

## CORPORATE SOCIAL RESPONSIBILITY OF AGRICULTURAL COMPANIES OF UKRAINE UNDER MARTIAL LAW

\*Iryna Zamkova , Maryna Dubinina , Olha Luhova , Svitlana Syrtseva , Yuliia Cheban ,  
Tetiana Kuchmiiova 

Mykolaiv National Agrarian University, Ukraine

\*Corresponding author's email: iryna\_zamkova@meta.ua

### Abstract

One of the main factors thanks to which the Ukrainian economy withstood the powerful beginning of the full-scale military invasion of Russia and has been maintaining courage for more than two years, is the high level of social initiatives of business and self-awareness of Ukrainian society. Agricultural companies not only protect their business, but also continue to work to support the army, their workers, communities and vulnerable population. The article analyses the features of the implementation of corporate social responsibility as a modern business strategy. The specifics of corporate social responsibility practices of agricultural companies have been established, which is aimed at: socio-psychological and financial support for company employees; ensuring the defence capability of the Armed Forces of Ukraine and related structures; humanitarian assistance to internally displaced persons and vulnerable populations; support of territorial communities in the regions of presence. New directions of CSR, the emergence of which was a direct consequence of the war, have been identified and systematized. It has been established that these include: additional emergency leaves; military leaves with retention of compensation; regular emotional check-ins in teams; 'Ukraine first' case, 'National Identity' case, 'Ukraine Culture Code' case. It was determined that the essence of these new cases is meaningful national education, support of national identity, raising the level of awareness of Ukrainian cultural heritage and debunking myths about 'Soviet' Ukraine. Furthermore, it was established that the emergence of such practices is connected with a clear understanding of Ukrainian society about the need to rebuild the state after the victory.

**Key words:** corporate social responsibility, agricultural companies, war, practices, financial support, humanitarian aid.

### Introduction

Russia's unprovoked armed aggression against Ukraine has created a number of systemic problems of a security, socio-humanitarian, economic and environmental nature that require detailed research and understanding. Russia's attack is a challenge for domestic business, which positions itself as socially responsible and declares its commitment to moral and ethical principles. The military actions and occupation of the territories of Ukraine by the Russians have already caused multibillion-dollar damage and caused unprecedented problems in all areas of the socio-economic system of the state, which creates space for the implementation of initiatives by socially responsible business entities aimed at supporting the Ukrainian people and the army of Ukraine.

It is also predictable that the reconstruction of the state in the post-war period will also require the consolidation of the efforts of Ukrainian society and big business, and will require complex and responsible decisions of the authorities of Ukraine. Under these conditions, business has the opportunity to confirm its commitment to the principles of corporate social responsibility (hereinafter referred to as CSR). Especially these theses concern the national agrarian business, which continues to be budget-forming during the war. It is large agricultural companies that have been the leaders in the implementation of CSR in recent decades, as indicated by world ratings such as the Dow Jones Sustainability Index (DJSI), FTSE4 Good Index, and Corporate Philanthropy Index (CPI).

Regardless of the fact that the war unleashed by Russia has been going on for quite a long time, it should be noted that scientists have not yet fully explored the peculiarities of the functioning of the mechanism and

instruments of corporate social responsibility in combat conditions. Therefore, there is a need to consider these issues in more detail in order to enable domestic socially responsible companies to adapt to realities and further support various social projects.

The purpose of this study is to establish the specifics of the instruments of the corporate social responsibility mechanism that emerged during the war in Ukraine, in the context of different groups of beneficiaries, at whom the practice of CSR is aimed.

The aforementioned purpose led to the implementation of the following tasks:

- to analyse the specifics of implementing corporate social responsibility as a modern business strategy;
- to identify the specifics of corporate social responsibility practices of agricultural companies, aimed at: socio-psychological and financial support for company employees; ensuring the defence capability of the Armed Forces of Ukraine and related structures; humanitarian assistance to internally displaced persons and vulnerable populations; support of territorial communities in the regions of presence;
- to establish new directions of CSR, the emergence of which was a direct consequence of the war.

### Materials and Methods

We investigated the phenomenon of corporate social responsibility of Ukrainian companies in the agricultural sector under the martial law using generally accepted scientific methods, such as: the system analysis method – to generalize scientific approaches in order to establish the features of the practice of applying social responsibility by agricultural business; the method of

statistical analysis – in the process of analysing various aspects of the development of business entities and their impact on social processes; analytical approaches and the method of expert surveys – in diagnosing the spread of various types of social practices and the specifics of their manifestations during the war; the graphic method – for visualization of the received information, its comparison and generalization; the case method – to assess the readiness of companies to make efforts and spend resources to overcome the consequences of military operations, the systematization method – when drawing conclusions of the conducted study.

The study was conducted in Ukraine. The object of the study was the practice of corporate social responsibility of companies in the agricultural sector of Ukraine. The respondents were representatives of the top management of agricultural companies, which, in terms of production size, according to the current legislation of Ukraine, are classified as large enterprises.

The conducted survey highlights the specifics of corporate social responsibility practices of agrarian companies, aimed at: social-psychological and financial support of company employees; ensurance of the defence capability of the Armed Forces of Ukraine and related structures; humanitarian assistance to internally displaced persons and vulnerable sections of the population; support of territorial communities and residents of the regions of presence.

Thirty companies of the agrarian sector of Ukraine took part in the study. Business entities were selected for participation in the survey on a regional basis: 6 companies each from the central, northern, southern, eastern and western regions of Ukraine.

The electronic questionnaire, which was a Google form, was distributed among agricultural companies via the Internet (questionnaires were sent to the e-mail addresses of economic entities posted on their official websites). The survey was conducted from October 2023 to December 2023 inclusive.

Respondents commented on issues related to the following areas:

1. Basic CSR practices of Ukrainian agricultural companies during the war in relation to employees and their families.
2. Basic CSR practices of Ukrainian agricultural companies during the war to ensure the defence capability of the Armed Forces of Ukraine and related structures.
3. The main directions of contributions of Ukrainian business during the war in relation to internally displaced persons and vulnerable categories of the population.
4. The main directions of contributions of Ukrainian business during the war to support territorial communities and residents of the regions of presence.

### Results and Discussion

There are many different definitions of corporate social responsibility, which have evolved as historical

circumstances have changed. The CSR concept was first introduced in management literature in the 1950s as ‘the obligations of businessmen to pursue those policies, to make those decisions, and to follow those lines of action that are desirable in relation to the objectives and values of our society’ (Bowen, 1953). The European Commission (2001) has previously defined Corporate Social Responsibility (CSR) in its Green Paper 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’. Subsequently, the issue of researching the essence of CSR was considered in works: (Öberseder, Schlegelmilch, & Gruber, 2011; Costanigro, Deselnicu, & McFadden, 2016; Hartmann, 2011). However, there is still no single definition of CSR.

The famous Italian economist Becchetti (2011) formulated a definition of the essence of CSR, which we can give preference to: ‘a more balanced sensitivity to a wider range of stakeholders’. The author emphasizes that compliance with the law is part of mandatory good behaviour, while the CSR includes everything that goes beyond legal compliance. Accordingly, a better definition would be one that sees CSR as a change in the scale of priorities of the company in relation to stakeholders. This vision involves a shift from the maximization of shareholder value to a more measured and balanced focus on a wider range of stakeholders, such as consumers, employees, suppliers, local communities and even, in the context of sustainable development, future generations.

Corporate social responsibility has been developing in Ukraine even before the start of the full-scale invasion as an integrated direction of business. According to a study by the Centre for CSR Development in 2018, approximately 80% of Ukrainian companies began to implement CSR or were guided by its principles. But only 25% of them systematically allocated a budget for CSR projects, which significantly distinguished Ukrainian business from international companies, where the figures reach 90-95% (Myskiv & Pasinovich, 2023).

With the outbreak of a full-scale war in Ukraine, the essence and scope of application of CSR practices changed significantly, and it was the war that forced Ukrainian businesses to reorient their programs to support sustainable development. The vast majority of companies have integrated aid and recovery programs of Ukraine into their CSR policies ‘Figure 1’.

Corporations in the agricultural sector that responded positively to the major political and social events in the life of Ukraine over the past 20 years (Orange Revolution, Revolution of Dignity, COVID-19 pandemic) already had some experience and were therefore able to quickly adapt to the changes caused by the beginning of a full-scale aggression. The main motive for CSR of such business entities was the unification of Ukrainian

agricultural businesses to help their country.

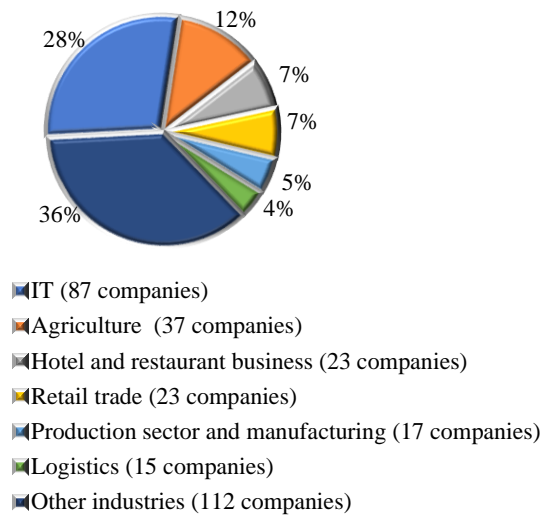


Figure 1. The main sectors of the national economy of Ukraine, which are leaders in the implementation of CSR practices aimed at maintaining the vital activity of the civilian sector and the defence capability of the Armed Forces of Ukraine.

Source: (Official website of CSR Ukraine, 2024).

We have studied and evaluated the CSR practices of Ukrainian agricultural companies (which were respondents), which were implemented during 2022-2023 and related to the above areas of activity:

1. Basic CSR practices of Ukrainian agricultural companies during the war in relation to employees and their families.

The impact of the war on the physical and mental health of society turned out to be enormous. The war destroyed all social ties; the opportunity to be safe was taken away

from every person; it deprived everyone of confidence in the future; there was no control over the situation. In the first months of the war, every citizen of Ukraine had to learn to cope with powerlessness, helplessness and re-establish their identity in difficult conditions, regaining partial control over their lives, and, at the same time, say goodbye to illusions about the safety and steadfastness of the world in which we live. Part of Ukrainian society is 'stuck' in the traumatic reality, has lost the opportunity to adapt to such extreme conditions of existence. Under such conditions, employer enterprises have been and remain one of the few 'islands' of stability, predictability and confidence in the present.

If before the full-scale war there were enough companies in the agricultural sector of Ukraine that decided not to implement CSR practices and help their employees, now almost every agricultural company pays attention to the areas of improving the well-being of workers and supporting their physical and mental health. The success of business development in the agricultural sector in the conditions of an aggressive war directly depends on whether employees are emotionally stabilized, whether they have a sufficient level of psychological stability, the possibility of physiological recovery and the skills to cope with chronic stress, and at the same time show productivity at work.

The catalog of CSR practices implemented by Ukrainian companies during the war, compiled by CSR Ukraine (national partner of CSR Europe (Brussels, Belgium), and World Business Council on Sustainable Development (Geneva, Switzerland), contains 328 examples, 26 of which are aimed at supporting employees (Official website of CSR Ukraine, 2024).

The respondents we interviewed noted that the CSR practices applied at the enterprises they headed after the start of the war to support their employees were in the vast majority of cases (86% of respondents) of an emergency nature (Table 1).

Table 1

**CSR practices of agricultural companies implemented since the beginning of the full-scale war aimed at supporting their employees and their families, 2022-2023**

CSR practice	% of respondents
Relocation or evacuation to safe places	43
Provision of psychological support	19
Provision of financial support	90
Psychological support programs for employees' children	7
Holding meetings to maintain contact within the team	26
Provision of free time to employees to participate in the volunteer movement	68
Implementation of educational projects (education and training, creation of inclusive jobs)	82

Evaluation of the data shown in Table 1 allows us to conclude that the most common CSR practice in 2022-2023 was the provision of financial support to employees by agricultural companies (89.5%), the implementation of educational projects (82.4%) and the provision of free time to employees to participate

in the volunteer movement (68.3%). The least used cases were those related to psychological support for employees and their family members. Such support was practiced by up to 20% of respondents, the vast majority of whom were located in the capital region (Kyiv region) and gravitated toward large urban

agglomerations (agricultural companies in Kharkiv, Dnipropetrovsk and Odesa regions).

Within CSR, agricultural companies began to emphasize well-being and war/work balance. Companies have started implementing work practices during air raid warning, additional emergency leaves if necessary, military leaves with continued pay, regular emotional check-ins in teams. If such practices were just emerging before the war, then after it began, they were rethought and adapted to the new reality of wartime.

Ukraine first, National Identity, Ukraine Culture Code became completely new areas of CSR. These cases are not only about monetary or value support, but also about meaningful national education. Lectures on the history of Ukraine, Ukrainian language courses, a book club on Ukrainian poetry - these are just some of the actively developing projects, because this has become one of the key focuses of the CSR strategy. The goals of such projects can include both supporting

national identity, which has been destroyed for centuries, and raising awareness of Ukrainian cultural heritage and debunking myths about 'Soviet' Ukraine. The emergence of such practices is associated with a clear understanding of Ukrainian society about the need to restore the state after the victory.

2. Basic CSR practices of Ukrainian agricultural companies during the war to ensure the defence capability of the Armed Forces of Ukraine and related structures.

Companies of the agrarian sector, starting from the very beginning of the war, were strongly involved in the implementation of CSR practices aimed at supporting the defence capability of the Armed Forces of Ukraine and the structures that ensure their vital activities. During the survey, a fairly wide range of such assistance provided by agricultural companies was revealed (Table 2).

Table 2

**CSR practices of agricultural companies implemented since the beginning of a full-scale war, aimed at maintaining the defence capability of the Armed Forces of Ukraine and related structures in 2022-2023**

CSR practice of agricultural companies in 2022-2023	% of respondents
Purchase of defence equipment, body armor, helmets, radio transmitters, heat sensors, tactical clothing and footwear	72.3
Purchase of walkie-talkies, gadgets, generators	61.8
Purchase of UAVs of foreign origin	17.4
Financing the development of Ukrainian UAVs	5.8
Purchase and repair of cars and ambulances	18.1
Purchase of mobile repair workshops	4.3
Supply of medicines to meet the needs of hospitals and the Armed Forces of Ukraine	92.5
Purchase of hemostatic agents	43.1
Purchase of turnstiles, sanitary kits	84.6
Donation of blood and plasma to wounded or injured soldiers or civilians	22.7
Equipping medical institutions with simulators for the rehabilitation of soldiers with wounded or lost limbs	8.2
Funding of institutions whose activities are aimed at the psychological rehabilitation of military personnel	1.4
Food organization of the Territorial Defence Forces of the Ukrainian Armed Forces	69.6

The analysis of the survey data presented in Table 2 allows us to conclude that all CSR practices of agricultural companies aimed at helping the Armed Forces of Ukraine can be divided into 2 main groups: financing of material and technical assistance and organization of medical support and the rehabilitation process. As for the first group of CSR practices, we should note that the material and technical assistance received by the Armed Forces of Ukraine from companies of the agrarian sector for two years was carried out with different emphases, which were set depending on external and internal factors that influenced the provision of the army by the state. Thus, during the first half of 2022, the army of Ukraine needed, along with weapons, appropriate equipment. Therefore, during this period, the focus of CSR practices of agricultural companies was on providing the Ukrainian army with essential items: tactical

clothing and footwear, means of defence, bulletproof vests, helmets, walkie-talkies, etc. After the establishment of the supply process by the Ministry of Defence of Ukraine, the need for such activities almost disappeared, and the emphasis of corporate practices in 2023 shifted to financing the technological and logistical component of the war, and the decrease in US funding and the lack of artillery shells ensured a sharp increase in the procurement of UAVs, especially in the second half of 2023.

As for the emphasis in the second group ('medical' group), it should be noted that the relevance of none of the CSR directions related to medical care has changed. The need for the amount of blood and plasma donations to wounded military or civilians may vary, depending on the degree of activity of hostilities, as well as on the intensity and power of rocket attacks and shelling attacks on peaceful cities of Ukraine.

3. The main directions of contributions of Ukrainian business during the war in relation to internally displaced persons and vulnerable categories of the population.

Cases of corporate social responsibility in relation to internally displaced persons and vulnerable categories of the population, who found themselves below the poverty line, which increased almost 10 times during the first year of the war in Ukraine, come down mainly to humanitarian and, in some cases, financial support 'Figure 2'.

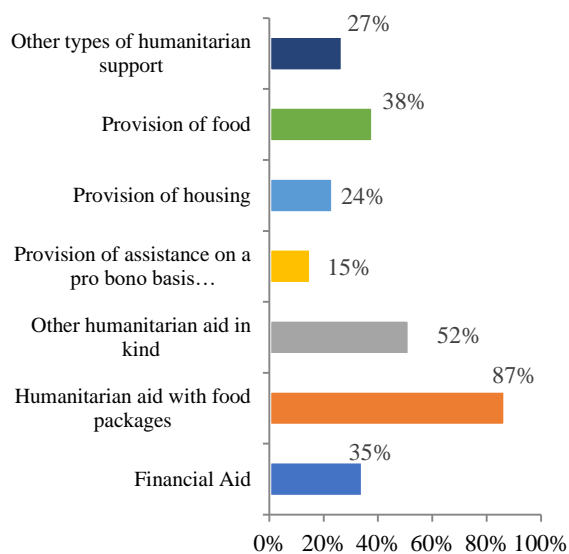


Figure 2. CSR directions of agricultural companies in relation to internally displaced persons and vulnerable categories of the population of Ukraine in 2022-2023.

The evaluation of the results of the questionnaire regarding this type of CSR practices showed that the most popular case among agricultural companies was the provision of humanitarian aid to internally displaced persons and other vulnerable categories of the population in the form of food packages (86.9% of respondents). The practice of issuing various types of humanitarian aid in kind is widespread (51.7%). Also, agricultural companies, especially in the first months of the full-scale invasion, provided those in need with food (38.2%) and housing (23.5%).

4. The main directions of contributions of Ukrainian business during the war to support territorial communities and residents of the regions of presence. The CSR practices of agrarian companies regarding the support of territorial communities in the regions of their presence can be considered as corporate volunteerism, the result of which is the improvement of the financial condition and/or social infrastructure of the united territorial communities. Even before the war, agricultural companies have taken an active part in the support and development of the territories where the production facilities of the companies are located,

and with the beginning of the full-scale invasion, such activities expanded due to new practices 'Figure 3'.

Corporate volunteering and assistance to territorial communities managed to increase the company's team spirit during a difficult period.

At the beginning of the war, many large agricultural companies paid taxes in advance, which became a significant support for the Ukrainian economy at the level of both state and local budgets.

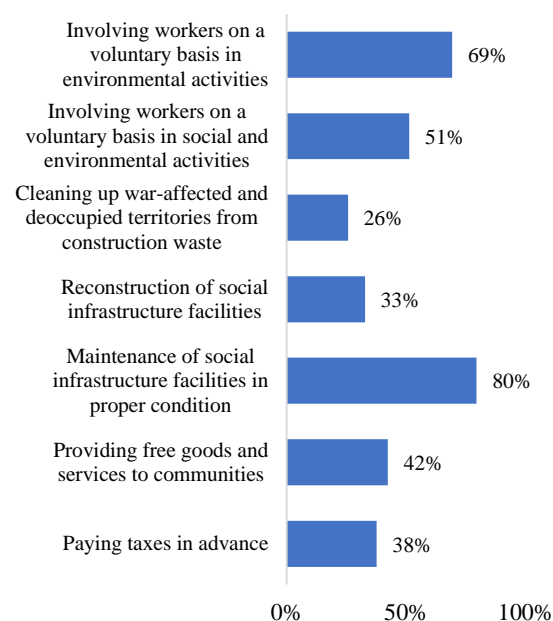


Figure 3. CSR practices of agricultural companies implemented since the beginning of the full-scale war, aimed at supporting territorial communities in the regions of their presence in 2022-2023.

According to the catalog of company contributions, the total amount of taxes paid in advance as of January 1, 2023 amounted to more than 233.6 thousand euros.

We will present some practices of corporate social responsibility of individual Ukrainian agricultural companies, which have been implemented since the beginning of the full-scale invasion (Table 3).

The results of the study show the activities of four agricultural companies of Ukraine, which during 2022-2023 made a significant contribution to strengthening the defence capability of the Armed Forces of Ukraine, support of its own employees, internally displaced persons and other vulnerable sections of the population, reconstruction and development of the regions of its presence. All these companies entered the TOP-20 largest agricultural companies of Ukraine in 2023.

Kernel is Ukraine's largest producer and exporter of grains, the leader in the global sunflower oil market, and the key supplier of agricultural products from the Black Sea region to global markets. The company accounts for about 8% of the world's sunflower oil exports.

The CSR practices of this agrarian company from the very beginning of the war covered almost all possible niches of socially and financially vulnerable categories. The company implements more than 20

cases on an ongoing basis, which allowed it to become one of the leaders of CSR in wartime, to be an example of corporate unity for other representatives of national business.

Table 3

**Some examples of CSR practices of companies that are leaders in the agricultural sector of Ukraine as of January 1, 2023**

Name of the agricultural company	Revenue, million euros	Loss (-)/ Profit, million euros	Implemented CSR practices
Kernel	3025.0	- 72.4	Equipment for the military Number of CSR cases – 8 Total amount of assistance – 9786,1 thousand euros
			Humanitarian food aid Number of CSR cases – 4 Total amount of assistance – 3884,7 thousand euros
			Medical equipment and medicines Total amount of assistance – 911,3 thousand euros
			Cars, trucks and other assistance to the Armed Forces of Ukraine (1,421 units) Number of CSR cases – 4 Total amount of assistance – 26215,0 thousand euros
			Financial assistance from Kernel Number of CSR cases – 4 Total amount of assistance – 11892,0 thousand euros
			Psychological assistance to employees and their family members
			Development of personnel potential
Myronivskiy Khiboproduct	1994.9	- 196.2	As of March 1, 2024, 13,509,496 tons of charitable products were issued for a total amount of 22.2 million euros
Astarta	411.1	51.4	Assistance to international and local food and humanitarian missions. Delivery of humanitarian goods of the UN World Food Program. As part of a joint project with the International Labour Organization, the Ministry of Foreign Affairs of Denmark, the Embassy of Denmark in Ukraine and the Federation of Employers of Ukraine, more than 3,500 food packages were formed and delivered to Kharkiv and Mykolaiv.
Bayer	168.2	11.0	Provision of housing for the company's employees and their families who left the occupied territories and zones of active hostilities
			Purchase of medicines

Increasing the social responsibility of business is a significant challenge for the enterprise. On the other hand, it is the basis for improving its image and increasing competitiveness, and therefore it appears as an effective development strategy. Scientists believe that in Ukraine there has always been a latent social capital of a high level, called 'sleeping social capital', which, under the influence of a full-scale invasion, turned into a powerful 'social capital of war' (Velichko, Tymokhova, & Kudinova, 2022).

Corporate social responsibility, as a rule, embodies the social status and brand of an agrarian company, and during the war it should be considered as an inseparable component of a business entity that wants to continue working in Ukraine. In addition, issues about values also

concern potential employees when choosing an employer, as well as the local community when interacting with an agricultural company. In addition to the obvious advantages for the company and the brand, CSR in wartime also acquires a new meaning directly for the employees of the agricultural company. First of all, trust in one's own company and its socially responsible position gives employees and local communities a sense of stability and confidence in the future war' (Velichko, Tymokhova, & Kudinova, 2022).

The activity of Ukrainian enterprises and international companies in Ukraine is an example for the entire corporate world in the implementation of the goals of sustainable development and commitment to humanitarian values.

## Conclusions

1. Many economic experts believe that one of the main factors, due to which the national economy of Ukraine withstood the powerful beginning of the full-scale military invasion of Russia, and has been courageously holding on for more than two years, is the high level of social initiatives of business and the self-awareness of Ukrainian society. Agricultural companies not only protect their business, but also continue to work to support the army, their workers, communities and vulnerable populations. During the two years of the war, the national economy adapted to the harsh conditions of wartime, and agricultural companies that did not stop their business in Ukraine with the beginning of a full-scale invasion are interested in their business developing further.
2. Today we must admit that the plans of the Russian invaders to paralyze the domestic economy in the first days of the war and bring the vast majority of Ukrainians to the brink of survival and starvation were not realized. Big business not only survived and reduced social programs, but also expanded them; in the conditions of war, it reached a new level of implementation of the principles and values of corporate social responsibility.
3. Proactive activities of agricultural companies in the field of CSR; innovation and digitalization; support for the Armed Forces of Ukraine; two-way transparent communication on activities; providing financial, psychological and moral support to employees; corporate volunteering in relation to the regions of residence; solving complex environmental problems caused by military actions are the future of ethics, culture and strategy for the development of social responsibility of Ukrainian agricultural business.
4. The participants of the survey did not develop a common position regarding which type of activity is more socially responsible and significant in the conditions of war. Some respondents have strengthened established personnel practices and are attempting to maintain them during a military crisis. Other agricultural companies are increasingly concerned about the country's defence problems; their practices have a patriotic orientation. At the same time, all interviewed respondents stated that the agricultural companies they represent work for the victory of Ukraine and the maximum preservation of human potential.

## References

- Becchetti, L. (2011). Cos'è la CSR e come si sta evolvendo. Suggestimenti per possibili direzioni di sviluppo in Italia (What is CSR and how does it develop. Proposals for possible areas of development in Italy). *Journal of Ethics & Social Sciences*. Retrieved February 26, 2024, from [https://www.oikonomia.it/images/immagini\\_X\\_Articoli/2011/2011\\_ottobre/pdf/04\\_studi\\_becchetti.pdf](https://www.oikonomia.it/images/immagini_X_Articoli/2011/2011_ottobre/pdf/04_studi_becchetti.pdf). (in Italian).
- Bowen, H. R. (1953). *Social responsibility of the businessman*. New York: Harper & Row.
- Costanigro, M., Deselnicu, O., & McFadden, D. (2016). Product differentiation via corporate social responsibility: Consumer priorities and the mediating role of food labels. *Agriculture and Human Values*, 33, 597–609. DOI: 10.1007/s10460-015-9640-9.
- European Commission. (2001). *Corporate social responsibility green paper, promoting a European framework for corporate social responsibility*. Retrieved February 26, 2024, from <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0366:FIN:en:PDF>.
- Hartmann, M. (2011). Corporate social responsibility in the food sector. *European Review of Agricultural Economics*, 38, 297–324. DOI: 10.1093/erae/jbr031.
- Myskiv, H. V. & Pasinovykh, I. I. (2023). Sustainable development and social responsibility in the conditions of war in Ukraine. *Bulletin of the National University 'Lvivska Politekhnikha'. Series 'Problems of economics and management'*, 7(1), 21-36.
- Official website of CSR Ukraine. Retrieved February 26, 2024, from <https://csr-ukraine.org/about/>.
- Öberseder, M., Schlegelmilch, B., & Gruber, V. (2011). Why don't consumers care about CSR? A qualitative study exploring the role of CSR in consumption decisions. *Journal of Business Ethics*, 104, 449–460. DOI: 10.1007/s10551-011-0925-7.
- Velichko, K. Yu., Tymokhova, G. B., & Kudinova, M. M. (2022). Social school entrepreneurship: current state and development prospects in Ukraine. *Economy and society*, 44. DOI: 10.32782/2524-0072/2022-44-7.