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Social responsibility in Ukrainian agriculture: the regional issue

Larysa LEVKIVSKA*, Inna LEVKOVYCH**

Abstract

The social responsibility of agribusiness is currently one of the highly debated issues. Factors such as the globalization of agri-food supply chains, increasing competition, further integration of Ukraine in Europe and the world market, developments of Ukrainian large scale farms as well as public pressure on farms make the analysis of Corporate Social Responsibility (CSR) highly relevant to Ukrainian agribusiness. The paper provides insights on the understanding of CSR by the Ukrainian agricultural enterprises, CSR activities implemented by farms and main drivers encouraging the implementation of CSR initiatives. The analysis is based on literature reviews and questionnaires of Ukrainian agricultural enterprises and representatives of the local community in Oblasts Zhytomyr, carried out in spring 2016.

Keywords: corporate social responsibility, agriculture, agribusiness, agroholdings, rural development, Ukraine

Introduction

Modern agriculture is facing increasing integration and competitions in the world's economy, with high interconnections between supply chain actors, various interests of stakeholders, as well as numerous conflicts, scandals and public pressure relating to the environment, food safety and human standards. In addition to these challenges the Ukrainian agriculture confront, with social and structural problems arising from transition process. The problems occur on internal as well as external environment of agricultural farms.

Thus, the current social and economic situation in the Ukrainian villages is far from the European living standards. Rural communities are confronted with the deficiency of transportation, health and living infrastructure, insufficient

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funding and, consequently, the fall of living standards. Meanwhile, societal expectations towards agricultural enterprises, concerning the social responsibility which the farms should take on, are high. In the rural area, the expectations can be considered a remnant of the Soviet time, where it was the agricultural enterprises' (kolhos, sowhos) responsibility to provide social support.

During the Soviet time, the agricultural enterprises provided a wide range of social services in rural areas such as transport infrastructure, construction, cultural, kindergarten and healthcare facilities, different services for the village population, which were subsidized by the state (Biesold, 2004). Since the beginning of transition in 1991, the state's financial support for rural infrastructure has been drastically reduced, the profitability of agricultural farms has decreased and farms have not been able to fully provide such social activities. The social assets and the responsibility for the provision of public services in rural areas have been transferred to the local municipalities (Zorya, 2006). However, the fiscal and management capacity of the local municipalities assume these functions were weak. The efforts of transferring social objects to the municipal level were counterproductive (Biesold, 2004).

Further transformations of Ukrainian agriculture over the past decade is reflected by the concentration of land and assets and consolidation into large holdings, however, the transformations do not contribute much to the solutions to the social problems in rural area. Different studies and media report the arising conflicts between rural community and large farm management (Sabluk, 2008; Didus, 2011; Demyanenko, 2008; Zalizko, 2013; Borodina, 2015). Despite the positive economic impact of large farms (they are often the only source of investment and employment in rural areas, with high productivity etc.), they are blamed for exploiting rural resources, while not contributing to the environmental development and protection in rural areas. The rural communities do not benefit from the use of agricultural land, rural resources and infrastructure, and they have no influence on the use of land. The negative environmental consequences of intensive tillage and cultivation of crops are often pointed out. The farm land is leased, and within the lease term, the resources are exploited to the maximum capacity. This often leads to soil degradation and to the destruction of local resources (Borodina, 2015).

CSR seems to be an appropriated toll to improving stakeholder's relationships and contribute to the solutions of the above mentioned problems in the rural area. Using CSR can help with meeting expectations and balance interests of all relevant stakeholders. Socially responsible enterprises adjust their business strategies by integrating their social and environmental values with the aim of improving the well-being of the society (WBCSD, 2016).

Also, in Ukrainian business, public and research in the last years, the attention was increasingly focused on CSR. However, only few studies have been undertaken in this field for Ukraine and particularly for agriculture. This study contributes to

the existing literature and provides insights on CSR in Ukrainian agriculture, based on the region Zhytomyr, Ukraine. Particularly, the following research questions are aimed to be answered: How is CSR understood by agricultural enterprises and local community? Which CSR activities are taken by agriculture enterprises? What are the main drivers of CSR in Ukrainian agriculture?

The paper is structured as follows. The first chapter provides a review of relevant studies on CSR and the development of CSR in Ukraine. In the second chapter, the method used for analysis is presented. In third chapter, we introduce the results of the survey. Finally, conclusions about development of CSR in agriculture are drawn.

1. CSR: literature review

There are numerous definitions and approaches of Corporate Social Responsibility developed in the literature, which consider the phenomena of CSR from different angles and dimensions¹. For our research, we follow more recent definitions provided by the World Business Council on Sustainable Development and European Commission. Both take environmental issues, which are especially relevant for agriculture, into account. Thus, the World Business Council on Sustainable Development has defined social responsibility as “[...] commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (WBCSD, 2016). The European Commission (EC) considers Corporate Social Responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (EC, 2011). Socially responsible enterprises follow the law and adjust their business strategies by the integration of social, environmental, ethical values, human rights and consumer concerns with the aim of improving the well-being of the society (WBCSD, 2016; EU, 2011). The degree of CSR development reflects the level of partnership between companies, government and communities, as well as their ability to address social problems and accelerate the development of society.

In recent studies on CSR, the fact that the concept of CSR and sustainability overlap in many areas is emphasized (Loew, Ankele, Braun and Clausen, 2004; Porter and Kramer, 2006; Mazur-Wierzbicka, 2015). The European Commission considers CSR an instrument to “achieve objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth” (EC, 2010). Heyder and Theuvsen (2009) extended the approach provided by Carroll (1991) by integrating sustainability aspects. They developed “house of CSR”, where four dimensions of

¹ Carroll (1999) and Dahlsrud (2008) identified 25 and 37 definitions of CSR, respectively.

responsibility² are based on the foundation of three dimensions of sustainability: economy, ecology and social (Heyder and Theuvsen, 2009).

Based on the above mentioned, in this study, we look at the social responsibility of enterprises as a commitment of these to meet the needs of employees, business partners, local community and environment.

The integration of societal needs into firms' strategies has been recognized. The positive effects of CSR implementation for internal and external business environments are underlined in different studies. The implementation of CSR positively affects corporate reputation (Roberts and Dowling, 2002), provides comparative advantages and fosters firms' performance (Fombrun, 1996; Halbes, Hansen and Schrader, 2005; Yoon, Guffey and Kijewski, 1993; Neville, Bell and Mengüç, 2005). Adjusting to the firm's strategy according to the norms, values and expectations of the society can increase a firm's profitability in the long run (Scott and Meyer, 1994; Oliver, 1996). Furthermore, Ioannou and Serafeim (2015) show that paying more attention to stakeholders' needs and expectations CSR positively affects investment analysts' assessments of the companies. However, these improvements can only be achieved if companies provide both internal and external CSR activities³. Moreover, it is not enough for a company to perform CSR activities, this commitment should be proven to the public.

According to Mazur-Wierzbicka (2015), CSR can be applied in agriculture as a sustainable development tool. Through environmental CSR activities, like animal health, firms foster buyers' trust and the intentions of buying. The implementation of environmental measures not only leads to the protection of the environment, but also to lower costs and increasing financial performance.

Companies implement CSR because of different reasons. Some of these are intrinsic factors such as ethical values and moral leadership. Another one belongs to strategic reasons or extrinsic factors such as market and institutional pressures (Müller and Kolk, 2010; Dhanesh, 2015). The motivating factors can be divided into internal and external drivers. Examples of internal drivers are moral motivation, manager's personal ethics and values, risk management, revenues and costs, pressure from employees etc. External drivers refer to the external pressure for CSR such as governmental regulations, international sustainability initiatives, environmental problems, conflicts, pressure from external stakeholders (customers, suppliers, local community, NGOs etc.). It is often the pressure from external stakeholders that forces companies to take CSR actions (Zerfaß and Scherer, 1993; Heyder and Theuvsen, 2009).

²According to Carroll's model (1991), there are four responsibilities: economic, legal, ethical and philanthropic responsibility.

³ Paper Prepared For Presentation by Galaluk, T. and Balman, A. at The "2016 World Bank Conference on Land and Poverty", The World Bank – Washington DC, March 14-18

Also, in the last years, in Ukrainian business, attention has been increasingly paid to CSR. However, only few studies have been undertaken in this field for Ukraine and particularly for agriculture and agribusiness. General, studies (Shapoval, 2011; Zinchenko and Saprykina, 2008) show that the introduction of social responsibility principles is not a common practice in Ukrainian business. According to Shapoval (2011), only 20-25% of companies have the adequate budget for social responsibility, to develop special programmes and prepare annual social reports. However, according to recent studies, the representatives of joint ventures, foreign companies, large Ukrainian agro-holdings and food corporations are the most active in this area (Shapoval, 2011).

Gagaluk and Balmann (2016) provide insights on CRS activities of four Ukrainian Agro-holdings based on the information on their official websites and corporate reports. The authors find out that the extent of involvement into external CSR among agro-holdings is low. Only for three out of four companies, the information about CSR was publically available. The company expresses commitment to CSR and provides activities in the following areas: human capital development, animal welfare, environmental protection, sustainable development, and biosecurity (MHP); implements the social programme to develop social infrastructure in the regions of its operations (IMC); builds its own agronomist schools and offers support to rural communities (Mrija)⁴.

Zinchenko and Saprykina (2008) analysed the awareness of the representatives of all stakeholder groups in 10 regions in Ukraine, on the essence, principles and basic components of social responsibility, as well as the international standard ISO 26000. They found out that there were differences in understanding social responsibility between different groups of stakeholders. Representatives of the government, that trade unions and community governmental organizations mostly understood CSR as the impact of their organizations on the external environment and did not consider the internal “part” of CSR (within the organization). Approximately one third of the organizations surveyed (32%) were familiar with the international social responsibility standard ISO 26000.

65% of respondents think that the level of CSR of business is lower than the standard. The study also revealed a rather low level of consideration of other stakeholder groups’ interests. An interesting result is that none of the enterprises has identified the scope of occupational health and safety of its employees, compliance with the code of ethics and their implication in the business strategy as an important aspect of CSR (Zinchenko and Saprykina, 2008, page 10).

Kolomiets and Bacheva McGrath (2015) mentioned that companies started to integrate responsibility towards the environment into their practice; however,

⁴MHP: Myronivsky Khiboprodukt; IMC: Industrial Milch Company; Mrija: Mirja Agroholding.

these measures were very limited. Inadequate measures were often used to solve local problems (Kolomiets and Bacheva McGrath, 2015).

One of the features of development of CSR in Ukraine is the absence (or the minor impact) of external influence and public initiatives, from the government and NGOs (Stepanenko, 2012). Unlike other European countries, e.g., Germany (Heyder and Theuvsen, 2009), the “development of CSR in Ukraine took its own way”. Initially, it was the companies which took lead in the development of CSR practice, engaging the stakeholders (consumers, NGOs, government representatives at the regional and national levels) in such activities (Stepanenko, 2012). According to Stepanenko (2012), the low level of ethical and environmental development resulted in most of Ukrainian companies not getting competitive positions on international markets.

Following the described studies, this study contributes to existing literature by providing additional insights on the current state of CSR in the agricultural field of Ukraine. Compared to other studies reviewed above, we will only concentrate on the CSR of agricultural farms independent of their size. Additionally, our study provides opinions of local communities concerning their understanding and perception of CSR activities of agricultural farms.

2. Study methodology

To provide insights on CSR in Ukrainian agriculture, a survey questionnaire was developed. The survey covers the following CSR areas: understanding (how representatives understand the concept of CSR), organization and implementation (whether the company has specific CSR policies, budget and which CSR activities are carried out by agricultural enterprises, in relation to their internal and external stakeholders) and motivation (main incentives for implementation of CSR). The concept developed by Carroll (1991) and extended by Heyder and Theuvsen (2009) provides a background for the items included in the questionnaire.

The social responsibility of agribusiness intends to achieve the highest possible level of interests from agricultural producers and rural communities. In this context, the awareness of stakeholders of a company’s CSR is relevant. In order to illustrate the complex picture of CSR development of in agriculture, both the representatives of agricultural enterprises and rural community were interviewed. Looking at CSR from the stakeholders’ perspective allows also insights on whether the needs of stakeholders are met by farms or not.

A total of 30 managers of agricultural enterprises and 60 representatives of rural communities were interviewed. At the time of the survey, the agricultural enterprises were mostly officially located on the territory of 1-3 local communities.⁵

⁵Currently the consolidation of local community is ongoing. It was planned to create a big community, each of these will include from 18 to 32 rural communities.

We concentrate our study on the Zhytomyr oblast of Ukraine. The standardized survey was undertaken in spring 2016 in Zhytomyr oblast. Zhytomyr oblast is a typical agrarian region in Ukraine, holding a leading position according to the size of agricultural land. 13.6% of Ukrainian agricultural land is located in oblast and 3.4% of the country's agricultural output was produced in this oblast⁶. 41.3 % of the oblast's population live in the rural area⁷. About 45% of the cultivated agricultural land is used by large farms (agro-holdings). There is only limited official information about CSR of Ukrainian agribusiness. Only some big agricultural companies provide some information on the companies' websites and to a very limited extent. Taking this fact into account, the method used in this study allows the collection of more information looking at different aspects of the complex phenomena of CSR.

3. Results

To the question "how well informed are you on the CSR concept" only 24.1% of heads of rural communities and 56% of managers of agricultural enterprises answered that they were very well informed about this issue. 5.5% of heads of rural communities did not know anything about CSR. The remaining respondents (70.4% of heads and 44% of managers) claimed that they only had partial knowledge ("heard something") about corporate social responsibility.

Compared to the other studies on CSR in Ukrainian business (Korol, 2013), this level of awareness on the CSR concept seems to be high⁸.

The most common sources of information on social responsibility were the media, including internet resources (77.8% – the heads of rural communities, 30% - the heads of agricultural enterprises), means of interpersonal communication (communication with colleagues, state authority representatives, processing and agricultural enterprises representatives) – 61.1% and 53.3%, respectively, as well as information obtained during the participation in trainings, round tables, forums (1.8% and 16%). It should be noted that the latter sources would be an effective means to increase the understanding of CSR. At the same time, 11.1% of rural communities heads and 40% of managers noted that they did not have enough information available on CSR.

⁶ The Zhytomyr oblast holds the 11th position in the national ranking by the level of agricultural output per one person.

⁷ The share of rural population in Ukraine is 31.1% on the average (Ukrstat, State statistics Service of Ukraine.)

⁸ According to research of Korol (2013) analyzing the CSR of Ukrainian business in different sectors every fifth company in Ukraine is not informed about such a widespread practice

The study identified what the respondents meant by the term “corporate social responsibility (CSR)”. We have obtained different results concerning the understanding of CSR by managers and leaders of local communities.

The majority of managers in agricultural enterprises consider CSR to be an ethical and responsible attitude to consumers and partners (66.6%) comprising the implementation of social programmes able to improve the living conditions of the community (46.6%) (Table 1). Managers do not associate other aspects such as legislation compliance, staff development and charitable assistance to socially vulnerable segments of population to CSR. However, it can be concluded that agricultural companies share the idea of the importance of business participation in the socio-economic well-being of the rural population.

Compared to these, the heads of rural communities attributed to CSR the implementation of social programmes meant to improve the living conditions of the community (66.6%), legislation compliance (37%), participation in rural development regional programmes, responsibility for the community in which the enterprises carry out their economic activities (26% of respondents).

Table 1. Components of the CSR concept, %

	heads of rural communities	managers of agricultural enterprises
the implementation of social programmes in order to improve the living conditions of the community	66.6	46.6
programmes for staff working conditions improvement	24.1	23.3
training and staff development	13	20
legislation compliance	37	13.3
ethical and responsible attitude to customers and partners in business policy	14.8	66.6
charity to vulnerable population (financial and welfare assistance, etc.)	24.1	10
responsibility for the community in which the enterprises carry out their economic activities	25.9	23.3
participation in regional programmes of rural development	25.9	30
rational use of resources (water, land, forest resources) and environmental protection	20.3	26.6

Source: own representation

To go further, we have identified the kind of CSR activities the agribusiness carried out in relation to the local community, to socially unprotected groups of population (disabled and pensioners), to their customers and business partners, to

its staff, and the actions companies implemented to reduce the environmental impact.

Almost all interviewed heads of the agricultural enterprises help to develop their rural areas. Companies which currently help local communities, are achieving it by financial support (91%), landscaping (56.6%) and the organization of mass actions, sponsorship of sport and cultural activities (46.6%). The least popular form of assistance is providing food in kindergartens, schools, hospitals (13%). The shift towards domestic social programmes and organization of different events aimed at customers and partners can be attributed to the specification of the development of CSR in Ukraine.

The heads of rural communities indicated that agricultural enterprises in relation to their community mainly carried out charitable assistance on request (70.3% of the respondents), participated in landscaping of their village (63%), carried out cleaning of areas, garbage collection (27.8%), provided financial assistance to the local community (26%), engaged in the repair of kindergartens, schools, hospitals etc. (24.1%), and sometimes organized mass actions, sponsoring sports and cultural events (18.5%) and provided food to kindergartens, schools, hospitals (11.1%). At the same time, 14.8% of heads of rural communities noted that the agricultural enterprises did not perform any actions for the rural development.

With regard to the responsibility towards the socially unprotected groups of population (disabled and pensioners), agricultural enterprises are mainly engaged in charity and sponsorship (64.8%), and also initiate free provision of goods or services (14.8%) and make almost no patronage over the specialized agencies (5.5%). However, one third of all heads of rural communities consider that the enterprise does not carry out any actions in relation to the socially unprotected groups of population in the region (27.7%). The different answers of the respondents can be facing a lack of communication between representatives of enterprises and the local community, as well as of the local community awareness of the company's CSR activities. 10% of the heads of rural communities responded that they had no dialogue between the community and local businesses.

Also, Kolomiets and Bacheva McGrath (2015) pointed out that there is lack of information in the local community about the CSR strategy and provided local measures. However, the regular dialogue about local problems and needs between the communities and enterprises is necessary (Kolomiets and Bacheva McGrath, 2015; Halbes et al., 2005).

Among the areas of CSR towards its staff, the agricultural enterprises never delay salary and increase the amount regularly (90% of the respondents), implement programmes to improve the working conditions and the rest of the staff (60%), provide additional training, improve staff qualifications (46.7%) and implement career development programs (23.3%). This is an interesting result because of the fact that most of the interviewed managers do not consider staff

development and improving working conditions as an important part of CSR (see Table 1).

As noted earlier, agricultural enterprises pay great attention to social responsibility towards their customers and business partners. Most of it concerns the application of the ethical and responsible principles attitude towards customers and partners in business policy (76.6%), compliance with standards and regulations (ISO) (63.3%) and use of fair competition (46.6%). The least popular practice is timely payment of invoices (16.7%).

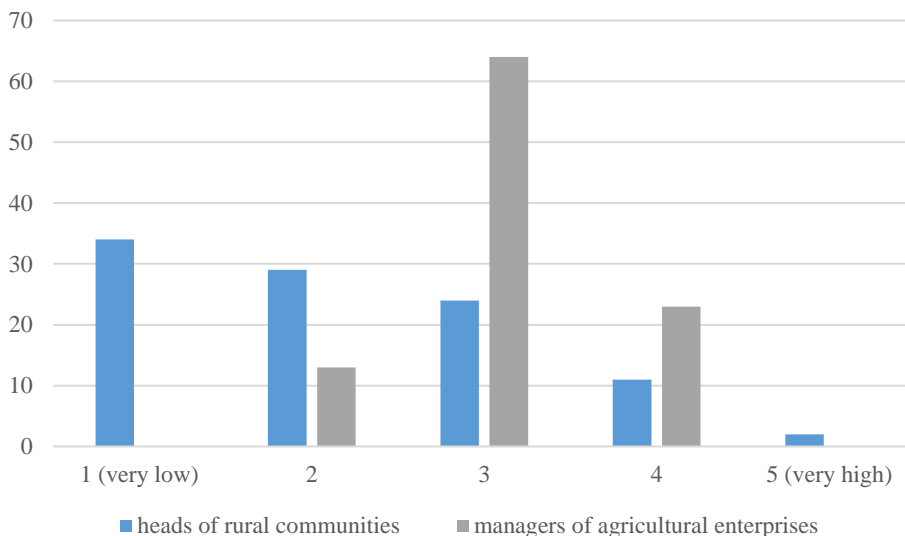
A necessary condition for sustainable development and an essential component of CSR is environmental responsibility. It is implemented through adherence to the preventive approach to environmental challenges, increasing responsibility for the environment, the development and implementation of safe technology. To the question “What activities are carried out to reduce the environmental impact in your area?” all managers of agricultural enterprises indicated that they carried out various activities to reduce the impact on the environment. Most of their attention was paid to the protection of natural resources (73.3%) and the introduction of energy saving technologies (30%). The implementation of programmes of waste and application of measures to reduce emissions was not a popular action for businesses (13.3%).

At the same time, the heads of rural communities responded as follows: 48.1% said that no activities were carried out, and 31.5% reported that enterprises sometimes planted trees in a forest, 16.7% – implemented activities on the protection of water resources, 16% – implemented energy-saving technologies and only 7.4% applied measures to reduce emissions. However, 7.4% of respondents did not know what actions the agricultural enterprises carried out in order to reduce the impact on the environment.

According to the head of local communities for the formation of ecological security of rural communities, it was first of all necessary to guarantee the maintenance of soil fertility (74.1%), the conservation and enhancement of forests (61.1%) and the elimination of the problem of solid waste (61%). The problem of providing quality drinking water (46.3%) and the development of alternative energy sources (24.1%) trouble rural residents. The least important area in this regard is recognized as conducting radiation activities (11.1%).

The respondents were asked to provide their opinion according to the degree of CSR development and to rate CSR in their community on a scale from 1 (low level) to 5 (high level). It should be noted that the respondents’ answers vary considerably (Figure 1). Agricultural enterprises consider that CSR has a high enough level of development, while to most heads of rural communities, the level of CSR of agriculture enterprises operating in their community was assessed as very low.

Figure 1. The level of corporate social responsibility development in the region⁹, %



Source: own representation

Additionally to the question on CSR actions, managers were asked whether the company has a specific CSR policy. According to the answers, most agricultural enterprises (56%) have neither a clear CSR strategy or programme, nor a budget for this, and they do not incorporate the CSR goals in their business strategy. More than 60% of companies carry out socially responsible activities only by request.

Also, the representatives of local communities mentioned that the support is not regular and does not cover (or partly covers) the needs of regional rural areas. However, the representatives of rural communities concluded the effect of CSR measures implemented by farms was positive. One of the practices of CSR programme implementation in Ukraine has agreements on social partnership between agricultural enterprises and local municipalities. Our study shows that only in some cases have the agricultural enterprises signed the agreement on social partnership with the rural council (24% of respondents). In such agreements, types of activities as well as the amount of funding to the social sector is reflected. According to our research, it varies from 50 to 100 UAH per year per 1 ha of rented agricultural land in the territory of the corresponding rural communities.

⁹This assessment is based on the individual perceptions of managers and heads of local community.

Respondents were asked to identify the reasons which encourage farms to practice CSR activities. Farm managers consider that requirements of the enterprise's owners or of the parent company (60%), the moral grounds (53.3%) motivate them to implement CSR activities. Taking into account the huge social problems in the rural area and the poor local government capacity, the last factor is not surprising. The other important driver of farms' CSR is constituted by the requests from the rural communities (26%), where, for example, other companies and economic reasons are found to play but a minor role.

In the opinion of the heads of rural communities, the main factors that motivate businesses to pursue socially responsible activities are the requests of the local government bodies (30%) and the needs of the community, which are recognized by enterprises (29.6%). About a quarter of heads of rural communities mean that requests from the communities and NGOs¹⁰ encourage the enterprises to implement CSR activities. Other 24% of them mentioned, that the CSR implementation corresponds to the legislation of the country and because of this the enterprises should provide CSR activities (Figure 2).

The results show that, contrary to the international practice, the influence of the civil society organizations in the development of CSR is rather low.

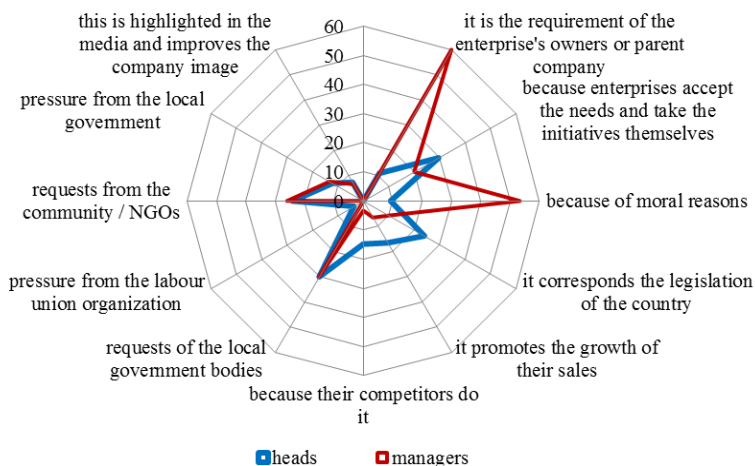
It corresponds to the findings of Kvartiuk (2015). Unfortunately, it is also a fact that local governmental bodies exert pressure on companies regarding CSR implementation. 13% of managers and 12% of heads of local community agreed to this statement. Moreover, 30% of both managers and heads of local communities have indicated the requests of the local government bodies as a factor encouraging CSR.

Respondents were asked to identify factors which can contribute to the development of CSR in the future (Figure 3). Both managers and heads of local communities agreed that the awareness of positive experience and positive effects of CSR implementation, as well as adequate state policies versus changes in the legislation, (almost 50% of all respondents) can support the development of CSR.

60% of managers indicated the reduction of tax burden as a main factor contributing to CSR development. These answers correspond to the opinion of some Ukrainian researchers. For example, Konovalenko (2010) noted that “the most important components of the state policy in the sphere of regulation of corporate social responsibility should be the development of state programmes, reform of the tax system providing tax benefits for socially responsible businesses, widespread successful experience of patronage and fair business practices[...]”.

¹⁰ According to the structure of the questionnaire, both requests of communities and NGOs were included in one item. However, all respondents mentioned that there is no pressure from the side of NGOs.

Figure 2. Factors encouraging enterprises to implement socially responsible activities, %



Source: own representation

Figure 3. Factors contributing to the CSR development in the region, %



Source: own representation

The Ukrainian agricultural enterprises' attitude to the issue of CSR demonstrates that the vast majority of businesses tend to put responsibility on the state and that they see their involvement in solving social problems by generating profit and paying taxes.

Conclusions

CSR is an important and widely debated topic in modern agribusiness, while facing a wide range of economic and societal challenges. CSR is considered the response to the increasing social demand aiming to create the win-win situation for all actors of supply chain and society.

This study provides insights on the CSR in Ukrainian agriculture. In particular, we have examined the following aspects: the understanding and implementation of CSR by agricultural enterprises, as well as factors, which motivate enterprises to provide CSR.

The results of the paper show that there is a lack of information about the CSR concept. The CSR concept is not fully understood by the managers and leaders of the local community. The perception of CSR actions by the local community is in the line with their understanding of the CSR concept. The most of heads of local community attribute the CSR with social programmes in order to improve the living conditions of the community and expect actions in this field. Most managers we interviewed acknowledge CSR with ethical and responsible attitude to consumers and partners and implementation of social programmes for improving the community living conditions. On a low level of understanding of the CSR concept shows following fact. According to the survey, 10-14% of interviewed managers do not consider providing training and charity for help to vulnerable population (financial and welfare assistance, etc.), programmes for rural development as components of CSR, but they (agricultural enterprises) carry out such activities.

Despite the managers recognizing the increasing needs of a society, the concept of social responsibility as an instrument of strategic management is insufficiently taken into account. Most enterprises provide CSR activities irregularly and there is no programme or budget for the actions. The CSR actions of farms are constrained by the limited number of measurements.

Moreover, there are discrepancies in the understanding of the CSR concept by managers and heads of the local community. For the leaders of local communities, it is the implementation of social programmes for improving community living conditions and legislation compliance that are the most relevant. Results also show that the perception of CSR actions by communities is rather low.

The reason for these results could be a lack of information about the CSR concept as well as the lack of communication between representatives of

agricultural enterprises and local community. This can be a reason for the low level of consideration of other stakeholder groups' needs, problems and conflicts that arise during their interaction. In this context, the building of dialogue between stakeholders is very important. The direct dialogue will help enterprises orient towards societal needs and better meet the stakeholders' demands, minimize the mistrust of the rural community and improve the reputation of the company.

The external pressure from a local community, NGOs do not seem to be relevant factors in encouraging companies to provide CSR actions. At the same time, the study indicated pressure from local governmental bodies. However, the government should play the role of a motivator and service provider, rather than that of "director", to promote CSR in business environment, stimulate the dialogue with various stakeholders on CSR, to facilitate building of other stakeholders (NGOs, universities, business associations) etc.

The study shows that the main factors contributing to the CSR development can be the reduction of tax burden, changes in legislation, the public opinion and one's own experience and the resulting positive effects.

Despite the fact that the study covers only one region, it nevertheless contributes to the better understanding of CSR in Ukrainian agriculture and provides a basis for further research. The findings have practical implications, they provide insights on how agricultural enterprises as well as the community handle relevant social requests. This allows managers to check critically and adapt their existing business strategies and/or implement new strategies with the incorporation of CSR goals according to the needs of relevant stakeholders. The local community does not only refer to the location of the enterprise. First of all, it is the environment of vital activities of present and potential employees, consumers and investors. That is why entrepreneurs should understand that it is impossible to build a successful company without a successful community. By helping the community, the manager actually lays the foundation for the development of their enterprise or own business in the future. In this context, the need to integrate the social demands of external environment into firm strategies is increasing.

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