc.. There is an objective need to develop more thorough standards for evaluating and comparing enterprises in terms of social responsibility. At the same time, the survey revealed the following factors hindering usage of social audit by these enterprises.

Figure 1. The share of factors, which slow down the process of the social audit implementation in agricultural enterprises in the south of Ukraine, 2019,%



Compiled by the author

Thus, it was revealed that there are practically the same factors for almost all enterprises that hinder the implementation of social audit. We have determined the structure of the most common factors inhibiting this process in the investigated agricultural enterprises in the south of Ukraine (Fig. 1). According to the assessment of the managers of agricultural enterprises, the reluctance to conduct a social audit is mainly due to the fear of the transparency of their own activities (43.4%), the conservatism of the personnel (36.1%), and the lack of funds (31.5%).

In modern conditions, the development of an agricultural enterprise depends on the available resources, an effective mechanism for their formation, use and reproduction. Various evaluation criteria and research methods are used to identify the level of the social activity formation and development of an agricultural enterprise. In order to assess the effectiveness of social responsibility of agricultural enterprises in the region, we consider it's appropriate to divide them into 3 groups according to participation in social processes, which will, firstly, assess the scope of social activities in the agricultural sector, and secondly, analyze existing resource potential of the agricultural enterprises with different levels of social activity, thirdly, offer further directions for the social responsibility effectiveness assessment of agricultural enterprises.

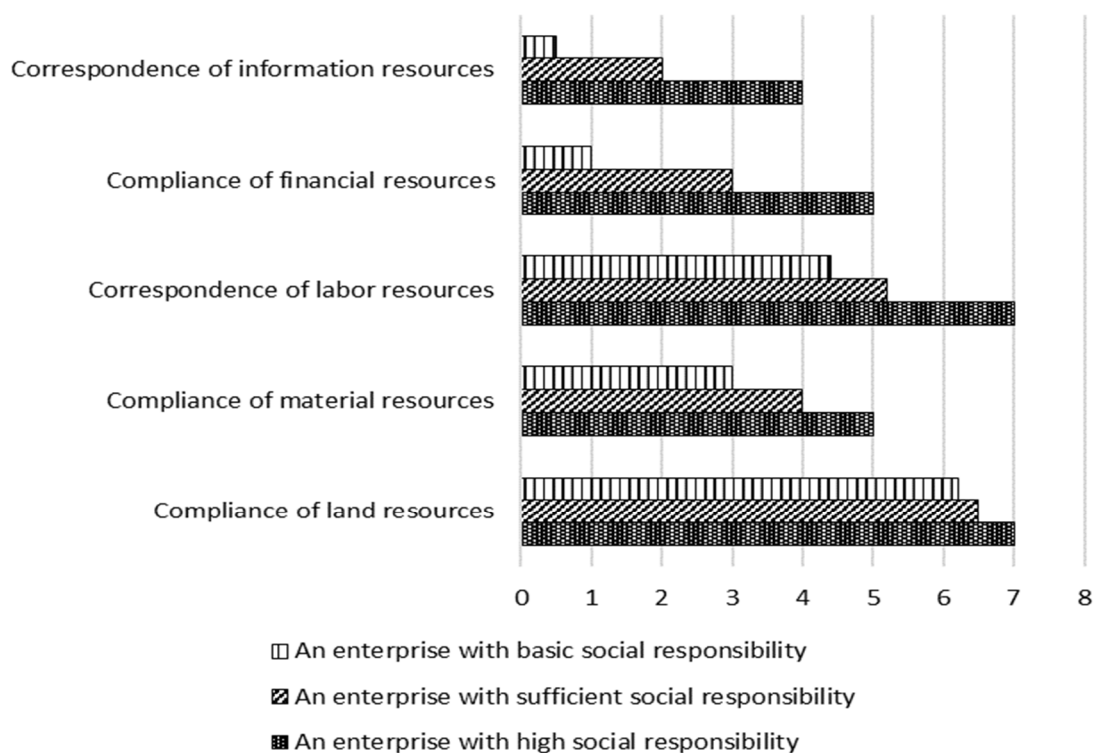
3 Results and Discussion

To determine the social activity of an agricultural enterprise, it is important to assess the compliance of its resource potential with the level of involvement in the formation of social responsibility. Evaluation of the social responsibility effectiveness of an enterprise during the social audit is carried out on the basis of a set of indicators characterizing the capabilities of an enterprise in forming social responsibility, in order to establish the degree of compliance of resources and search reserves for the social development strategy implementation.

The agricultural enterprises of group I "Enterprises with high social responsibility" are the subjects of a large cycle of the social development process, whose social activities include: patronage, development of local social responsibility strategy, public relations, environmental orientation, non-financial reporting. Agricultural enterprises of group II "Enterprises with sufficient social responsibility" implement certain social programs, introduce social packages, stimulate professional development of employees. The

enterprises of the III group "Enterprises with basic social responsibility" pay taxes and pay wages on time, create favorable and safe working conditions.

Figure 2. Correlation between resource provision of agricultural enterprises in the south of Ukraine and their level of formation of local social responsibility



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We proposed, during the social audit, to use the compliance of the resource provision of agricultural enterprises as an assessment of the social responsibility formation of the enterprise, which characterizes all the components of the available resource potential, namely, financial, labor, material and technical support, provision of land and information resources. We assessed the compliance of the resource provision of 38 agricultural enterprises in the south of Ukraine with the level of their social responsibility formation in the context of 3 groups (Fig. 2).

Thus, the implementation of the system of local social responsibility is mainly carried out by stable and large enterprises in the south of Ukraine, the main social priorities of which are timely payment of taxes and payment of wages to employees, the creation of favorable and safe working conditions, the introduction of social packages and social programs, the encouragement of staff training, patronage, the formation of non-financial reporting, which, affects the increase in the efficiency of using the resource potential in monetary terms. At the same time, most of the agricultural enterprises belong to group II "Enterprises with sufficient development of social responsibility", whose indicators of the efficiency of using the resource potential are almost at the level of enterprises of group I "Enterprises with a high level of social responsibility development". It is this group of enterprises that occupies a special niche in the process of diffusion of social programs. As these enterprises implement social programs, they act as a source of information for other agricultural enterprises, which, given the availability of financial resources, are ready to implement them, since it is the socially oriented development of the economy that makes it possible to ensure their competitiveness.

By using a well-founded methodology and a compiled questionnaire in the thematic area "Expert express assessment of local social responsibility of an agricultural enterprise, a

survey with management of the agricultural enterprises was carried out to assess the compliance of resource provision with the level of their social responsibility formation."

The respondents are asked to answer the questions about the types of social activities, the sufficiency of the resource potential for the development of the social responsibility of the enterprise, the provision of the enterprise with financial resources, the necessary equipment, land resources, the level of qualifications and experience of employees, etc. To assess the local social responsibility of agricultural enterprises, a dynamic or static approach can be used for comparison. We have applied precisely the dynamic approach.

Comparison of the indicators of assessing the compliance of the resource provision of agricultural enterprises in the south of Ukraine with the level of their social responsibility formation indicates that in all 3 groups a high level of compliance is noted in terms of staffing and land resources.

For the formation of social responsibility of the studied agricultural enterprises, there are not enough financial, material resources and information support. To identify the causes of this situation, deeper analysis is required for each of the blocks of compliance of the resource provision of agricultural enterprises in the south of Ukraine with the level of their social responsibility formation.

Conclusions

According to the study, we consider it's appropriate to use social audit as one of the methods of social responsibility assessment of agricultural enterprises for group I "Enterprises with high social responsibility". When conducting an audit of the social responsibility assessment of agricultural enterprises, it is necessary to compare the resource provision of economic entities with their social activity, and highlight the following stages:

Stage I - audit of the agrarian enterprise' resources - check of all available types of resources of the agrarian enterprises is carried out, their structure and necessary volume for maintenance of the social activity is defined.

Stage II - assessment of resource efficiency of agricultural enterprises, taking into account their involvement in social processes - using a group of generalized and individual indicators such as capital efficiency, capital intensity, profitability, the efficiency of resource use is assessed by their types.

Stage III - assessment of compliance of agricultural enterprises resource provision with the level of their involvement in social processes – by using a system of indicators the adequacy of financial, material support, provision of labor, information, land resources for the formation of social responsibility of agricultural enterprises is determined.

The revealed significant polarization of social responsibility of large and small agricultural enterprises requires an urgent solution. After all, small agricultural enterprises are not only commodity producers, they are the basis for the formation of the middle class in the countryside and contribute to employment and increase the welfare of the population. In order to develop the social responsibility of agricultural enterprises of Ukraine, it is necessary to develop and implement a comprehensive state program of support and incentives. It is important to develop legal documents with an unambiguous interpretation of social responsibility, criteria for its measurement, forms of application and methodology of social audit.

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