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SOCIAL BANKING IN POST-WAR RECONSTRUCTION

Deep economic crises caused by wars, epidemics, earthquakes and other cataclysms require the creation of an effective financial mechanism for the recovery of the economy as a whole, as well as private households and individual businesses in particular. Today, a scientific search for the formation of such financial recovery systems is being carried out. This also applies to the effective mechanism for restoring the property of citizens and their private enterprises. For Ukraine, it is necessary to form a mechanism for the reconstruction of private property as soon as possible. Therefore, the purpose of the article is to determine the main problems and trends of modern micro-financing of households and private businesses, as well as to build an understanding of the architecture of social banking as a tool for financing their recovery after the war and other socio-natural disasters. To achieve it, general scientific methods of cognition are applied: analysis and synthesis, induction,

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СОЦІАЛЬНИЙ БАНКІНГ У ПОВОЄННОМУ ВІДНОВЛЕННІ

Глибокі економічні кризи, зумовлені війнами, епідеміями, землетрусами та іншими катаклізмами, вимагають створення ефективного фінансового механізму як відновлення економіки загалом, так і приватного домогосподарства та індивідуального бізнесу зокрема. На сьогодні здійснюється науковий пошук формування таких фінансових систем відновлення. Це стосується й ефективного механізму відновлення майна громадян та їхніх приватних підприємств. Для України механізм відбудови приватної власності необхідно сформувати якнайшвидше. Отже, метою статті є визначення основних проблем і тенденцій сучасного мікрофінансування домогосподарств та приватного бізнесу, а також формування уявлення про архітектуру соціального банкінгу як інструменту фінансування їхнього відновлення після війни та інших соціоприродних катастроф. Для її досягнення застосовано загальнонаукові методи пізнання: аналізу та синтезу, індукції, дедукції, порівняння, історичний, системного підходу та



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deduction, comparison, historical, systemic approach and generalization. The war in Ukraine, epidemics, earthquakes and other cataclysms require the creation of a special mechanism for restoring households. This mechanism should both take into account the financial capabilities of the recipients of funds for at least partial return, and create guarantees for investors regarding the targeted and rational use of their donations. Banks and non-bank financial institutions can become such a "financial bridge" based on a modified model of microfinancing, which can be called a model of "social banking of recovery". It has been established that the model of "social banking for recovery" can be implemented on the basis of block chain: investors (social stakeholders) – banks (managers of recovery funds) – recipients (households, volunteer organizations, etc.) – controllers. An important role is assigned to banks, which calibrate the recipients of funds depending on their financial potential, both for making decisions on granting grants or quasi-loans with partial repayment, and for issuing standard loans with a low interest rate.

Keywords: Social banking, microfinance, microcredit, banks, recovery financing.

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Introduction

In October 2006, the New York Times published the article about the unusual achievement of the Bangladesh Bank: The 2006 Nobel Peace Prize was awarded today to the Grameen Bank of Bangladesh and its founder, Muhammad Yunus, for pioneering microcredit – using loans of tiny amounts to transform destitute women into entrepreneurs. The Norwegian Nobel Committee praised Dr. Yunus and Grameen for their "efforts to create economic and social development from below" [1]. He began this activity in 1974, and since then, microfinance has developed dynamically throughout the world, driven by both banks and non-bank microfinance institutions. In 2021, there were more than 10 thousand of them. About 140 million borrowers had USD 124 billion of such loans.

In Ukraine, microfinancing has resulted in issuing loans to the population for current consumer needs at high interest rates. In the conditions of the war, this mechanism slowed down; instead, there was an acute need for financing the restoration of property and health of citizens, small businesses destroyed by the war. The economy and the citizens in particular, affected by the war, need significant funding. However, the architecture of its organization has not yet been finalized. The households and small private businesses need a separate financing scheme. However, investors, including the state, must be sure that the money is used rationally and proper way.

узагальнення. Війна в Україні, епідемії, землетруси та інші катаклізми вимагають створення особливого механізму відновлення домогосподарств. Цей механізм повинен як враховувати фінансові можливості отримувачів коштів щодо хоча б часткового їхнього повернення, так і створювати гарантії для інвесторів щодо цільового та раціонального використання їх донатів. Таким "фінансовим містком" можуть стати банки й небанківські фінансові установи на основі модифікованої моделі мікрофінансування, тобто моделі "соціального банкінгу відновлення". Встановлено, що модель "соціального банкінгу відновлення" може бути реалізована на основі блокчейну: інвестори (соціальні стейкхолдери) – банки (управителі фондів відновлення) – реципієнти (домогосподарства, волонтерські організації тощо) – контролери. Важлива роль відводиться банкам, що калібрують отримувачів коштів залежно від їхнього фінансового потенціалу як для прийняття рішень щодо надання грантів або квазікредитів з частковим поверненням, так і для видачі стандартних кредитів з низькою відсотковою ставкою.

Ключові слова: соціальний банкінг, мікрофінансування, мікrokредити, банки, фінансування відновлення.

At the same time, banks, having experience, technologies and qualified – personnel, due to high lending risks and lack of long-term resources, to some extent found themselves on the sidelines of modern investment processes.

Scientific studies of the theory and practice of microcredit, which in a broader sense is called *microfinancing*, covered different continents [2–10] with a focus on financial support for private agriculture, women’s employment, and the development of small-scale production. A number of works by foreign and domestic scientists are devoted to consideration of theoretical and practical aspects of social banking [11–13]. In Great Britain, there is even a corresponding scientific institute [14]. However, definitions of the essence of social banking (SB) in literature are still different, and its synergy with the concept of "microfinancing" needs research.

The aim of the article defines the main problems and trends of modern micro crediting of households and private businesses and the formation of proposals for the architecture of financing their reconstruction after the war and other socio-natural disasters with the participation of banks and other financial institutions.

In the research general scientific methods of knowledge were used: analysis and synthesis, induction, deduction, comparison, historical, systemic approach to formulating the concept of social banking restoration. The method of generalization was used to formulate the conclusions.

1. Social banking background

In 1974, while traveling around his country, the Bangladeshi economist Muhammed Yunus concluded that poor people need little finance to start their business. Then, as an experiment, he issued several loans in the amount of USD 27 for the manufacture of bamboo furniture [15]. The experiment was successful, and in 1976 he created his bank. The bank issued loans to the poor in the amount of USD 20 to USD 200 for the development of agriculture and domestic production, which turned out to be a significant contribution to the development of the economy, the growth of population employment, and poverty alleviation. From 1983 to 2005, the bank issued more than USD 5.7 billion such loans and almost all of them were returned.

The current average size of a microcredit *in* the world is about USD 1.000 as of 2021, 60 % of microcredit accounts are in the Asian region, and 80 % of first applications are made by women. The average interest rate on such loans is 37 % with a default rate of only 2 %. Half of all microloan applications is not satisfied. 65 % of microcredits are in rural regions [16]. Although the *COVID pandemic* has slowed the growth of microcredit, it continues to grow.

The issue of the identity of the concepts of "microcredit" and "microfinancing" is important. The recognized electronic financial dictionary Investopedia equates these concepts: "Microfinance, also called microcredit, is a type of banking service provided to low-income individuals or groups who otherwise wouldn’t have access to financial services. While institutions participating in microfinance most often provide lending, microloans can range from as small as USD 50 to under USD 50.000. But many banks offer additional services such as

checking and savings accounts as well as micro-insurance products, and some even offer financial and business education" [17]. In our opinion, these concepts are different: if *microcredit* is the provision of credit purely by financial institutions, primarily banks, with all *its* principles (including payment and repayment), then *microfinancing* can also be carried out by state, private institutions, foundations, and even individuals without obligation mandatory compliance with all credit principles. We will dwell on this in more detail below.

The purpose of microfinancing according to Investopedia is "The goal of microfinance is to ultimately give impoverished people an opportunity to become self-sufficient" [17]. Ukrainian banking and non-banking financial systems have accumulated some experience in microcredit. In Ukraine, the concept of "microloan" appeared in 2011. In 2015, the financial industry's turnover increased by a third times. Given the strict requirements of banks activity and the instability of the exchange rate, this service quickly began to gain popularity. In 2015, microfinance organizations surpassed banks in the volume of such loans, issuing them for a total amount of UAH 10 billion. We also give a definition of microcredit by Wikipedia, which consider it as a part of microfinance: "Microcredit is one of the main types of microfinancing, which consists in issuing small loans to people who do not have access to traditional banking for various reasons" [18].

At the beginning of 2021, there were 1.020 non-bank financial institutions in Ukraine, 100 of which provided microloans [19]. On the web portal Minfin, the rates for loans of a number of microfinance institutions in Ukraine are listed, ranging from 182 to 1095 percent per annum. In the first half of 2022, the indebtedness of microfinance institutions (MFI) microloans decreased by UAH 2.4 billion (by 18 %): from UAH 13 billion at the beginning of the year to UAH 10.7 billion at the beginning of July 2022 [20].

At the same time, not only microfinance organizations provide micro loans, but also banks. As of January 1, 2023, microloans provided by banks to businesses alone, according to our calculations, amounted to UAH 160.1 billion, and this is without taking into account the category "other loans" in the amount of UAH 111.7 billion. The share of microloans in the total volume of business loans is 20 %, despite the fact that 2022 was extremely unfavorable for lending. The largest volumes of business microcredits was granted in the field of retail trade (*Table 1*).

Table 1

The largest amounts of indebtedness of banks for microloans granted to businesses, dated 01.01.2023

Activity	Amount, billion UAH	Share,%
Total microcredits	160.1	100
Retail	38.8	24.2
Wholesale	34.1	21.3
Agriculture	26.0	16.2
Real estate transactions	14.3	8.9

Source: compiled by the authors based on [21].

Banks have accumulated some experience in consumer lending. As of January 1, 2023, the debt owed on banks' loans to individuals amounted to UAH 209.9 billion. Although it is lower than the level of the beginning of 2022, it is higher than the level of the beginning of 2021, while the growth of the exchange rate had a slight effect on the change in the volume of debt due to a small share of the currency component. The legal basis of implementation of micro lending for population in Ukraine is the Law of Ukraine "On Consumer Credit" [22], which both banks and non-bank financial institutions must comply with.

In view of the above, it is possible to determine the differences of domestic and global microfinancing:

- in the world it is aimed at the development of small entrepreneurship, employment, overcoming poverty, in Ukraine it is implemented in the form of a short-term consumer loan;
- the cost of domestic microloans is hundreds of times higher than in foreign institutions, also the terms and their volumes are not comparable;
- for some reason, methodologically, microloans in our country are associated with MFIs, although banks also give microloans, and this is confirmed by world theory and practice.

2. Concepts of social banking

At the same time, in the world banking theory there is a separate concept named "*social banking*" (SB). Professor of Hamburg University Udo Rifner was one of the first to single out this concept: "Social banking is banking that fights poverty" [11]. By its essence, it is identified with microfinancing. Over time, SB got additional features: environmental banking, social development, and not only poverty alleviation, ensuring equality in business. Experts identify three key pillars of modern social banking:

Responsibility. Banks engaged in SB know their clients personally and strive to obtain from the issued loans not just the satisfaction of client needs, but also some social benefit. Some experts call this principle the principle of "soft money" or "slow money".

Transparency. Banks that carry out social banking always know what is happening with the issued money. In addition, they provide full information to their investors about the projects for which the money was issued and the results obtained from their implementation.

Sustainable development. Social banking is aimed at the development of society, environment and individuals, based on small projects that ultimately lead to a positive social effect [12; 13].

In Western financial practice, the term "*social banking*" appeared in the early 1950s and was used to refer to investments in sustainable development without harming the external environment (*sustainable investing*). Today, SB is focusing on taking into account environmental, social and managerial factors along with profit and risks through the selection of investment projects. In Great Britain, the Institute of Social Banking [14] was established

in 2006, which includes 17 organizations throughout Europe. It defines SB as "banking and related financial services whose main objective is to contribute to the development of people and planet, today and in the future. First and foremost, this means simultaneously taking into account the social, environmental, governance and economic impacts of activities on all levels, with the aim of reducing their negative and increasing their positive effects on the common good". That is, we are not talking exclusively about microfinancing and poverty alleviation here. In addition, synonyms of this concept are given: alternative banking, ethical banking, green banking, constant banking, banking based on values, just banking.

Direct non-bank lending, or rather call it investment, from any creditor to any borrower, person / business, is also sometimes referred to SB. It is carried out through IT platforms or directly without the participation of banks or other financial institutions [23]. However, a more common and more accurate name for this form of money movement is *crowdfunding*. In the conditions of the war in Ukraine, its special form – *charitable crowdfunding*, when donors' funds are directed to charitable funds for the implementation of social and military projects, became the most widespread. The principles of charitable crowdfunding are defined in the study by A. Mazaraki and S. Volosovych [24, p.7–8]. Charity crowdfunding solves the problem of quick accumulation of funds to solve urgent tasks. This is its main advantage. Banks in this process exercise only the payment function. When the projects are long-term and it is necessary to determine their effectiveness and the optimal implementation option, taking into account the financial condition of the recipient of funds, then the experience of lending and the control function of banks can be useful.

So, we can conclude, that a wide range of definitions of the essence of the concept of "social banking" can be systematized as follows:

microfinancing – provision by banks and other financial or non-financial institutions of small amounts of money in credit or other form for consumer or other purposes of people for any term at any interest rate or for free. Microfinancing in credit form is carried out only by banks and MFIs, and this is microcrediting;

social microfinancing – provision by banks and other financial organizations of small sums of money in credit or other form for the purposes of economic and/or social development for any term (or without term) at a small interest (or free of charge). Social microfinance is part of social banking;

social banking is the simultaneous consideration by financial institutions of the social, environmental, managerial and economic consequences of their activities and the activities of their clients. It has several pillars: social microfinancing, green banking, ethical banking, value-based banking, sustainable banking¹.

¹ The authors do not exclude the necessity of diluting the concepts of "social banking" and "sustainable banking", for which additional research and discussions are needed.

3. The model of Social Banking of Recovery

In our opinion, taking into account the significant social and natural collapses that have recently affected more than one country – the Covid pandemic, Russia's war against Ukraine, the earthquake in Turkey and Syria – a separate type should be distinguished in the field of SB: "*Social recovery*". First of all, it is advisable to divide it into two subspecies: "Social banking of recovery" and "Financing of economic recovery". The first is one of the types of social microfinancing, the second focuses on the construction of the architecture of financing the restoration of infrastructure, large and medium-sized enterprises. So let's consider the Social Banking of Recovery (further also SBR) in more details.

In order to restore the war-damaged economy and social sphere, it is important to form effective channels of targeted financing of well-prepared social projects. One of the urgent directions is the restoration of the property of small businesses and citizens and their health. Among the spectrum of possible forms of financing such projects, we will consider the model of "Social banking of recovery". Its focused direction is financial support for the recovery of small private enterprises; individual agriculture; housing of citizens; vital movable property; health of affected citizens; other household losses caused by war and natural disasters.

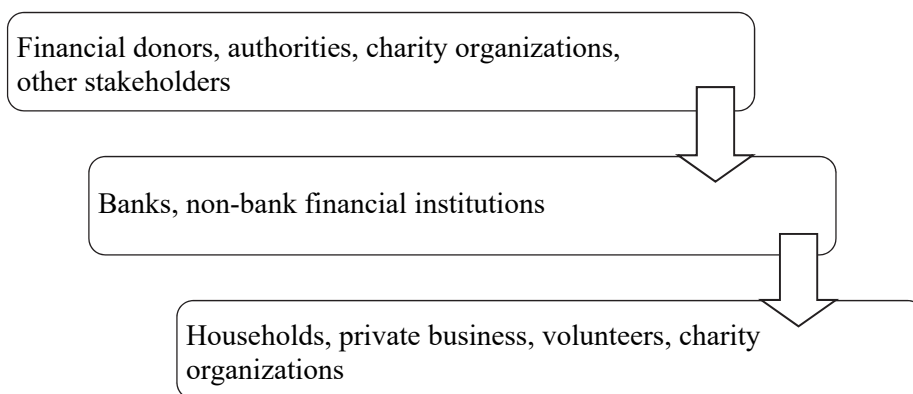
Even before the war, the banking system of Ukraine gained some experience in financing small business enterprises, especially within the framework of the "5-7-9" state program. In recent years, household lending projects have developed less actively. The "social housing" program and others did not receive scaling due to the lack of banks' stable long-term financing of low cost and state funding. In our opinion, the main factors that hindered the development of financing of private households and their business are:

- credit risk of insufficient solvency of such borrowers against the background of increased requirements for determining the level of credit risk and formation of reserves;
- insufficient amounts of collateral against the volatility of the property market;
- the risk of fraud due to the complication of legal procedures for returning loans and significant margin of collection companies;
- lack of long-term resources of banks of moderate value to avoid liquidity gap and interest rate risks;
- currency risk;
- the high cost of carry such small loans.

Thanks to the practice of banks servicing funds for construction financing, non-state pension funds, it can be argued that banks have accumulated some experience and created an infrastructure for microfinancing the needs of the population and small businesses. Banks have the appropriate personnel and technological potential for this, a team of reliable clients has been formed, which are important organizational prerequisites for banks to become

a "financial bridge" between donors and recipients of funds, based on social banking for recovery concept. Non-bank financial institutions can be involved in such projects if they can perform the function of their banker, but rather they can realize the function of fund managers for financing reconstruction projects together with banks.

The generalized model of social banking participants is presented in the *Figure*.



Conceptual structure of social banking participants

Source: compiled by the authors.

It should be noted that there are two legal ways of SBR building:

with the creation of a legal entity – it can be a Social banking fund like a non-state pension fund with an asset management company, for the management of its activities. Such company will cover all decision-making functions regarding allocation of funding, and bank will realize only the technical function of provider and controller. The significant disadvantages of such scheme are the lack of specialists for assessing the creditworthiness of recipients and absent de jure rights to provide consumer loans, significant costs for the activity of asset Management Company and the Social banking fund itself. But, non-bank financial institutions can perform the function of asset Management Company;

without the creation of a legal entity, when relations between participants (stakeholders and banks) are regulated by a principled, let's call it basic, agreement, and all functions regarding the financing of social projects are entrusted to banks. Let's focus attention on the consideration of this model.

The group of SB stakeholders includes legal entities, individuals, organizations, including international ones, any institutions that want to take financial and organizational participation in the relevant project. The initiative to create a social recovery fund can be taken both by stakeholders with the subsequent search for a suitable bank for implementation, and by banks. The latter can create such fund by internal decision, register it with the National Bank of Ukraine (also NBU), after which it will become public. The stage of bank fund registration with the NBU is very important. The NBU will check

the readiness and competence of the bank in carrying out such activities. A participant of the fund can be one person, with subsequent addition to the basic agreement of other participants, in particular in electronic form. The fund participant can be the bank itself, which it manages other banks and financial institutions.

In this study, we do not offer the content of the basic agreement due to the fact that it should be universal for all funds and developed by lawyers, in particular of the National Bank of Ukraine. However, stakeholders should form a Supervisory Board that would develop a strategy, monitor the bank's fund management activities, resolve conflict issues, etc. The key documents of the fund's activity can be the charter or regulations and the agreement with the bank, which is signed by the chairman of the Supervisory Board. The fund is a non-profit structure, therefore it is appropriate to allow investors' contributions to it to be included in their gross expenses.

The bank is responsible for calibrating the applications of recipients of social banking recovery funds. They can be divided into several groups:

grants, when recipients due to their financial condition cannot return the funds in a certain perspective. First of all, these are pensioners, volunteer organizations;

quasi-loans, when recipients can return all or part of the funds, but will not be able to pay interest. The bank needs to determine what amount and in what perspective the borrower can return;

loans, when the borrower can pay a certain percentage due to his financial condition. Obviously, these are small business enterprises and entrepreneurs.

These three tools of social banking for recovery can be combined with the concept of *social credit for recovery*, which can be refundable, partially refundable or non-refundable, paid or free. This significantly distinguishes it from a microcredit, which based on mandatory repayment and payment of interest, often at a high rate.

The creditworthiness of the recipients of funds is assessed according to the risk assessment methodology adopted by the bank, and the decision is made by the credit (small credit) committee. The application form for receiving such funds must be unified for all banks and determined by the relevant regulatory document. It is important that the recipient of the funds has proof of damage to property/business/ health and assessment of the amount of damage is done by the independent expert, which the bank must check.

An unbiased assessment by the bank of both the amount of the required amount and the form and conditions of grant/loan is important. For this purpose, it is necessary to determine the limits regarding the amount of the grant/loan, which can be fixed in the Fund's documentation and/or the agreement with the bank, as well as other limits of fund management activities, for example, the restoration of housing at the rate of no more than 30 m² per person.

In order not to have a negative impact on banks' liquidity indicators, it is advisable to place all money of the fund on the bank's correspondent account with the NBU, which will not affect the bank's fulfillment of the LCR standard. It is also advisable not to charge reserves on them, and give permission to banks invest fund's money in NBU overnight deposits with appropriate rate (as of May 2023, it is 20% [25]). The bank receives a margin from this amount (we recommend up to 3 percentage points), and the rest is paid to the fund:

$$\text{IIF} = (\% \text{ ONN} - \text{up to } 3 \text{ p.p.}) \cdot \text{AVF},$$

where IIF – interest income of the fund from placement of resources;

% ONR – the overnight rate on bank funds in the NBU;

AVF – average volume of funds.

This margin should be enough to cover the bank's expenses for servicing the fund, and the bank should not charge an additional fee, but these aspects are determined by the agreement between the stakeholders and the bank.

The second level of the fund's interest income is interest paid by borrowers of social loans or state fund, if it compensates them for interest. At the same time, the interest rate on such loans should be limited, for example 3-5%. Since the fund is a non-profit structure, all interest received should be tax-free and is used to provide new grants and loans.

The bank will not be interested in providing social loans, but will give preference to grants, if this will affect credit risk standards and risk-weighted assets. It is possible to offer two options: either to record loans on a special sub-account of credit or receivables and not include them in the calculation of standards, or to keep them off-balance sheet and also not include them in standards. Off-balance sheet accounting looks more appropriate, as grants will also be accounted there. At the same time, it is necessary to interest the bank in the return of problem loans, for example, by determining its share of the amount of returned problem loans.

It is advisable for an independent organization to control the fund management activities of the bank. It can also be an auditing company, but usually its services are paid. Therefore, it is expedient for the experts of the National Bank of Ukraine to carry out the control, and to submit their conclusions to the Fund's Supervisory Board. In case of detection of significant violations, the bank is obliged to pay a fine to the fund, which must be stipulated in the agreement with the bank.

The Bank prepares a monthly report on the fund's activities and submits it to the Fund's Supervisory Board and the National Bank of Ukraine. This information is also included in the bank's quarterly and annual reports on corporate governance. The monthly report can look like this (*Table 2*).

Table 2

Report on the activities of the Fund _____ (name)
 bank _____ (name)
 for May 2023 (as example)

Types	Number issued , unit		Amount, thousand UAH		The average amount of one, thousand UAH		Note
	in month	From the beginning of the year	in month	From the beginning of the year	in month	From the beginning of the year	
Grants	50	200	750	2600	15	13	
Quasi-loans	20	70	500	1400	25	20	
Credits	30	100	900	3000	30	30	
For reference: problem- tic loans	3	10	60	220	20	22	Restructured for 3 months
Total	100	370	2150	7000	21.5	18.9	

Source: compiled by the authors based on their own research.

In addition, it is advisable to form and maintain a centralized database of recipients of funds, so that one person cannot receive funds for the same project from different banks. At the same time, it is possible to receive funds for various projects in different banks, for example, housing restoration in one fund, and for the development of private business in another. Volunteer organizations can receive funds from different funds, but the directions of their use must be clearly defined and checked by the bank to avoid duplication. In the case of detection of violations, non-payment of interest, such recipients of funds are entered into the database as violators and issuance of new loans or grants to them is stopped.

Therefore, there is an objective need for effective management of the financial resources of the state, private, foreign donors, aimed at the restoration of war-affected households and private businesses. This function can be realised by banks, which will calibrate the recipients of funds depending on their financial condition, directions of use of funds and control their cash flows. For this, it is necessary to form a legal and regulatory framework, so banks can create recovery funds, use them effectively and report to investors.

Conclusions

We consider it expedient to single out a separate branch of social banking – *social banking of recovery*, which envisages not only financial, but also administrative participation of banks in effective and targeted use of funds directed to the post-war reconstruction of private households.

The main determinants of social banking recovery are:

- *the objects* are: property, people’s health, private business assets that have suffered from social and natural disasters;
- *the subjects* are: investors (state structures, business, foreign organizations, private individuals and others); banks and non-banking financial organizations as

sales channels; recipients of funds: households, private businesses, volunteer organizations, other structures; controllers: NBU or other controlling body;

- *to finance social projects*, investors create social recovery funds on a non-commercial basis, the managers of which are banks, accountable to investors and the NBU;

- investors create a Supervisory Board for fund management, and the state creates an incentive system for funds;

- banks calibrate recovery projects from grants to loans and are responsible for bias and lack of objectivity when making decisions on the use of funds;

- the activity of social banking recovery should be regulated by the state.

For the practical implementation of the concept of social banking of restoration, it is expedient to develop a corresponding regulation by the National Bank of Ukraine. The direction of industrial recovery with banking participation requires a separate study, which involves the active role of banks in the project financing of recovery of destroyed enterprises and creation of new productions.

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THE CONSUMERS' BEHAVIOR AS A DRIVER OF RETAIL TRENDS

Under the conditions of unprecedented wartime social and economic upheavals, restarting activities is considered not just as a factor in the development of modern trade enterprises, but as an indispensable condition for their survival in extreme reality. Adapting to new realities in the field of trade is possible only on the basis of understanding the changes taking place in Ukrainian society. The aim of the article is to identification of determinants of consumer behavior that generate key trends in retail development under wartime conditions. General scientific methods of analysis and synthesis, deduction and induction, logical generalization, systematization and comparison, SWOT analysis were used in the paper. The state of retail development under the conditions of martial law in Ukraine was studied in the context of modern threats and opportunities, strengths and weaknesses. In order to form an idea of modern retail trends, consumer behavior in retail was studied from various angles and a range of problems that concern the modern consumer were outlined. The characteristics of goods for which the buyer is ready to overpay and consumer priorities in favor of purchasing domestic goods have been identified. The methods of delivery of goods acceptable to buyers and the attitude of Ukrainians to new brands have been determined. A change in the emphasis of consumers in favor of cheaper goods, an increase in rationality in the purchase of goods and a shift

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ПОВЕДІНКА СПОЖИВАЧІВ ЯК ДРАЙВЕР РИТЕЙЛ- ТРЕНДІВ

За умов безпрецедентних воєнних, соціальних і економічних потрясінь перезавантаження діяльності розглядається не просто як фактор розвитку сучасних підприємств торгівлі, а як неодмінна умова їх виживання в екстремальній реальності. Адаптуватися до нових реалій у сфері торгівлі можливо лише на підставі розуміння змін, які відбуваються в українському суспільстві. Метою статті є ідентифікація детермінант споживацької поведінки, які генерують ключові тренди розвитку ритейлу за умов воєнного часу. Використано загальнонаукові методи: аналізу та синтезу, дедукції та індукції, логічного узагальнення, систематизації та порівняння, SWOT-аналізу. Досліджено стан розвитку ритейлу за умов воєнного стану в Україні в контексті сучасних загроз та можливостей, сильних та слабких аспектів діяльності. Для формування уявлення про сучасні ритейл-тренди всебічно вивчено споживацьку поведінку в ритейлі та окреслено коло проблем, які турбують сучасного споживача. Ідентифіковано характеристики товарів, за які покупець готовий переплачувати кошти, та споживацькі пріоритети на користь придбання вітчизняних товарів. Визначено прийнятні для покупців способи доставки товарів і ставлення українців до нових брендів. Константовано зміну акцентів споживачів на користь дешевших товарів, збільшення раціональності у придбанні товарів та зміцнення споживацьких



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in consumer expectations from trade enterprises in the direction of socially responsible behavior were noted. The complex realities of war caused colossal damage to retail activity in Ukraine, but at the same time – opened a portal of opportunities for its transformation in the direction of awareness and consideration of modern determinants of consumer behavior, establishment of a constructive dialogue with the consumer and effective response to current market challenges

Keywords: COVID-19 pandemic, martial law, consumer, consumer behavior, retail.

очікувань від підприємств торгівлі в бік соціально-відповідальної поведінки. Встановлено, що складні воєнні реалії завдали колосальної шкоди діяльності ритейлу в Україні, але в той же час відкрили портал можливостей для його трансформації в напрямі усвідомлення і врахування сучасних детермінант споживацької поведінки, налагодження конструктивного діалогу зі споживачем та ефективного реагування на поточні виклики ринку.

Ключові слова: пандемія COVID-19, воєнний стан, споживач, споживацька поведінка, ритейл.

JEL Classification: F19, I31, L29, L81.

Introduction

The last few years have been extremely difficult for Ukrainian society and domestic business, which had to work in turbo mode. At first, Ukraine was shaken by the COVID-19 pandemic, and when the situation more or less stabilized, the Russian Federation began a full-scale invasion of Ukraine – a completely new and perhaps the most difficult challenge ever faced by our society and business.

However, during the pandemic and the great war, society gradually adapted to new challenges, new trends were formed in the consumer environment, Ukrainians got used to adjusting life in conditions of instability and living in stressful conditions, reviewing life values formed over the years and changing their established habits.

Today, Ukrainian retail has faced unprecedented temporary difficulties caused by Russian armed aggression. Observing the retail market during the war, we can note a sharp reduction in turnover, huge losses of enterprises and the destruction of their assets, relocation and closure of businesses, which led to a general deterioration of performance indicators. Under such conditions, the use of advanced technologies and awareness of new consumer trends is a step into the future of the retail sector in wartime, and later, postwar reality.

In different periods, foreign and domestic scientists were engaged in the diagnosis of consumer behavior. Thus, the works of foreign scientists H. Assael, L. G. Shifman, J. L. Wiesenblit, M. R. Solomon, M. Roberts-Lombard, B. S. Parumasur and many others mostly present theoretical aspects of consumer behavior [1–4]. Domestic scientists, such as M. Oklander, I. Zharska, Ya. Larina, A. Ryabchyk, describe the general features and types of consumer behavior [5; 6]. O. Balitska focuses on modeling consumer behavior as a means of substantiating the marketing strategies of enterprises [7]. Current trends in consumer behavior and consumption patterns in Ukrainian society are substantiated in the works of K. Bazherina, O. Yevtushavska, S. Ilyashenko, O. Kovalchuk, I. Lorvi, O. Marushevska, V. Martsenyuk, O. Obud, and others. [8]. In previous studies, typical determinants of consumer behavior under the conditions of the COVID-19 pandemic were identified and

modern consumer trends in the process of purchasing goods during isolation and quarantine were determined [9; 10].

Despite the high value of the research of these scientists, their scientific output is aimed at the study of psychology, preferences and models of consumer behavior under peaceful conditions. However, the declaration of martial law in Ukraine in 2022 actualizes the need to study the psychology of the modern consumer and post-war changes in consumer priorities and attitudes, which determine the main trends in the modern development of retail trade enterprises.

The aim of the article is to identify determinants of consumer behavior that generate key trends in retail development under wartime conditions.

General scientific methods were used: analysis and synthesis, deduction and induction, logical generalization, systematization and comparison, SWOT analysis. Scientific publications of foreign and domestic researchers, open sources of information, the authors' own research and research by companies Deloitte, Gradus Research, GWI, Publicis Groupe Ukraine have been served as the information base of the research.

1. Retail development under martial law

The war made adjustments to all spheres of activity and life of Ukrainians, and of course, it affected the sphere of trade. At the same time, the difficult military conditions in which Ukrainian retail has been developing lately, lay the possibility of rebooting trade enterprises by modernizing outdated technologies and supply chains, optimizing the inventory management system, revising the principles of pricing, and increasing customer-oriented activities.

During the year of the war, trade enterprises adapted and implemented innovative solutions in order not just to stay afloat, but to successfully work and develop despite everything. Using the SWOT analysis technique, the risks, threats (T) and opportunities (O) of the market environment in which military retail operates are analyzed, as well as the strong (S) and weak (W) aspects that the retail trade sector exhibits under current conditions (*Figure 1*).

Today, modern retail is experiencing difficult times, which has to satisfy consumer demand for goods and services 24 hours a day under the conditions of aggressive armed behavior of the Russian invaders. However, some retailers have made a strategic decision to fulfill their duty to consumers in the front-line territories: thus, in Donbass, only EKO Market (LLC "Eko") stores remain among the large retailers, whose management deliberately took risks to prevent a humanitarian crisis in the region.

Moreover, due to the occupation of a number of Ukrainian enterprises and the ban on the goods of Belarusian and Russian manufacturers at the beginning of the war, there was a shortage of fish products, rock salt, sausage gastronomy, cheeses, seasonings, vintage and collectible cognacs, wines, etc. in stores. The current domestic market is already saturated with goods of everyday demand, while part of the imports has been replaced by goods of local production [11, p. 208].

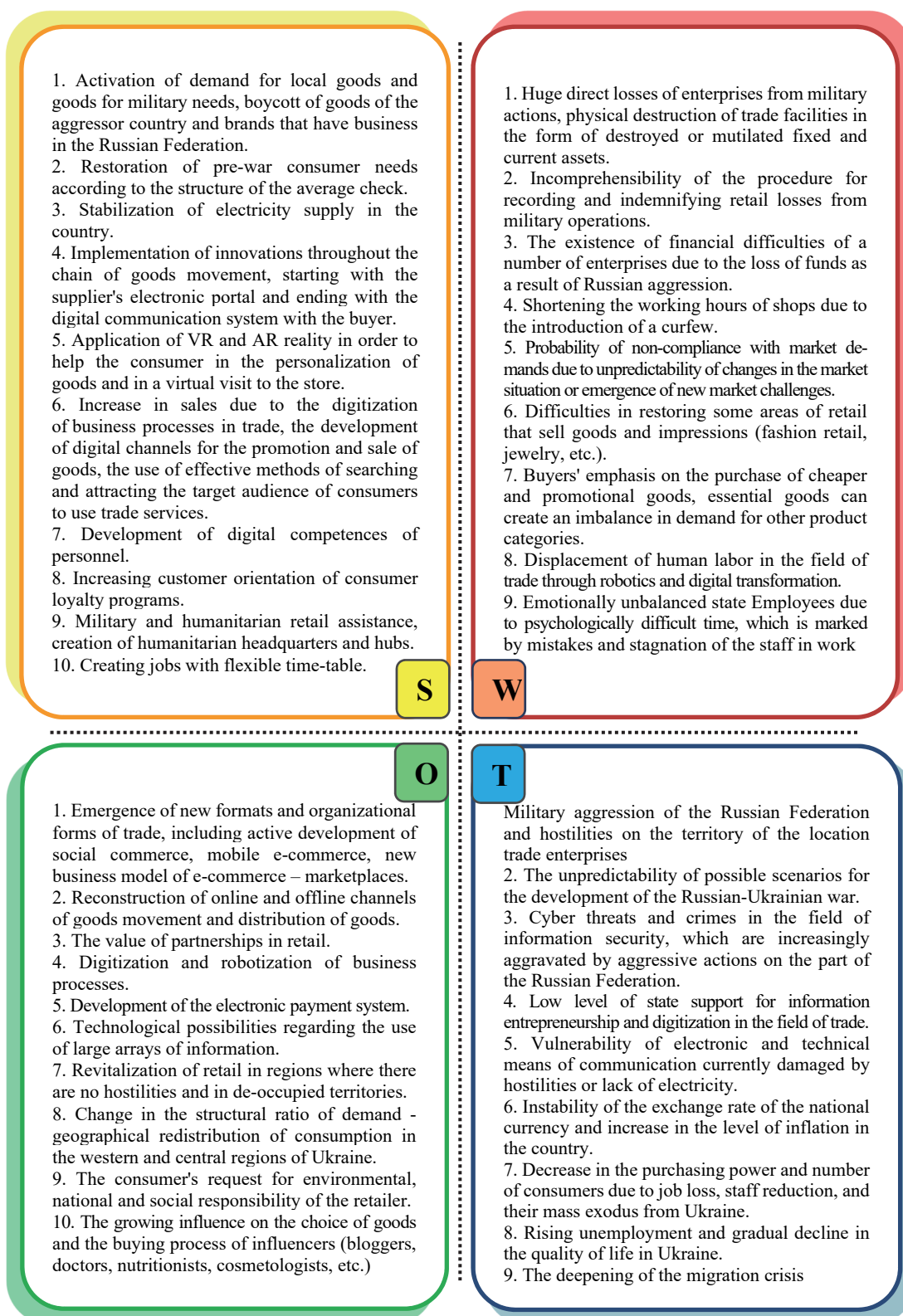


Figure 1. Key characteristics of the SWOT analysis matrix regarding the development of retail under the conditions of martial law

Source: constructed by the authors based on [11–13].

Today, the situation is complicated by the fact that the war is not limited to combat actions at the front: a separate danger is the information war, which began even before the beginning of the full-scale invasion of the Russian Federation in Ukraine, and later acquired unprecedented aggressive forms and consequences. A big threat is the spread of spam, phishing and virus programs, unauthorized access to information resources, interception and theft of information from servers [14, p. 130]. In addition, in retail there is a risk of leakage of confidential information, launch of software viruses and fraud due to cyber-attacks. Digitization and robotization of trade has actualized the problem of protecting electronic signatures, payments, tokens, SIM cards, online services, protecting information in electronic clouds, developing cryptography and personal authentication technologies, protecting electronic document management systems and servers, etc. [12, p. 65]. The problem is aggravated by the fact that today the country is only laying the foundation for state support for cyber protection and digitalization in the field of trade, and information provision is complicated by interruptions in the supply of electricity due to continuous attacks by the aggressor.

According to the report of the Ukrainian Center for Health Protection, the war also caused an unprecedented migration crisis and large-scale population movements within the country: as of the end of 2022, the population of Ukraine was about 31.4 million people, of which 1.15 million people live in the territories temporarily occupied by Russia, captured after the start of the invasion [15]. From February 24, 2022, about 13 million Ukrainians are forced to leave their homes. As of March 2023, about 5 million internally displaced persons were registered in Ukraine. And the number of unregistered migrants reaches 7 million [16]. Of course, population migration within Ukraine changed the geography of demand with an emphasis on the western and central regions of the country.

In addition, the economic environment of retail operation remains difficult today. Against the background of a certain slowdown in the rate of inflation in the country from 24.9% in February to 21.3% in March 2023, the purchasing power of the Ukrainian consumer promises to be better: the migration of a third of the population abroad, mobilization, the loss of work by some Ukrainians, an increase in the unemployment rate to 26% add an optimistic mood [17; 18].

One cannot ignore the significant arsenal of current opportunities for the development of modern retail. Even before the start of the full-scale invasion of Russia, the sphere of trade was experiencing a boom in its development, provoked by the COVID-19 pandemic. It is about the active development of offline and online trade, including social commerce, mobile e-commerce, and marketplaces. The main reasons for the modern popularity of the latter are providing consumers with access to a wide range of goods with the condition of fast delivery of orders. Such a business model of e-commerce is also beneficial to the seller, because it has an extensive coverage area [19, p. 25–26].

Since a large number of commodity movement schemes were broken in the very first days of the occupation of the Russian Federation, in order to survive in extreme conditions, trade enterprises had to quickly reformat established work models and look for alternative sources of supply.

The difficult wartime significantly strengthened the existing partnership relations for the restoration of full-fledged retail operations. For example, in order to better satisfy consumer demand, in collaboration with the myMeest service, Ukrainian retailers managed to organize the delivery of Zara, H&M, Bershka, Massimo Dutti and many other brands from online stores in Europe and the USA to Ukraine, which left the domestic market in 2022 due to the war [20].

Today, there is a revival of retail trade in regions where there are no hostilities and which returned to Ukraine after de-occupation. At the same time, it is necessary to state the change in the structural ratio of demand, which occurred due to the military aggression of the Russian Federation, namely: the geographical redistribution of consumption to the western regions of Ukraine, a noticeable emphasis on the purchase of cheaper and promotional goods, basic necessities [11, p. 208]. Thanks to the government grant program "eRobota", entrepreneurs were able to move their businesses to safe regions as part of the relocation program. According to information from the Ministry of Economy of Ukraine, as of February 2023, 791 enterprises have been relocated, 617 of which are already working at their new location [21]. Also, first the pandemic reality, and later the military one, turned retail into a branch of work with a flexible, remote or mixed schedule for a large list of employees: online sales managers, online store sellers, content managers, copywriters, RRS specialists, SEO specialists, business analysts, etc.

It is important that against the backdrop of Russian armed aggression, there was a clear patriotic self-identification in society towards the support of domestic goods and manufacturers and the unacceptability of everything associated with the country of the aggressor. There is also the transition of society to more conscious consumption and reducing the impact on the environment, the growing influence on the choice of goods and the purchase process of a large team of influencers, which create a fertile ground for social trends and consumer priorities.

Even in difficult military conditions, retail has certain advantages. For example, there is a tendency for consumers to return to the pre-war level of demand, as evidenced by the results of studying the composition of the average check: the most popular products today are water, salt, sugar, buckwheat, pasta, bread, butter, sour cream, milk, chicken, eggs, bananas [22].

An important trend today is the digitization and robotization of business processes in retail, which have somewhat stopped due to the intensification of military operations in Ukraine. However, a large number of enterprises find resources and continue the path of digital transformation throughout the chain of goods movement, starting with the electronic platform "Supplier Portal" and ending with a system of digital communications with

the buyer (Chabot, ChatGPT, bellbots, messengers). Retailers launch mobile applications and constantly improve their functionality in order to bring comprehensive information to consumers. Artificial intelligence helps to personalize products, increase the relevance of personal offers, and ensure sales growth. Today, the use of augmented reality is becoming more accessible and retailers can more actively implement it in their activities, and consumers can improve the use of e-commerce and make the right choice of products. For example, the IKEA Company uses AR-solutions in its application, where you can simulate a furniture project in an apartment.

According to the study by the Association of Retailers of Ukraine and the Ukrainian Council of Shopping Centers the cumulative losses of retail trade enterprises from the war exceeded UAH 50 billion, more than 40% of which fell on core assets in June 2022. Each retail chain lost an average of 10 stores. 60% of the amount of losses from military actions falls precisely on the sphere of food retail, the total losses of which are about UAH 30 billion. Turnovers of FMCG operators fell by half in just two months of the war, in the service sector – by 94%, jewelry trade – by 89%, fashion retail – by 83%, electronics and household appliances – by 74% [23]. At the same time, retailers faced the problem of the lack of a clear procedure for recording and compensating direct losses from military actions: what exactly and how should be recorded, how to record property damage in temporarily occupied territories, in what form to expect compensation, etc.

Despite the difficulties, the recovery of the retail sector continues: activity has been restored the fastest in those segments in which the greatest demand is felt – pharmacies and food retail. Those trade establishments that offer the consumer not so much goods as emotions and impressions (for example, fashion retail, jewelry sector) are recovering the worst. In other sectors, a gradual recovery of work is recorded, but at a less intensive pace [11, p. 209].

Despite the colossal losses from military operations, retailers are actively involved in military and humanitarian aid, in the creation of headquarters and hubs that help displaced persons from temporarily occupied territories, volunteers and all those in need of help in difficult wartime. At the same time, mobile applications and chatbots have an option of assistance to the armed forces, which allows you to donate points from the loyalty card to support the army, then convert them into cash and transfer them to help the defenders. It has also become a good tradition for retailers to create unbreakable points in stores during long power outages.

2. Key problems and the "military" portrait of the consumer

In order to form an idea of modern retail trends, a study of consumer behavior in military retail was conducted in the form of an online survey with the general population of the study – 200 consumers aged 18+ and of different geographies located in the territory controlled by Ukraine. *Figure 2* summarizes the portrait of consumers who participated in the survey.

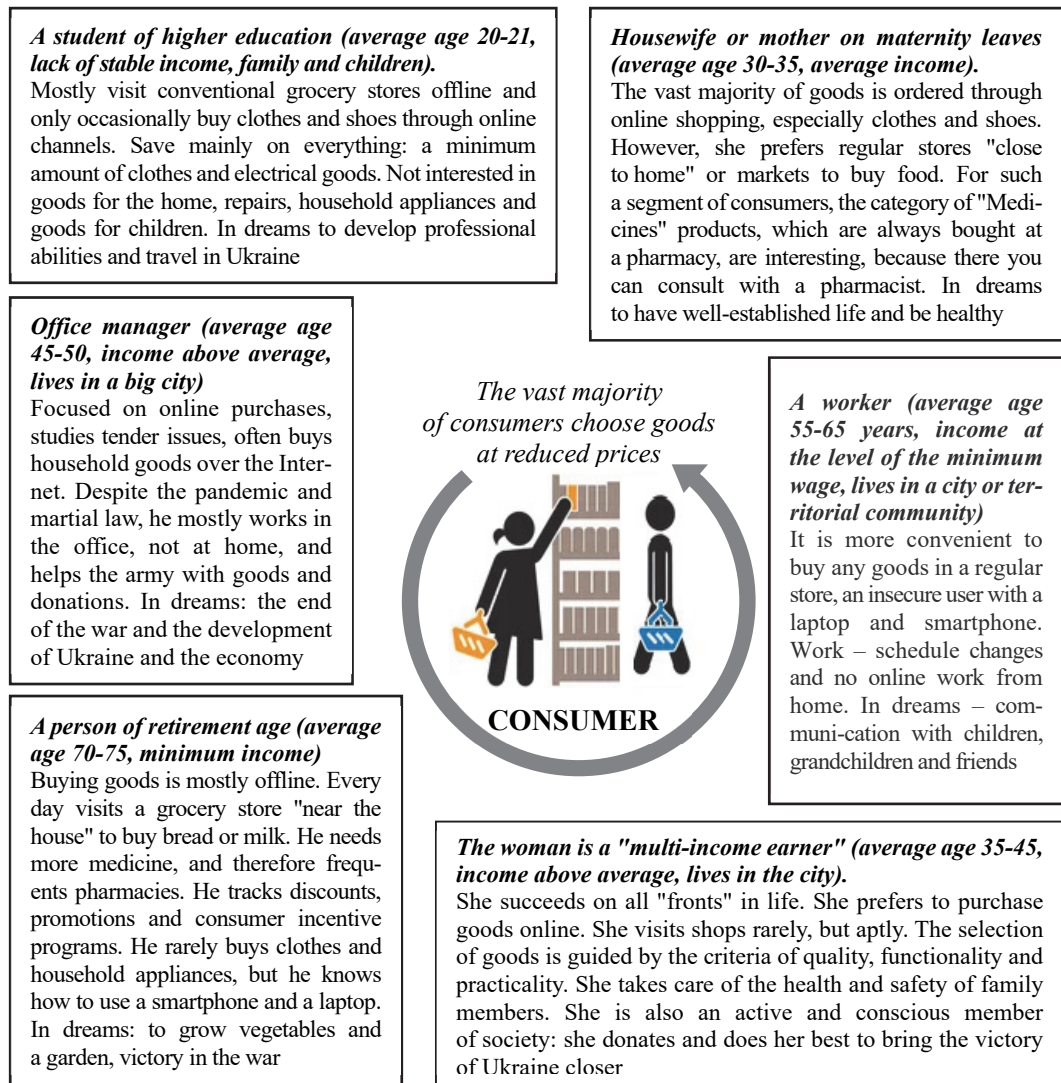


Figure 2. Visualization of the portrait of the consumer in the conditions of martial law in Ukraine

Source: developed based on survey data in March 2023.

Against the background of a full-scale war in Ukraine, the problem of the COVID-19 pandemic naturally receded into the background and gave way to more pressing challenges, as evidenced by the data in *Figure 3*.

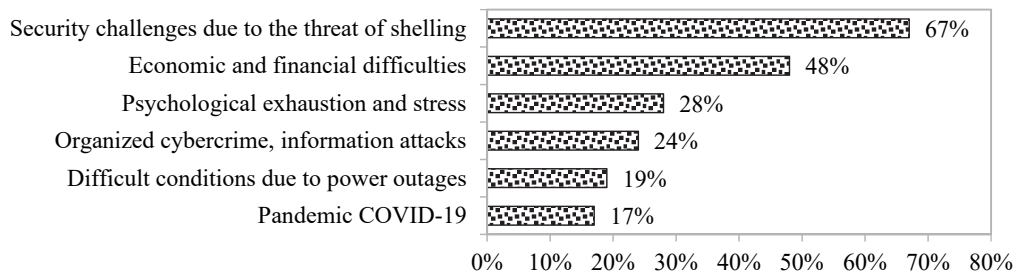


Figure 3. Ranking of the key problems of Ukrainian consumers in 2023

Source: calculated based on survey data in March 2023.

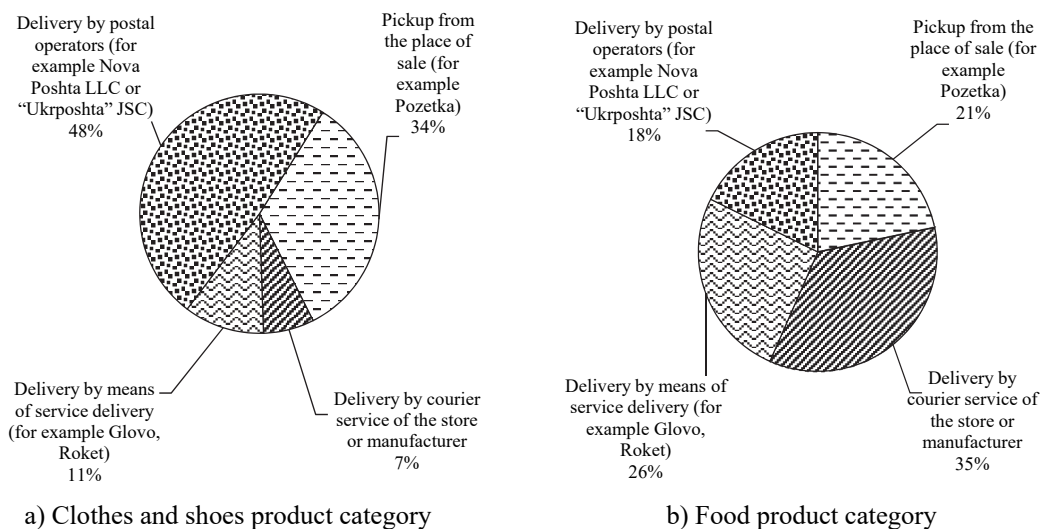
Among the urgent problems of modern consumers, the challenges generated by Russian aggression are at the forefront: ensuring their own physical security, economic and psychological adaptation to the new reality, cyber security in a complex information space against the background of an aggressive information war on the part of the Russian Federation, the problem of establishing life in conditions of power outages.

So, under the conditions of martial law, there was a shift in the ranking of Ukrainians' problems: the COVID-19 pandemic is no longer considered a priority.

Retail continues to work on leveling pandemic risks for buyers: stores without cash registers and salespeople are being tested; self-service cash registers, mailboxes for omnichannel sales, etc. are actively used [24]. However, currently consumers are not focused on excessive measures to counter the spread of the coronavirus, as disinfection of baskets, availability of medical masks, use of antiseptics, ventilation of premises, individual packaging of products and observance of social distance have long become commonplace. Moreover, the number of consumers who buy online is constantly growing.

3. Consumer priorities under martial law

In the conditions of a pandemic and war, online ordering and delivery have become an integral part of consumers' lives (*Figure 4*). The greatest variety of delivery methods is demonstrated by consumers in the "Food products" product category. In most categories, address delivery of goods by the courier service of a store or manufacturer prevails, the popularity of which is explained by the speed and ability to protect the consumer from wartime threats by delivering the goods directly to their hands and to a convenient place. On the other hand, in the clothing and footwear category, consumers prefer delivery by postal operators (almost half of the surveyed respondents).



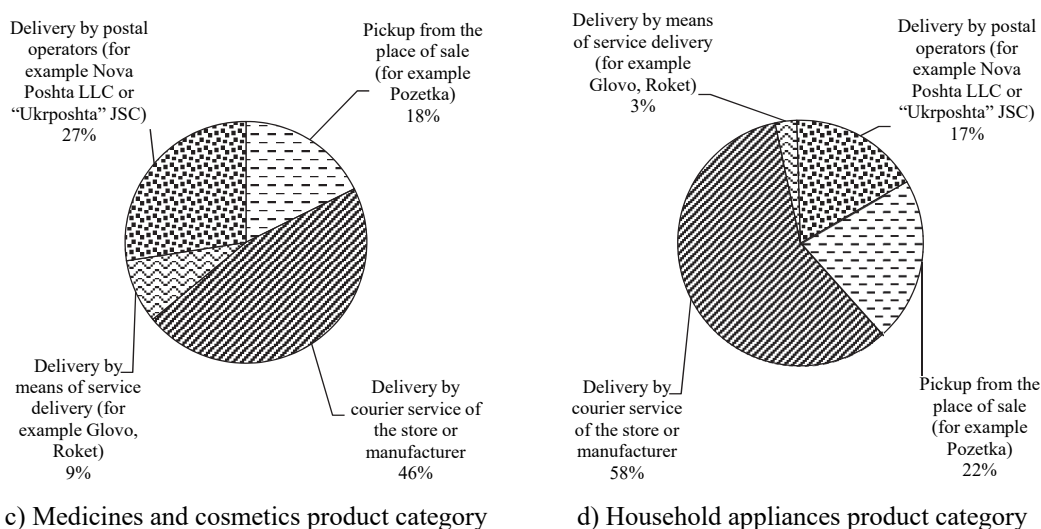


Figure 4. Distribution of consumers by priority delivery methods, %

Source: calculated based on survey data in March 2023.

Despite the fact that during the war, buyers became less sensitive to the quality of goods and services due to changes in life circumstances, values and priorities, the survey revealed that the vast majority of them are ready to pay extra for higher quality goods in all product categories, especially have a long shelf life. It is also determined that even in crisis situations, Ukrainian consumers are ready for price increases in the "Food Products" category, because they belong to primary consumer goods (*Figure 5*).

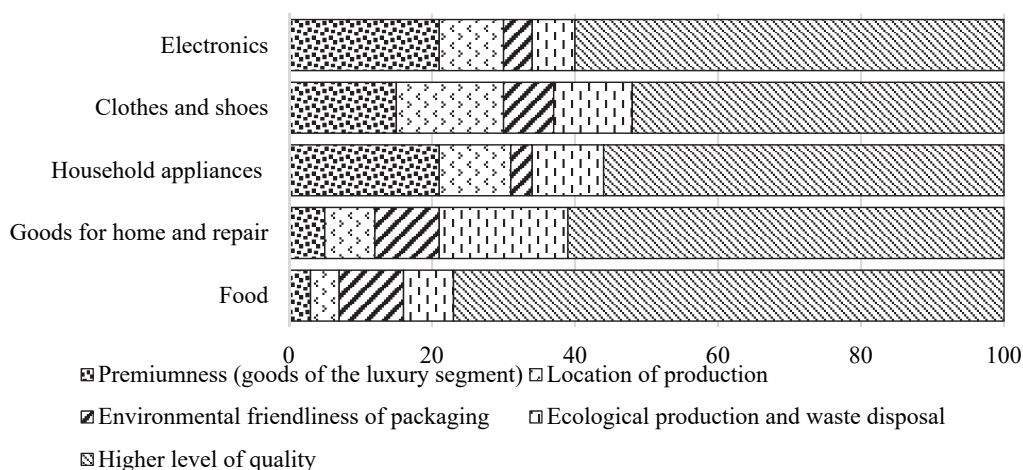


Figure 5. Characteristics of goods for which consumers are willing to pay extra (by main product categories), %

Source: calculated based on survey data in March 2023.

One of the modern global trends is the bet on environmental friendliness, but, unlike Europeans, in Ukraine this behavior is still characteristic of mostly young consumers. However, buyers are increasingly analyzing the ecological content of products or packaging, rather than trusting brands' advertising about their measures to protect the environment.

According to a study by the Gradus Research Company about the attitude of Ukrainians to brands during wartime, there is a commitment to support domestic manufacturers and a change in emphasis in favor of cheaper goods (*Figure 6*).

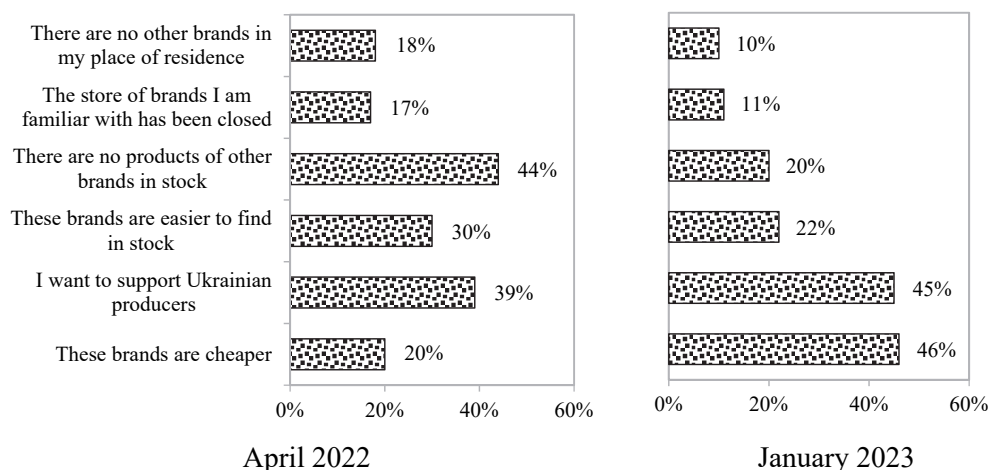


Figure 6. Motivation of Ukrainian consumers to purchase goods of new brands

Source: compiled by the authors according to [26].

In order to support the national economy and demonstrate patriotism in Ukrainian society, the trend of crazy demand for Made in Ukraine brands is clearly visible, which confirms its growth during the year of the war to the level of 45%.

At the same time, the attitude towards brands that continue to work in Russia is deteriorating. This was declared by the vast majority of Ukrainians from the beginning of the full-scale invasion (78%). The share of those who completely or partially refused to buy such brands increased to 74% from May 2022. People "vote with their wallet" and are ready to support brands whose position corresponds to their beliefs [25].

In addition, an important modern trend in the purchase of goods is to reduce the volume of purchases and search for cheaper brands. During the year of the war, this motive for the purchase of goods increased more than twice and, accordingly, accounts for 46% of consumers.

4. Strengthening rational motives in purchasing goods

Due to the Russian invasion in 2022, the poverty level in Ukraine increased by 18.7% and reached 24.2%, as a result of which more than 7 million Ukrainians are now below the poverty line [26]. A large number of Ukrainians faced "sudden poverty" due to wage cuts and job losses, especially in the war zone: a third of residents do not have enough money to pay their salaries every month, 14% of consumers say that they spend more than 60% of their monthly budget on food, and a quarter Ukrainians spend up to 60% of their budget on food. In contrast to Ukrainians, the British and Americans

spend only 6–7% of their budget on food [27]. Military circumstances push consumers to increase rationality in the purchase of goods, which is also confirmed by the study of the Gradus Research company (*Figure 7*).

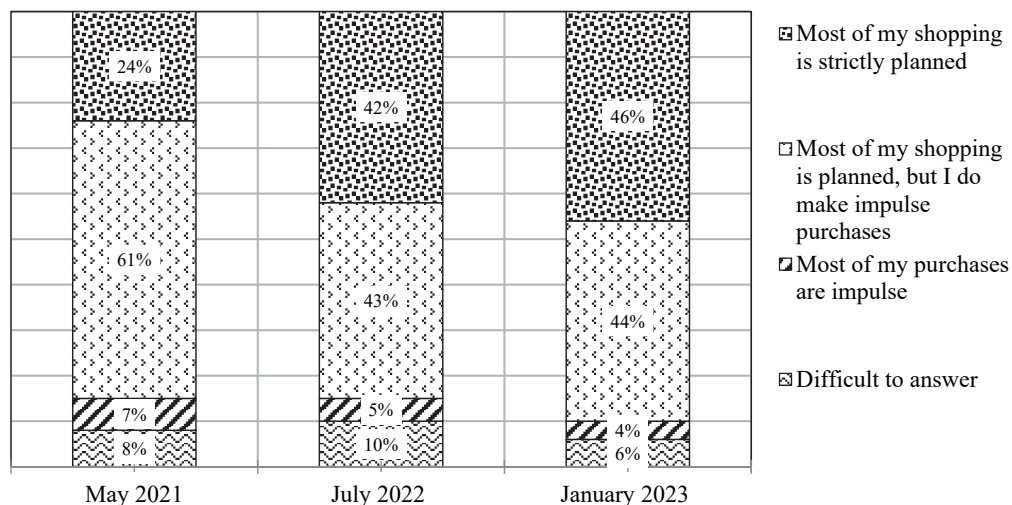


Figure 7. Change in the rationality of purchases by Ukrainian consumers

Source: compiled by the authors according to [25].

Compared to the peacetime period, during the war there is a clear trend towards an increase in rational motives in the shopping of Ukrainians. They tend to plan their purchases in advance, need to save and spend wisely. Also an interesting point is the change in consumer behavior in favor of economic volumes of purchases, which, among other things, is connected with the blackouts experienced by Ukrainians, when only that product was clearly purchased and in the amount that can be prepared in the near future, without "hope for a refrigerator".

According to a Deloitte company study, depending on the product category, 47% to 86% of consumers are inclined to save, and to a lesser extent they save on medicines, children’s goods and food products [28] (*Figure 8*).

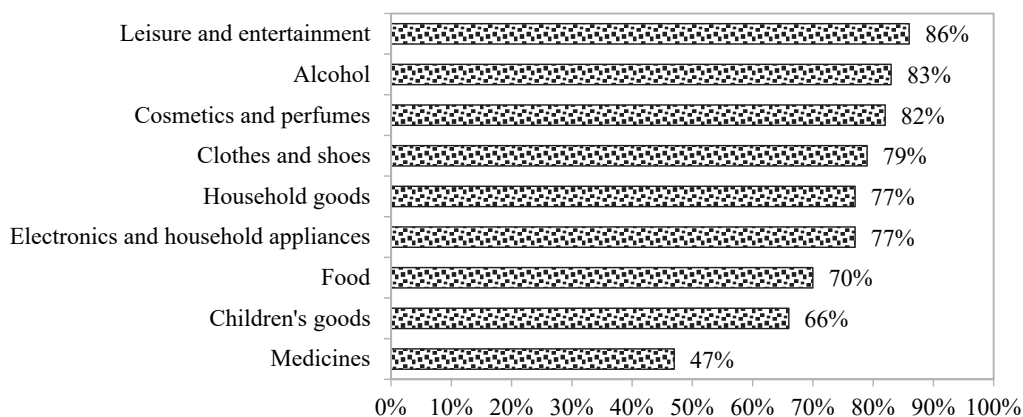


Figure 8. Product categories on which consumers save during wartime

Source: compiled by the authors according to [28].

5. Consumer expectations during wartime

New Ukrainian realities have shifted consumer emphasis from the functionality of the product to the activities of trade enterprises and the perception of brands associated with them. Therefore, the study of consumer expectations from brands, which was conducted by GWI and Publicis Groupe Ukraine (*Figure 9*), is of interest.



Figure 9. Actual wishes of consumers to brands

Source: compiled by the authors according to [29].

In the conditions of countering Russian armed aggression, when Ukrainians lack support and empathy, consumers seek to establish a very careful, delicate dialogue with brands (62.5% of respondents), they once again show their support for those Ukrainian and international companies that boycotted the Russian market (almost 61%), who take care of the needs of the Armed Forces and refugees, engage in volunteer activities (49.1%) and openly speak out against the war in Ukraine (46.7%). Also, 43% of consumers are interested in brands that demonstrate socially responsible behavior and are not aloof from the events taking place in Ukraine, helping front-line fighters, forced migrants and all Ukrainians in need.

Conclusions

Today, business and the army act as a united front, thanks to which the victory of Ukraine is achieved. However, the war changed Ukrainian retail forever, causing unprecedented losses, physical destruction, and destruction of fixed and circulating assets from Russian war crimes. On the other hand, the retail sector passed the point of no return and was able to adapt to the challenges of war, receiving the impetus for transformation through the activation of new organizational forms of trade, including marketplaces, social commerce, mobile e-commerce, through the restructuring of online and offline channels of goods movement, through digitalization and robotization of activities and strengthening of existing partnerships.

So, the extreme military reality created a functional platform for rethinking the tried-and-tested retail business processes and forming new retail trends in response to current consumer sentiments and taking into account the modern determinants of their purchasing behavior.

It was determined that today the structural ratio of demand has undergone changes, as well as a radical revision of the needs and priorities of consumers. Since Ukrainians have become hostages of an economically and emotionally complex war situation, now they are more concerned about security issues, economic and socio-psychological problems and less about the problem of the incidence of COVID-19. Against the background of the gradual recovery of retail and purchasing activity, among the modern determinants of consumer behavior, a tendency to shift behavioral priorities towards rationality, pragmatism, economic volumes of purchases and in favor of cheaper goods was revealed. At the same time, buyers are willing to pay extra for higher quality goods in all categories, especially goods with a long shelf life, and are less inclined to save in such product categories as medicine, baby products and food. As in the pre-war period, consumers are indifferent to online channels for purchasing goods. It was found that for most product categories, they prefer address delivery of goods by courier service due to the desire to protect themselves from the risks of wartime.

It was also established that thanks to the clear patriotic self-identification of Ukrainians during the great war, there was a demand in society for the national responsibility of retailers, there was a shift in consumer emphasis on local goods and goods for military needs, there was a clear trend of boycotting the goods of the aggressor country and businesses that do not left the Russian Federation as a sign of protest against the war, as well as the growing influence on the choice of goods and stores of influencers perceived by consumers as trendsetters in the industry. In addition, in complex military realities, an important vector of retail development in the direction of meeting the expectations of the majority of consumers should be the socially responsible behavior of retailers and their construction of empathetic and delicate personalized communications with customers.

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DIGITAL BRANDING IN THE MARKETING STRATEGY OF ENTERPRISES

With the development and spread of technology, digital branding is becoming increasingly important, due to consumers mostly interact with brands through the integration of online and offline platforms. Understanding the origin and impact of current trends on brand building strengthens the position of enterprises in the competitive environment and increases brand awareness, loyalty of the target audience and, as a result, stimulate sales. Digital branding is an important component of any modern marketing strategy, as it allows brands to provide an omnichannel presence on the market and establish meaningful connections with customers. With the right approach, digital branding can help businesses highlight a unique sales offer among competitors and achieve long-term success. The aim of the study is to determine the prerequisites for the formation and development of digital branding of the enterprise. The study was conducted using the methods of theoretical generalization, comparative analysis, synthesis and graphic representation. According to the results of the analysis of theoretical approaches, the emergence and development of digital branding was considered, the main stages of its formation were determined. The current trends and prospects for the development of digital branding in the future are revealed. The process of influence media planning is graphically depicted, which includes 6 stages: an advertising campaign planning, the identification of promotion channels and influencers, message content, content publication, linking and optimization of existing advertising material, analysis and coordination. The process of targeting and remarketing is presented. The development of digital branding has been driven by technological advances, changes in consumer

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ЦИФРОВИЙ БРЕНДИНГ У МАРКЕТИНГОВІЙ СТРАТЕГІЇ ПІДПРИЄМСТВ

З розвитком та поширенням технологій цифровий брендинг набуває все більшого значення, оскільки споживачі взаємодіють з брендами через інтеграцію онлайн та офлайн платформ. Розуміння походження та впливу сучасних тенденцій на побудову бренду посилює позиції підприємств у конкурентному середовищі, підвищує впізнаваність бренду, лояльність цільової аудиторії та як наслідок – стимулює продажі. Цифровий брендинг є важливою складовою будь-якої сучасної маркетингової стратегії, оскільки він дає змогу брендам забезпечити омніканальність присутності на ринку та встановити значущі зв'язки з клієнтами. За правильного підходу цифровий брендинг може допомогти підприємствам підкреслити унікальну торгову пропозицію серед конкурентів і досягти довгострокового успіху. Метою дослідження є виявлення передумов становлення та розвитку цифрового брендингу підприємства. Дослідження проводилося з використанням теоретичного узагальнення, порівняльного аналізу, синтезу та графічного зображення. За результатами аналізу теоретичних підходів розглянуто зародження та розвиток цифрового брендингу, визначено основні етапи його становлення. Розкрито сучасні тенденції й перспективи розвитку цифрового брендингу в майбутньому. Графічно зображено процес інфлюенс медіапланування, що містить шість етапів: планування рекламної кампанії, визначення каналів просування та інфлюенсерів, зміст повідомлення, публікація контенту, посилення та оптимізація наявного рекламного матеріалу, аналіз та координація. Представлено процеси таргетингу та ремаркетингу. Встановлено, що розвиток цифрового брендингу обумовлений технологічними досягненнями, змінами в поведінці споживачів та еволюцією маркетингової індустрії.



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behaviour, and the evolution of the marketing industry. Since its inception as an e-commerce tool, digital branding has evolved into a complex and multifaceted phenomenon and will continue to play a crucial role in marketing.

Keywords: digital branding, formation and development of digital branding, influence marketing, targeting, remarketing.

З моменту свого зародження як інструмента електронної комерції цифровий брендинг перетворився на складне і багатогранне явище й продовжує відігравати вирішальну роль у маркетингу.

Ключові слова: цифровий брендинг, становлення та розвиток цифрового брендингу, інфлюенс маркетинг, таргетування, ремаркетинг.

JEL Classification: G21, G23, G28.

Introduction

The issues of digital branding (DBI) are gaining relevance due to the spread of innovative technologies. There are new requirements for the formation of the brand, its communication with the target audience. The sphere of DBI is rapidly developing and provides enterprises with new opportunities to build brands and interact with customers in innovative ways. DBI helps enterprises strengthen their presence, in particular in the digital space, create meaningful connections with their customers, increase their loyalty, and therefore – stimulate sales and increase profits.

Due to the wide use of online channels when communicating with customers, enterprises need to develop effective strategies of the DBI, which help them to distinguish themselves from competitors, increase brand recognition and interact with the target audience as efficiently as possible. Through research and analysis of trends and best practices of the DBI, enterprises can acquire valuable information on the implementation of practical measures that will contribute to the achievement of marketing and business goals. From a scientific point of view, this study will help in the development of new theories and concepts that reveal to enterprises the purpose and importance of brands.

Problems of the development of the DBI were studied by domestic and foreign scientists, in particular: J. Delaine, M. Robertson, M. Berringer, Daniel Rawls, H. Oshtolhof, L. Fedulova, O. Gudz, O. Marchuk, V. Pustotin, L. Radkevich, T. Yankovets [1–11]. Digital branding research [4; 5; 10] can provide insight into the process of changing consumer behavior and expectations in modern realities, which will serve as a basis for broader marketing and business strategies. The latest publications on issues of the DBI [1; 10–13] testify to the change in the way consumers interact with brands through different digital platforms, which requires the presence and activity of brands on different digital channels, as well as understanding the effectiveness of each channel depending on the goals and audience.

D. Rawls in the work "Digital Branding" defines digital branding from the standpoint of the client's experience, which creates strong emotional connections with the consumer through digital channels (social media, search engine optimization, websites, mobile marketing, email marketing, etc.), based on valuable content and constant monitoring and analysis of the obtained

results. The main approach of D. Rawls is the construction of a digital brand ecosystem that unites all digital channels used by the brand and provides omnichannel, that is, integrated interaction at all points of contact with the brand. The author pays considerable attention to the process of using social networks to expand the audience and improve interaction with the brand through the channel. He considers various strategies for using social media: content marketing, influence marketing, advertising in social networks and the use of social media to improve service and customer service [4]. Despite the existing research, the question of the evolution of digital branding, its formation and promising directions of development requires further study.

The aim of the study is to identify the main prerequisites, stages, process and development of digital branding. To achieve this goal, the following main tasks were set: to classify the stages of formation of the company's DBI; distinguish the characteristic features of each period; reveal the key trends in the development of digital branding.

During the research, general scientific methods were used: generalization, analysis and synthesis, comparison and graphic representation. The information base of the study became the works of Ukrainian and foreign scientists on the issues of modern theory and history of the Central Military District, reports of research companies dedicated to the research of Central Military District tools implemented at enterprises.

1. Stages of digital branding formation and development

By developing effective DBI strategies and constantly introducing new technologies and tools, enterprises adapt to the changing external environment and continue to develop and thrive in the digital age. Digital branding should be understood as the process of building, promoting and developing a brand using digital technologies and tools, which is revealed in the system of values, which are transmitted through a set of identification symbols united by a common meaning, which causes positive associations in the consumer and forms trust in the product and willingness to pay a higher price for it, compared to similar products of competitors, which ensures an increase in the efficiency of the enterprise. The concept covers the entire range of activities related to the creation of a new or promotion of an existing brand in the Internet environment, as well as the use of mobile and other digital technologies, which are used both online and offline [14, p. 76].

The DBI history has been shaped by technological advances, changes in consumer behavior and the evolution of the marketing industry, which began with the early days of the creation of the World Wide Web in 1989 by Tim Berners-Lee. This marked the beginning of the digital era and paved the way for the development of branding: enterprises began to realize the potential of online channels to promote their products/services, use websites as a way to communicate with customers [15]. In *Figure 1* presents the main stages of formation and development of digital branding.

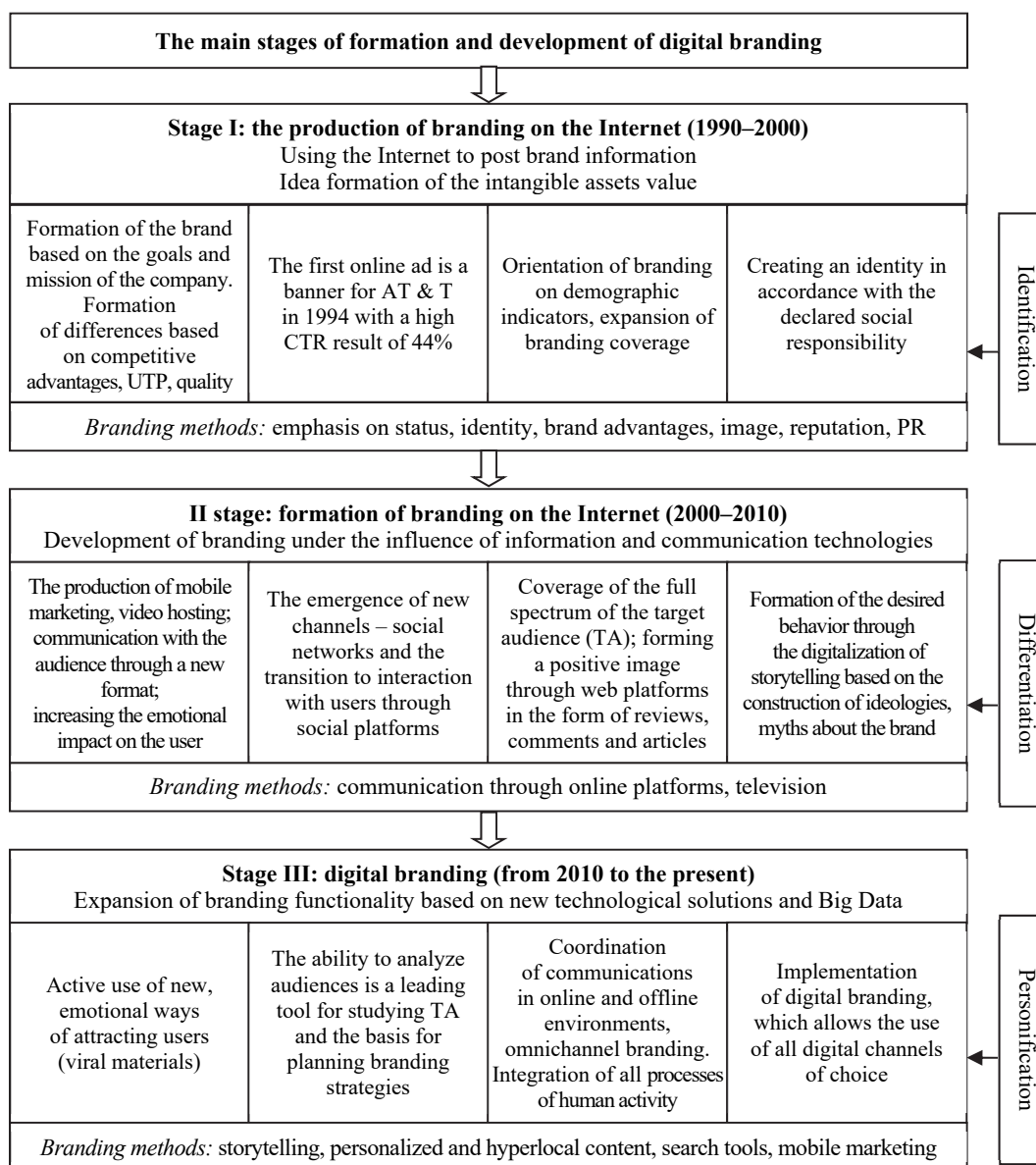


Figure 1. The main stages of formation and development of digital branding
 Source: compiled by the author according to [16–19].

2. Social media and Coca-Cola campaign

The launch of the platforms as MySpace, Facebook, Twitter and YouTube in the 2000s marked the beginning of the social media era and created new opportunities for businesses to communicate with customers and build a brand in the online environment. Platforms like these have enabled businesses to reach a wider audience and interact with customers in innovative ways. So, brands use social media to share interactive content, run contests, and build communities around their products. In particular, Coca-Cola in 2011 conducted a global image campaign "Share a Coke" on social media, the goal of which was to encourage customers to share photos of their personalized bottles on social networks using the hashtag #ShareACoke.

After a growing number of interactions, a website was created where customers could order personalized bottles online and share their own stories with the brand. The company's social media strategy was to create a sense of community, belonging and brand pride. According to the Coca-Cola Company, more than 500,000 photos with the hashtag #ShareACoke were posted on social networks and the result was an increase in sales of Coca-Cola products in the United States by 2.5%. The company has also been awarded numerous advertising awards, including the Cannes Lions Grand Prix in 2013 [20].

3. Mobile marketing

Due to the prevalence of smartphones and the use of the mobile Internet, the way people access and interact with brands has fundamentally changed, thanks to which mobile communication is becoming an important aspect of the DBI's strategies. The advent of mobile marketing in the early 2000s led to explosive changes in the way consumers interacted with digital media, primarily due to the increase in mobile internet usage. Mobile apps have become a component of many brands' marketing strategies because they enable interactions with customers via mobile devices. Businesses have had to adapt their marketing strategies to meet changing customer needs. Brands began to develop strategies focused on mobile devices, to optimize websites and their content for the format of mobile devices. The use of mobile applications contributed to an individual approach to communication (as a result, consumers gained access to personalized content, promotions, loyalty programs and a more convenient experience). The emergence of social networks (Instagram, Snapchat) and the growing importance of video content have further changed the landscape of the DBI. Brands began to focus on storytelling, creating emotional connections with consumers and developing a corporate identity. Thanks to convincing stories about products/services, the values of their customers, brands were able to create a more authentic and meaningful connection with consumers, which led to increased brand loyalty and its distribution [16; 19].

4. The modern stage of digital branding development

Since 2010, social media has become a powerful tool for brands to connect with consumers, increase brand awareness, and promote products and services. With the emergence of influential social media, custom content and social media advertising, brands have many new opportunities to reach their target audience. The expansion of digital advertising and the growing number of digital advertising technologies have allowed businesses to reach highly targeted audiences and deliver more effective branding messages online. Brand values have become more important, because consumers are increasingly interested in the purpose and philosophy of the brands they interact with.

One of the key developments in branding after 2010 was the rise of marketing influence. This approach is designed to work with individuals or organizations that have a large number of subscribers on social media platforms to promote products or services to their audience. This tool is growing in popularity as consumers become increasingly skeptical of traditional

advertising and seek authentic and relevant content from sources they trust. Influencers are able to establish a personal connection with their audience and create a sense of trust. The process of marketing campaign building with influencers is presented in *Figure 2*.

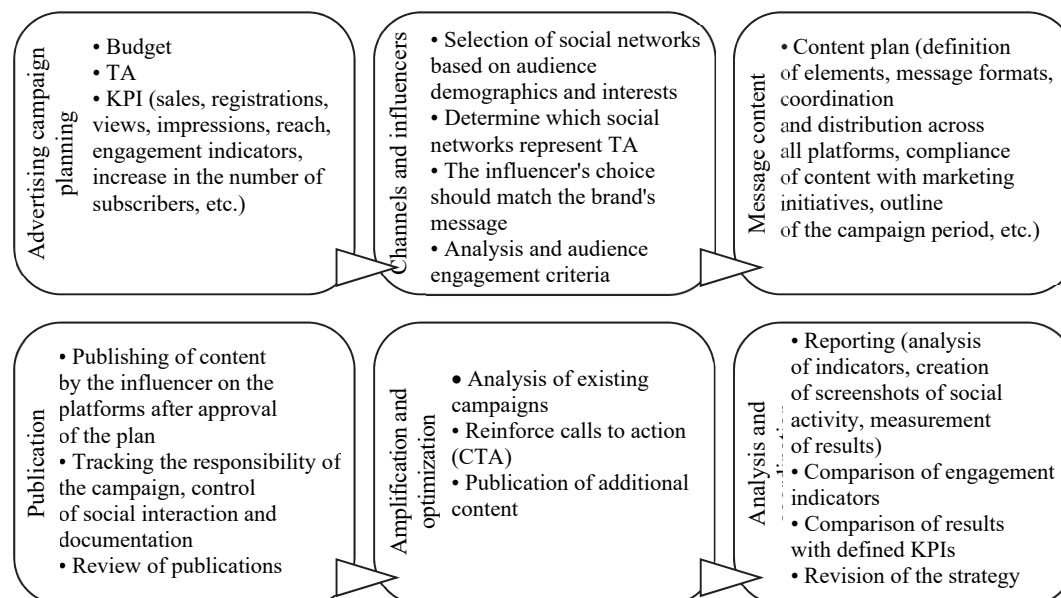


Figure 2. Process of marketing campaign influence

Source: compiled by the author according to [21; 22].

The main advantage of marketing influence is its ability to gain the trust of consumers, because influential people build strong relationships with their supporters and can provide recommendations and endorsements that are considered more reliable than in traditional advertising [21; 22].

The rise of artificial intelligence and machine learning has led to the development of more personalized branding strategies designed to meet the unique needs and preferences of individual consumers.

Thus, Netflix is an example of a company that successfully used an individual approach in communication with consumers. Netflix uses machine learning algorithms to recommend movies, designed to personalize the user experience, offering content that matches the viewer's interests and viewing history. By analyzing user data (browsing history, ratings, search, devices, viewing time, etc.), the company offers personalized recommendations according to each user's unique preferences. A similar approach to branding helps to establish deeper connections with each individual viewer, as there is a sense of adaptation of the content to their interests. In addition to content recommendations and original programming, the company tracks a wide range of data (demographics, habits, interests, etc.) when shaping advertising content that resonates with specific demographics, and creates original series and films that meet the tastes and preferences of viewers in different countries. Personalized advertising facilitates effective promotion while deepening the connection with each individual viewer. Taking into account the cultural characteristics of different countries and adapting the product to the local

market helps Netflix to satisfy the preferences of viewers which improves the user experience and strengthens the brand’s reputation [23].

Brand communication with the target audience is critical to business success. During the DBI formation, enterprises benefit from the use of targeted advertising, which has undeniable advantages such as:

- easier search for the target audience enables brands to interact with potential customers who are most interested in their products;
- advanced personalization, when the business knows the characteristics, behavior and interests of the audience and offers the necessary content;
- the opportunity to leave unforgettable impressions in the minds of customers, creating customer loyalty and distinguishing you from competitors.

The process of targeted advertising of digital brands according to the stages of the consumer’s journey presents in *Figure 3*.

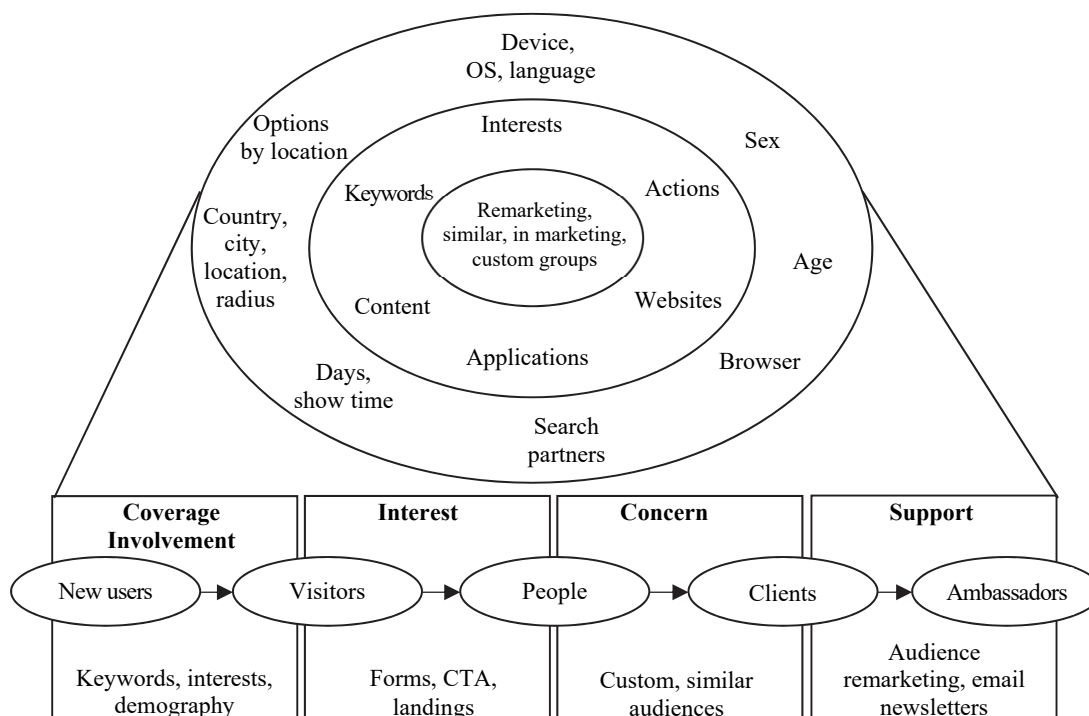


Figure 3. Consumer’s evolution in the process of the interaction with targeted advertising of digital brands

Source: compiled by the author according to [24; 25].

Remarketing is a type of advertising in which users, after viewing certain content, see information about products/services again thanks to special tracking methods (using cookies) on other sites. The main condition for using remarketing is that users must already interact with the company’s platform and meet certain criteria. We distinguish the following types of remarketing such as:

- standard means that advertising is shown only to those users who have already visited the site and did not perform the intended action;
- dynamic means that personalized advertising depending on the type of product/service viewed by users on the site.

The process of remarketing for a digital brand is shown in *Figure 4*.

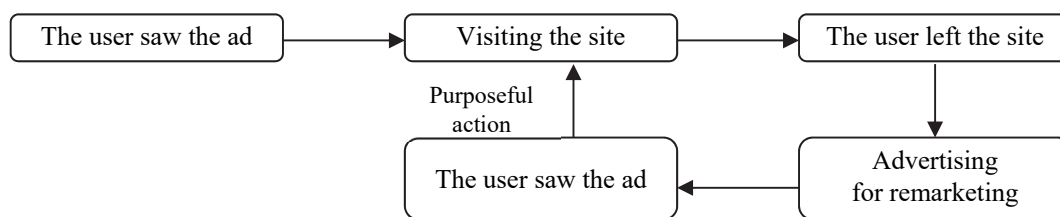


Figure 4. Digital brand remarketing process

Source: compiled by the author according to [8; 24].

5. Digital branding outlook

Recently, the DBI field has developed rapidly due to the spread of digital channels, modern technologies and platforms, changes in customer experience, providing enterprises with new opportunities to interact with customers and create brands in the digital space. Businesses use a number of tools and techniques to strengthen their presence and reputation online and offline. This includes the use of SEO and SEM for website optimization, email marketing tools for direct customer outreach, etc. Let's outline further prospects for the development of digital branding in the future.

Increasing use of artificial intelligence and automation: Businesses are increasingly implementing tools to automate aspects of their digital branding and marketing efforts. This includes automating the following tasks: data analysis, content creation and customer engagement, etc. Thanks to these technologies, enterprises personalize marketing messages, and as a result, receive highly targeted and relevant content based on the interests and behavior of consumers [26].

Omnichannel. This is the DBI approach, which focuses on ensuring seamless and integrated interaction across all marketing channels. Such an approach ensures that customers will have access to the same information, products and services across all channels, provides a consistent and personalized interaction at all touch points, including physical stores, online sites, social networks and mobile applications [11, c. 93].

Development of "micro moments". Micro moments are small, time-sensitive interactions customers make with brands through their mobile devices. They usually arise in response to a specific need or desire. For example, the desire to learn more about a product or service, make a purchase, check reviews or quickly find information. Micro-moments are important for brands because they provide a valuable opportunity to engage with customers in real-time and create meaningful connections. Businesses use these moments to create an engaging and personalized experience for customers. Actual and valuable information, experience in real time increase the probability of targeted actions (purchase, subscription, leaving contact data, etc.), strengthen reputation and are a reliable source of information. The effective use of micro-moments requires a deep understanding of the behavior of the target audience, an understanding of needs, fears, motives and the ability to quickly respond to customer requests in real time [27].

Voice marketing is a DBI tool that involves optimizing content for voice searches on various devices such as smart speakers, voice assistants and smartphones. It provides brands with a unique opportunity to connect with consumers in a new and innovative way. Voice communication technology ensures seamless communication with the target audience. The benefits of voice marketing are increased website traffic, high engagement rates, and improved customer experience. However, the following obstacles must be taken into account: the lack of standardization in voice search and the need for special skills to develop content optimized for voicing [28, c. 149–150].

Importance of data and analytics to create personalized content: Businesses use data to make informed decisions and better understand the impact of marketing efforts. Collection and analysis of data from various sources (analysis of behavior on websites, social networks, audience engagement, customer journey, etc.), brands receive valuable information about the target audience and have the opportunity to improve brand strategies [4, c. 173–179].

Marketing Web3 is a technology that is the next generation of the Internet, refers to the use of decentralized technologies based on the block chain and providing a gaming and interactive user experience. Technologies ensure security and transparency of transactions and can be used in various areas of marketing (for supply chain management, data analysis and creation of personalized advertising campaigns). Therefore, brands become closer to potential consumers and are an integral part of them, adapting to the lifestyle of their customers [29].

Social commerce is the use of social networks to sell products/services and the possibility of buying directly on this platform without having to change the channel and go to the store's website. Social commerce helps build deeper relationships with customers through personalized recommendations, social media interactions (Facebook store, Instagram) and creating a sense of community around products. In turn, social media platforms have improved functionality of targeting and advertising tools that enable brands to achieve individual goals [26].

Consumer Privacy: businesses currently collect a large amount of data about consumers, including personal information, browser history, and behavior. Businesses need to take additional measures to protect data and maintain consumer trust. This will include the implementation of best practices for data collection, storage and use, as well as policy transparency to enable consumers to control data. Maintaining confidentiality strengthens trust, customer loyalty and protects the brand's reputation [26].

Augmented Reality AR, Virtual Reality VR, Mixed Reality XR. Technologies provide a unique, immersive experience for customers, expressive and immersive advertising campaigns attract the attention of potential customers. With the help of technology, brands create unique visual and sound effects that immerse products/services in the world through the creation of a realistic and interactive simulation. Such technologies help customers evaluate a product or service and understand how it will perform in the real world. VR also provides the opportunity to create unique scenarios for interacting with

potential customers. For example, a furniture company might use AR to enable customers to see how furniture will look in a home; or an automotive company may use VR to allow customers to take a virtual test drive [30].

The future of digital branding will be defined by a continued commitment to innovation and excellence in customer engagement. Businesses that invest their own resources in developing a digital brand will have more opportunities to build strong brands, engage customers and achieve business results in the digital age. Since its inception, the DBI has turned into a complex and multifaceted phenomenon, and it will continue to play a decisive role in marketing.

Conclusions

The history of digital branding reflects the evolution of technology and the growing importance of new technologies in shaping brand reputation and consumer behavior. DBI Building covers a wide range of formats and platforms, including social media, search engines, mobile apps and video content. The spread of targeted advertising has changed the industry, allowing advertisers to target specific audiences with greater precision and efficiency. Digital branding has become an important aspect of business strategy, because it is the main component of the overall marketing strategy of any enterprise.

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CORPORATE REPORTING ON SOCIAL RESPONSIBILITY UNDER MARTIAL LAW

Today, it is important to create a demand for social responsibility, reporting on the contribution of business to the achievement of sustainable development goals to create jobs, improve communications between government, business and society, address economic, environmental and social issues, and build an economy that works for people. Businesses should report on their corporate social responsibility in countering military aggression and maintaining peace and security. The purpose of the article is to highlight the peculiarities of preparing and publishing corporate social responsibility reports in Ukraine and the EU. The study uses general scientific and special methods: induction, deduction, comparative analysis, synthesis, generalization, grouping, abstraction, and the logical method. Reporting on corporate social responsibility allows demonstrating how a business affects the natural environment and society and what contribution it makes to achieving sustainable development goals. It is established that there is no single standard, guideline or framework for the preparation and presentation of

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КОРПОРАТИВНА ЗВІТНІСТЬ ПРО СОЦІАЛЬНУ ВІДПОВІДАЛЬНІСТЬ В УМОВАХ ВОЄННОГО СТАНУ

На сьогодні актуальним є формування запити на соціальну відповідальність, звітування про внесок бізнесу у досягнення цілей сталого розвитку для створення робочих місць, покращання комунікацій між урядом, бізнесом і суспільством, вирішення економічних, екологічних та соціальних проблем, побудови економіки, яка працює для людей. Бізнес має звітувати про свою корпоративну соціальну відповідальність у протидії військовій агресії та підтримці миру і безпеки. Метою статті є висвітлення особливостей підготовки та оприлюднення корпоративної звітності про соціальну відповідальність в Україні та ЄС. Під час дослідження використано загальнонаукові та спеціальні методи: індукції, дедукції, компаративного аналізу, синтезу, узагальнення, групування, абстрагування, логічний. Звітування про корпоративну соціальну відповідальність дає змогу продемонструвати, як бізнес впливає на природне навколишнє середовище, суспільство та який внесок здійснює у досягнення цілей сталого розвитку. Встановлено, що єдиного стандарту, керівництва чи рамок щодо підготовки і представлення корпоративної звітності про соціальну відповідаль-



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corporate social responsibility reporting; a number of regulatory documents at the international, European, regional and national levels have been adopted to date, but cooperation continues to harmonize existing standards and approaches and promote them among a wide range of users. In order to strengthen European integration, Ukraine needs to establish a national system of regulation, incentives, certification, monitoring and evaluation of corporate social responsibility, verification and verification of corporate social responsibility reporting, and adoption of the best European experience.

Keywords: social responsibility, sustainable development, reporting, corporate reporting, integrated reporting, Global Reporting Initiative, Corporate Sustainability Reporting Directive, European Union, Ukraine.

JEL Classification: G38, M14, M41, M49.

ність не існує. Нині прийнято низку нормативних документів міжнародного, європейського, регіонального та національного рівнів, проте триває співпраця щодо гармонізації чинних стандартів і підходів, їх популяризації серед широкого кола користувачів. Для посилення євроінтеграції Україна потребує встановлення національної системи регулювання, стимулювання, сертифікації, моніторингу та оцінки соціальної відповідальності бізнесу, перевірки і верифікації звітності про корпоративну соціальну відповідальність, запозичення кращого європейського досвіду.

Ключові слова: соціальна відповідальність, сталий розвиток, звітність, корпоративна звітність, інтегрована звітність, Глобальна ініціатива звітності, Директива з корпоративної звітності про сталий розвиток, Європейський Союз, Україна.

Introduction

In Ukraine, the private and public sectors do not yet have such an experience and complete understanding of the significance of social responsibility as European countries have. While global investment in sustainability increased by 68 % [1], only 17.8 % of companies in Ukraine have integrated Sustainable Development Goals into their strategies [2]. The importance of corporate social responsibility is growing worldwide, especially in recent years: more than 77 % of consumers tend to buy from companies that care about public goods. Furthermore, efforts to improve the environment and society are influenced on the investment decisions nearly 73 % of investors [1]. Social responsibility has to be in a conscious position of a business, and businesses should consider the interests of stakeholders in determining of strategy and policy.

The development of corporate reporting on the social responsibility of companies in Ukraine forms due to the request of young employees and clients. Researches are disclosed that the attitude of businesses towards the manifestations of social responsibility is deteriorating. Less than half of millennials (47 % in the world and 44 % in Ukraine) and representatives of generation "Z" (48 % in the world and 41 % in Ukraine) believe that business positively affects society. At the same time, 72 % of young people do not support reducing the amount of assistance to ventures in the fight against climate change. And only 44 % believe that business has a positive impact on society [3]. To fill the lack of effort that companies and institutions should and could make, young people take an active position: bring up others, distribute informational content on social platforms, vote for progressive politicians, and boycott companies and brands that do not share their values in matters related to social responsibility. Young people prefer those companies and employers that care about the environment, mental health of employees,

and counteract discrimination. It is especially noticeable in supporting businesses that have left Russian markets and are spreading humanitarian and volunteer initiatives.

Corporate Social Responsibility (CSR) reporting is becoming increasingly relevant to ensure business sustainability and transparency. On the one hand, the scope of the disclosure is limited by the scope of confidentiality and the conservative attitudes of companies not to disclose information about CSR. However, on the other hand, the desire to increase the intangible component of business value and strengthen competitive positions encourages companies to provide the most complete and transparent information in corporate reporting on the contribution of business to sustainable development and satisfaction of public interests. It can be claimed that this practice is the most typical for European companies that have a long history and tradition of corporate reporting on social responsibility. Therefore, studying the peculiarities and regulations of corporate social responsibility reporting in European countries and Ukraine is vital.

The problems of disclosure of non-financial information in corporate reporting are investigated by many scientists and practitioners. International professional and charitable organizations initiate the development of standards and recommendations for more complete disclosure of information on all aspects of companies' activities and their impact on society, the environment and the economy as a whole. Reporting on the social responsibility of business is covered by researchers such as Saprykina M., Gonz E., Okunev O. [2], Bezverkhyi K. [4], Kaminskaya I. [5], Malyshkin O., Konova I., Shulyarenko S. [6], Christensen H., Grad L., Leuz S. [7]. Korol S., Courbet M. identify business social responsibility and disclosure of information as crucial elements of corporate reporting [8]. Methodological aspects of social responsibility in integrated reporting are highlighted in the works/studies of Legenchuk S., Polishchuk I. [9], Umantsiv H., and Kotsupal O. [10]. The European experience of corporate reporting on social responsibility was studied by Lewis S. [11], Semenova S., Shpyrko O. [12].

Features of disclosure in reporting on/of social, environmental, and governance aspects of corporate sustainability are presented in the work of Carlyann, Carlyann E. [13], Whitaker J. and Eastwood S. [14]. The impact of audit on the disclosure of corporate social responsibility in reporting in terms of providing guarantees of the stated principles was investigated by Uyar A., Elbardan H., Kuzey C., and Karaman A. [15].

The impact of Directive 2014/95/EU [16] on non-financial reporting on the corporate social responsibility of European companies is described in the work of Cuomo F., Gaia S., Girardone C., Pisera S. [17]. Studies of the European practice of internal corporate governance and external regulation of social responsibility reporting, conducted by Samani N., Overland C., Sabelfeld S. [18], indicate that Directive 2014/95/EU provides a minimum amount of disclosure of information on social responsibility in companies that do not have internal management mechanisms, in particular the representation of employees in corporate councils.

The problems of combining financial and non-financial information about the social responsibility of business and its disclosure in corporate reporting are presented in the work of Rendtorff J. [19] and others.

The aim of the article is to highlight the peculiarities of preparation and publication corporate reporting on social responsibility in Ukraine and the EU.

During the research, general scientific and special methods have been used.

1. Requirements for the preparation of corporate reporting on social responsibility

Corporate social responsibility (CSR) is a concept that means the responsibility of businesses to society, the state, and the natural environment in which they operate [20]. CSR includes ensuring the sustainable business activities of the company, compliance with laws and ethical standards, preserving the environment, promoting the communities in which the company operates, and ensuring the safety and well-being of employees.

In general sense, social responsibility refers to the idea that businesses must contribute to the social and environmental well-being of society, in addition to their financial obligations. It can take many forms, for example, charity, ethical practices, and sustainable business models.

In this way, CSR allows companies to take responsibility for the social and environmental consequences of their actions and develop in harmony with the world around them. Many companies include CSR in their business strategy and ensure its implementation through various programs and initiatives, such as charity, environmental protection, social programs, and ethical leadership [21]. An integral part of CSR communication is the preparation and publication of reports.

Corporate reporting on social responsibility as a process of documenting and disseminating information about the company's social responsibility allows to reveal the impact of the enterprise on the economy, society and the environment, while demonstrating its responsibility to the public, owners and other interested parties.

This is a common practice in Europe and the world, which is becoming more and more urgent. However, the legal regulation of corporate reporting on social responsibility remains at the phase of mutual coordination, formation, and transformation.

It is expected that the new EU Corporate Sustainability Reporting Directive (CSRD) [22] and Directive 2014/95/EU on the disclosure of non-financial and diverse information [16] will affect Ukrainian companies. The drivers for this process will be Global Reporting Initiative (GRI) [23], UN Global Compact (UN Global Compact reporting Communication on Progress) [24], Environmental, Social, and Governance (ESG) Report [25], Guidance on social responsibility (ISO 26000:2010 Guidance on social responsibility) [26]. Global Reporting Initiative (GRI) [23], Report on the progress of the UN Global Compact.

In order to comply with the principles, instructions and recommendations for the preparation of corporate reporting on social responsibility, it is necessary to comply with the requirements of various standards, guidelines, frameworks and initiatives (*Table*).

Table

Standards and initiatives regulating corporate reporting on social responsibility

Abbreviation	Characteristic
Global Reporting Initiative (GRI) [23]	GRI is an independent international reporting standard in the field of sustainable development that helps organizations report on their economic, social and environmental activities. The new GRI G4 contains 36 modules, of which 3 are universal (basic requirements and principles of report preparation, its common components, management approaches) and 33 are specialized (which are filled in on the principle of materiality). The modular GRI reporting system allows you to adapt the report to the peculiarities of the enterprise, making it more flexible
The International Integrated Reporting Framework (IIRF/IIRC) [27]	The International Framework, Framework or Conceptual Framework for Integrated Reporting (IIRF) is a framework developed by the International Integrated Reporting Council (IIRC) that aims to provide an integrated approach to corporate reporting, emphasizing the interrelation of financial, environmental, social, and governance factors. One of the key objectives of the IIRC is to encourage companies to adopt more integrated and holistic approach to reporting on their social responsibility efforts
The Sustainability Accounting Standards Board (SASB) [28]	SASB is a non-profit organization founded in 2011 which provides companies with sustainability accounting standards that they use to disclose their environmental, social, and governance (ESG) activities. SASB standards were designed to identify and manage ESG risks and opportunities and to help investors make more informed decisions about their investments based on ESG factors
International Sustainability Standards Board (ISSB), IFRS Sustainability disclosure standards [29]	The IFRS Foundation has created a new International Sustainability Standards Board (ISSB) to develop these standards based on existing ESG, GRI, SASB, and TCFD structures and standards. The ISSB cooperates closely with other with other interested parties, including investors, regulators, and other standards developers, to ensure that standards are relevant, comprehensive, and universally accepted
ISO 26000:2010 Guidance on social responsibility [26]	The standard is designed to guide how to act socially responsibly. It is a voluntary standard and is not intended for certification purposes. The standard provides guidance on seven core social responsibility topics such as corporate governance, human rights, labor practices, the environment, fair work practices, consumer concerns, and community engagement and development
Directive 2014/95/EU On the disclosure of non-financial and diversity information [16]	Directive 2014/95/EU or NFRD (Non-Financial Reporting Directive) requires public-interest entities to publish information about their environmental, social and governance (ESG) policies, risks and results), as well as compliance with human rights and anti-corruption measures. Information has to be included to the management report or a separate non-financial report and should be verified by an independent auditor
Corporate Sustainability Reporting Directive (CSRD) [22]	The CSRD, which entered into force on January 5, 2023, amends the current NFRD by introducing stricter reporting requirements that will be mandatory starting in 2024 for reports published in 2025. The directive requires certain large companies to report their environmental, social, and governance (ESG) results in their annual reports
The United Nations Global Compact (UNGC) [24]	UN voluntary initiatives to promote sustainable and socially responsible policies and practices. The ten principles of the UNGC include the following blocks: 1) respect for and protection of internationally proclaimed human rights; 2) labour – freedom of association, elimination of forced and child labour, elimination of discrimination in employment; 3) fight against corruption; 4) environmental responsibility. UNGC provides guidance and resources to help companies integrate these principles into their strategies and operations, and collaborate with other businesses and stakeholders to achieve sustainability goals
Climate Disclosure Standards Board (CDSB) [30]	An independent, international initiative that offers standards for reporting on climate change and other environmental issues that affect business. CDSB has created a set of standards and guidelines to help companies report their greenhouse gas emissions, climate change risks, and other environmental issues. Reports that meet CDSB standards allow companies to show how they care about climate resilience

Source: compiled by the author based on the analysis of frameworks, standards, guidance.

The Global Reporting Initiative (GRI) [23] is an independent non-profit international organization that develops standards, a conceptual for reporting on sustainable development. The mission of the GRI is to provide decision-makers with the opportunity to understand the impact of business on important sustainability issues, such as the economy, environment, climate change, social sphere, human rights, and anti-corruption. It creates the basis for to find solutions to these problems.

The first edition of the GRI Guide was issued in 2000 with the aim of creating a universally recognized system of reporting on sustainable development [31]. The GRI reporting framework is widely used by companies, governments, and NGOs to disclose their indicators of social responsibility and contribution to the achievement of sustainable development goals. The GRI Standards cover a range of sustainability issues, including governance, ethics, labour practices, human rights, the environment, and social responsibility. The advantage of the GRI is that the proposed structure is flexible and adaptable to organizations of different sizes, types, and sectors. The GRI G4 consists of several components, including the Reporting Principles, the Standard Disclosure, and the Implementation Guide (GRI Guide). The Reporting Principles provide guidance on how to report on sustainability issues, while the Disclosure Standards offer a set of metrics that organizations can use to report on their performance in achieving Sustainable Development Goals. The implementation guide provides detailed guidance on how to use the Reporting Principles and Standard Disclosures.

GRI is significant for reporting subjects and for users of the reporting information. It provides recommendations for stakeholders in understanding sustainability reports and using the information to make informed decisions. In addition, GRI works with other organizations to improve sustainability reporting and encourage responsible business practices around the world. The GRI guidelines are recognized as the best practice for sustainability reporting worldwide. Its reporting structure has been adopted by thousands of organizations in more than 100 countries and is used by sustainability reporting systems and rating systems, including the Dow Jones Sustainability Index, the CDP Climate Change Program, and the UN Global Compact.

Next to GRI reporting (Global Reporting Initiative), there is an ESG report (Environmental, Social, and Governance) [25] on environmental, social, and corporate governance, that is, how the company improves its activities in ensuring sustainability. ESG report refers to companies' reporting on their environmental, social, and management activities. This reporting is estimated using various criteria such as the amount of carbon emissions, number of employees from different ethnic groups and genders, and level of corruption etc. Reporting on ESG criteria is significant for investors and financial institutions as it helps them to assess the risks and opportunities of the company, as well as to ensure transparency of the functioning of markets. In practice, these reports are often identified, arguing that the GRI report includes information from the ESG report.

Integrated reporting (IR) is a new approach to corporate reporting that provides a combination of reporting on financial and non-financial aspects of a company's activities in a single document. European experience of preparing integrated reporting is based on the application of the Conceptual Framework developed by the International Integrated Reporting Council (IIRC) [29] and the European Accounting Standard (EAS). The basic principles defined by the IIRC include: integration of financial and non-financial reporting; focus on long-term sustainability and value creation; reflection of the company's impact on the environment and social responsibility; disclosure of risks and opportunities; an integrated approach to management and reporting [32]. The European Accounting Standard (EAS) also provides guidance on integrated reporting, in particular on reporting on corporate social responsibility, environmental management, transparency, and ethics in business. In integrated reporting, companies disclose their social and environmental strategies, goals, and plans. In practice, it involves a description of planned or implemented social and environmental projects in the relevant period. Companies also provide information about how they interact with the communities in which they operate and how they ensure the safety of their employees.

The Sustainability Accounting Standards Board (SASB) [28] develops standards that cover a wide range of industries considering research results, consultations and feedback from scientists, practitioners, and stakeholders, including companies, investors and regulators. There are 77 industry standards, which are divided into topics of information disclosure and accounting indicators. These standards are intended to be used in conjunction with international or national accounting and financial reporting standards.

International Sustainability Standards Board (ISSB) [29] was established by The IFRS Foundation (International Financial Reporting Standards) to set global sustainability reporting standards for companies. The purpose of the ISSB is to establish a common set of sustainability reporting standards that are generally accepted and provide investors and other stakeholders with reliable, comparable and helpful decision-making information on a company's sustainability indicators. ISSBs cover a range of environmental, social and governance (ESG) topics such as resource utilization, employee diversity and executive remuneration.

The ISSB released sustainability disclosure standards draft for discussion in March 2022. The process of developing and approving the first two standards is underway: IFRS S1 "General Requirements for Disclosure of Financial Information Related to Sustainable Development" and IFRS S2 "Climate-related Disclosure" [29]. However, it is already possible to distinguish the ISSB approach to reporting, based on the following key principles:

materiality: companies must report on those aspects of ESG that are relevant and crucial to their business;

stakeholder engagement: companies should engage with stakeholders to identify their sustainability priorities and report on ESG topics that are important to them;

completeness: companies must provide comprehensive information on sustainability indicators for all components, including positive and negative impacts;

reliability and comparability mean that reliable and consistent methods must be used to measure and report on their sustainability performance, and their reports must be comparable over time and between companies.

The adoption of the CSRD Directive (Corporate Sustainability Reporting Directive) [22], which will contribute to increasing the transparency and consistency of companies' reporting on sustainable development, is of great importance.

It requires large companies to report on their sustainability practices and environmental, social and governance (ESG) factors. One of the main aspects of CSRD is its focus on social responsibility. The directive requires companies to report on several social issues, including human rights, labour practices, diversity and inclusion. This reflects the growing recognition that companies have an obligation not only to maximize their profits but also to contribute to society and address social and environmental challenges.

Directive 2014/95/EU [16] requires some large companies to disclose non-financial information regarding their social and environmental impact. The directive aims to promote corporate social responsibility and sustainability by increasing transparency and accountability in reporting non-financial information. According to the directive, companies with more than 500 employees are required to disclose information on environmental, social and labour issues, respect for human rights, as well as anti-corruption and bribery issues. Information should be included in the annual report or in a separate report that is made public. The directive applies to companies listed on EU stock exchanges, as well as some other large companies, including banks and insurance companies. The requirements vary depending on the size of the company and the industry in which it operates.

The United Nations Global Compact (UNGC) [24] is a voluntary initiative launched in 2000 to encourage companies and organizations to adopt sustainable and socially responsible policies and practices. The UN Convention is based on ten principles in human rights, labour, environment and the fight against corruption, based on international standards and conventions. By participating in the UNGC, companies to implement these ten principles and report annually on their progress. UNGC also encourages companies to engage in partnerships and collaborations with other interested parties, such as governments, civil society organizations and academia, to address social and environmental challenges. Working together, businesses can make impact and contribute to the implementation of the UN Sustainable Development Goals [31].

Climate Disclosure Standards Board (CDSB) [30] is a non-profit organization that creates and promotes climate change reporting standards for enterprises and develops a conceptual framework (CDSB Framework) and guidelines for reporting on the impact of climate change on the business and financial results of companies. These standards include reports on greenhouse gas emissions, climate impacts on company operations, risks associated with climate change, and strategies to reduce environmental impact.

Social disclosure implies that companies and financial institutions must publish information about their social indicators, such as attitudes towards human rights, labour standards, interaction with communities, and environmental responsibility. This information helps investors and consumers better understand how companies and financial institutions affect social and ecological aspects of their operations. ISO 26000:2010 "Guidance on social responsibility" [26] integrates social responsibility into economic activity, identifies and solves problems related to this. The guidance is intended for all types of organizations, regardless of size, industry or location. It can be used by organizations from both the public and private sectors, as well as non-governmental institutions. ISO 26000:2010 defines social responsibility as "the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; complies with applicable laws and international standards of conduct; integrated throughout the organization and practised in its relationships." ISO 26000:2010 guidance is widely used to develop policies and practices that promote social responsibility and can be used as a basis for reporting on the effectiveness of social responsibility. In Ukraine, this standard is approved at the level of SSTU (State Standards of Ukraine).

2. Practical experience of socially responsible business reporting

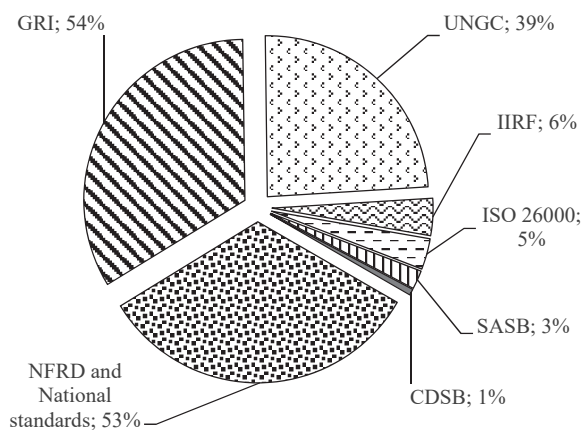


Figure 1. The level of practical use of frameworks, standards and guidance for non-financial reporting of socially responsible business in Europe

Source: compiled by author according the data [20].

the complementarity and combination of standards, some of which provide general recommendations, while others help in disclosing narrower information of a specialized nature.

Analysis of the practical experience of European companies shows that when disclosing non-financial information, the most common to use are GRI, National standards, including the national transposition of the EU NFRD and UNGC (*Figure 1*) [20]. The percentage shows the level of citation of standards in non-financial and integrated reporting prepared by European companies. As it can be noticed, many enterprises use more than three frameworks, standards or guidance, which have a predominantly global context, which indicates the

The distribution of data by country shows (*Figure 2*) that the United Kingdom has the largest number of companies reporting corporate social responsibility, followed by France, slightly behind Germany, followed by Italy and other [20].

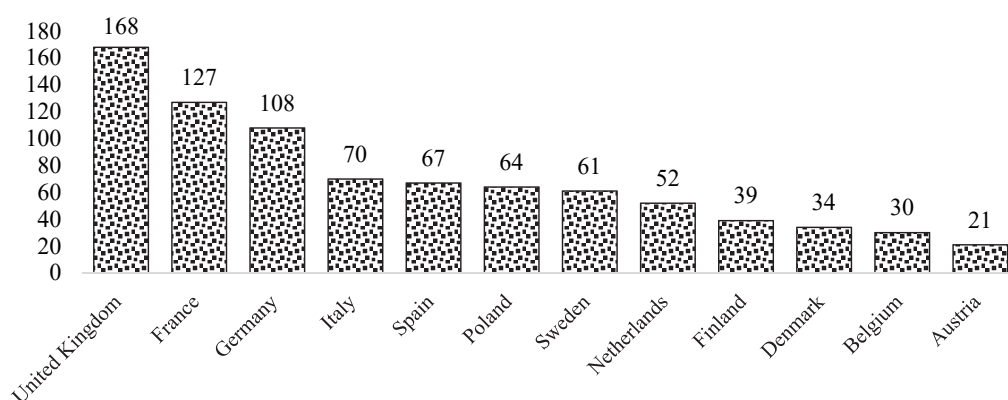


Figure 2. Number of companies that published reports on corporate social responsibility with distribution by European countries, according to 2019 data

Source: compiled according to the data [20].

In Ukraine, the legal regulation of corporate reporting on social responsibility is at the stage of formation. But it has to be underlined the influence of international practice and the achievements of the regulatory framework, which are implemented at the state and corporate levels by Ukrainian companies, state-owned enterprises and government organizations. The concept of implementation of state policy in the field of promoting the development of socially responsible business in Ukraine for the period up to 2030 [33] aims to create favourable conditions for business development that match social needs and introduce modern mechanisms for interaction between the state, business and society. According to the Concept, the level of social responsibility of a business depends on the number of voluntarily undertaken obligations. The concept identifies the main directions of development of socially responsible businesses in the field of environmental protection, employment and development of labour relations, among which reporting is envisaged by publishing a management report, reports on the introduction of standards for socially responsible business, development of a corporate strategy for social responsibility. The Law of Ukraine on "Accounting and Financial Reporting in Ukraine" [34] defines the essence of the management report as a document containing financial and non-financial information that characterizes the state and prospects of development of the enterprise and reveals the main risks and uncertainties of its activities. The law distinguishes the category of enterprises of public interest and the criteria for dividing enterprises and groups of enterprises into large, small and medium.

Among the main indicators of social responsibility, which are reflected in the integrated reporting of European companies, there are the following: the number of expenditures on social and environmental projects; the volume of investments in sustainability; employee relations; business ethics; corporate culture; gender equality; measures related to the observance of human rights and prevention of corruption; the number of cases of violations of envi-

ronmental standards and appropriate measures to correct them; product quality, consumer health and safety; the scope and types of assistance provided to the communities in which businesses operate. Reports on the social responsibility of European companies are usually quite thorough and detailed [17]. They describe the implementation of social standards and initiatives that help increase trust among consumers, interested parties and society.

3. Peculiarities of corporate reporting on social responsibility under martial law

The Ukrainian practice of social responsibility disclosure in integrated reporting is based on the disclosure of such key indicators as [6; 8; 35]: the number of employees, employment policy, the number and types of investments in social infrastructure, cooperation with public organizations, volunteer initiatives, support for the Armed Forces of Ukraine, internally displaced persons and victims of military aggression of the Russian Federation. In reporting on corporate social responsibility, European business focuses on disclosing information about compliance with sanctions, humanitarian and charitable initiatives, and assistance to refugees.

Along with this, the problems of social ethics and responsibility of those companies and business owners that continue to work in the Russian market, thereby financing the military machine of the occupiers, remain unresolved. According to the University of St. Gallen, only 9 % of the 1500 international companies left the Russian market in response to the invasion of Ukraine. Thus, 91 % preferred profits rather than moral and ethical values and principles of socially responsible business. Unfortunately, examples of such enterprises belong to different EU countries: Nestle, Auchan, PepsiCo, Procter & Gamble, Subway, Burger King, Danone, Samsung, LG, Siemens, Philips, Shell and others, despite the risks to their business due to sanctions, reputational damage, moral and ethical problems. In particular, a great response caused the fact that the French hypermarket chain Auchan under the guise of humanitarian aid delivered food packages to the occupiers of the Russian Federation, which contradicts international legal norms, since only assistance to civilians can be considered humanitarian. The level of social responsibility of international companies in the Russian market turned out to be quite different. Well-known brands that immediately condemned the unprovoked and unjustified military aggression of the Russian Federation against Ukraine and left the market of the terrorist country, such as Siemens, McDonald's, Starbucks, Mars, M&S, Zara, Adidas, Wella Company, demonstrated their commitment to the principles of corporate social responsibility. Such actions underscore condemnation and protest against any form of violence and crimes against humanity and show solidarity with those who call for peace.

However, it turned out that there are still many companies for which marginal benefits outweigh social beliefs. Such companies continued to on the market of the Russian Federation, despite the war crimes of the occupiers in Ukraine. These enterprises convince themselves and their consumers that they have stopped investing in the Russian market and continue to supply

only essential goods, such as Nestle. However, consumers do not support such steps, as evidenced by the slogan on social networks added to the anti-advertising of the brand's products: "with the taste of pain" and the image of Ukrainian hospitals and schools mutilated by the occupiers. And this is just one example of society's reaction to the violation of the foundations of social responsibility of business. The pressure on international business, which continues to operate in Russia, is growing, so well-known brands that did not immediately stop their work in the occupiers' market, so far only indicate their intentions to leave, despite profits and significant asset values. Strengthening corporate social responsibility in countering military aggression will be facilitated by the formation of a list of companies – international sponsors of terrorism, and other significant legal steps at the international level and their consequences, in particular the creation of an international tribunal, recognition of the Russian Federation as a terrorist state.

A common important trend of recent years is that most Ukrainian and European companies also pay attention to the inclusion of socially responsible projects in their activities, related to charity, support of local communities and measures to improve the quality of life of the population.

In Ukraine, the highest level of information disclosure is demonstrated by companies in the financial sector, electricity transportation and supply, pharmaceuticals and metallurgical production. According to 2020 data, the following companies have the highest ESG transparency index: PJSC "VF Ukraine" (6.5), JSC "First Ukrainian International Bank" (60), DTEK Group (55.5), JSB "UKRGASBANK" (53), FE "Coca-Cola Beverages Ukraine Limited" (52), SE "NNEGC "ENERGOATOM" (50), MHP (49.5), PJSC "Ukrhydroenergo" (48), JSC "Ukrainian Railways" (47), NJSC "Naftozag of Ukraine" (46) [61]. In Ukraine, the level of preparation of non-financial reporting remains low. State-owned enterprises that are guided by international standards and European Directives have higher rates of corporate social responsibility disclosure than privately owned companies.

Thus, we can already note/it can be noted that the influence of international practice and the achievements of the regulatory framework, which are being implemented at the state and corporate levels by Ukrainian companies, state-owned enterprises and government organizations. Spreading the practice of socially responsible business reporting in Ukraine requires the creation of favorable conditions for the development of business that meets social needs and interacts with all interested parties. To solve this problem, it is necessary to make efforts in the following areas:

- development of a legislative framework that promotes the boosting of socially responsible business, for this it is necessary to develop new laws and regulations, as well as improve existing regulations to ensure transparency, openness and support for socially responsible business practices;
- development of a supporting system and stimulation of socially responsible business through the development of financial, tax and other incentive mechanisms that will promote the development of socially responsible businesses, as well as attract investment;

- development of a system for monitoring and evaluating socially responsible business activities through the creation of a monitoring system that will determine the effectiveness of socially responsible business activities, as well as the introduction of mechanisms for self-regulation and interaction between business, the public and government;

- development of the system of advanced training and education in the field of socially responsible business, in particular through updating educational programs, supplementing professional competencies that meet the needs of modernity, scientific cooperation, academic mobility and international educational and scientific grant projects.

This will contribute to the development of reporting and socially responsible business as a whole in Ukraine and Europe.

Conclusions

Corporate reporting on social responsibility is regulated by such core international documents and initiatives as Global Reporting Initiative, The International Integrated Reporting Framework, The Sustainability Accounting Standards Board, International Sustainability Standards Board, ISO 26000:2010 "Guidance on social responsibility", Corporate Sustainability Reporting Directive, Directive 2014/95/EU, The United Nations Global Compact, Climate Disclosure Standards Board. The practical use of standards and recommendations is complicated by the lack of a single unified document. However, international cooperation is underway to develop an agreed universally recognized regulatory framework that will meet the needs and interests of all interested parties.

Based on the study, it is possible to single out the main directions for improving corporate reporting on social responsibility in Ukraine based on the EU experience: application of international standards for reporting socially responsible business in practice, adoption at the legislative level of European standards as national ones to strengthen European integration, expansion of reporting on socially responsible initiatives under martial law, dissemination of information through mastering the latest reporting tools and communication with stakeholders, developing mechanisms for cooperation between the state and socially responsible business to ensure economic growth and improve the living standards of the population, providing access to financial resources and state grant support. The development of the national system of stimulation, certification, monitoring and assessment of social responsibility of business, checking and verification of reporting on corporate social responsibility is of crucial importance.

Prospects for further research are the use of reporting to raise the level of public awareness of socially responsible activities of enterprises and ensuring the achievement of sustainable development goals by creating favourable conditions for the growth of socially responsible businesses in Ukraine and Europe.

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REPORTING ON SUSTAINABLE DEVELOPMENT IN THE CONTEXT OF CORPORATE SOCIAL RESPONSIBILITY

Strengthening the social responsibility of business entities and increasing the level of business information transparency requires reporting on the dynamics of the economic, ecological, social and other aspects of its influence on the course of social and economic processes of social development based on the conduct of business activities. The aim of the article is to highlight the current trends and perspectives of companies reporting on sustainable development in the context of the implementation of ESG strategies in process of global challenges. To achieve it, systemic and institutional approaches have been used; dialectical, analytical, synthesis and comparative methods; method of generalizations, unity of historical and logical approaches. It was revealed that in Ukraine, the provision of sustainable development is at the stage of formation and standardization in the implementation context of EU legislation. Features of sustainable development reporting for Ukrainian companies included information on the impact of war on their activities and contribution to overcoming social, humanitarian and environmental consequences during the period of 2022. It has been established that the organization and maintenance of effective non-financial reporting is an important prerequisite for providing information about the impact of companies' activities on the economy, ecology and society in general through informing about the implementation of sustainable development goals. The spread of the practice of reporting on sustainable development in Ukraine requires the improvement of theoretical, conceptual and methodological approaches

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ЗВІТНІСТЬ ПРО СТАЛИЙ РОЗВИТОК У ВИМІРІ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ

Посилення соціальної відповідальності суб'єктів господарювання та підвищення рівня інформаційної транспарентності бізнесу обумовлює необхідність звітування щодо динаміки економічного, екологічного, соціального та інших аспектів впливу, що здійснюється ним на перебіг соціально-економічних процесів суспільного розвитку на основі провадження підприємницької діяльності. Метою статті є висвітлення сучасних тенденцій та перспектив звітування компаній про сталий розвиток у контексті реалізації стратегій ESG в умовах глобальних викликів. Для її досягнення використано системний та ситуаційний підходи; діалектичний, аналітичний, методи синтезу та порівняльний; метод узагальнень, єдності історичного та логічного підходів. Завдяки цьому виявлено, що в Україні забезпечення сталого розвитку перебуває на стадії становлення та стандартизації в контексті імплементації законодавства ЄС. Особливостями звітування зі сталого розвитку за 2022 р. для українських компаній є висвітлення інформації про вплив війни на їх діяльність та внеску в подолання соціальних, гуманітарних та екологічних наслідків. У підсумку встановлено, що організація та підтримання ефективного процесу складання нефінансової звітності є важливою передумовою надання інформації про вплив діяльності компаній на економіку, екологію та суспільство загалом через інформування про реалізацію цілей сталого розвитку. Поширення практики складання звітності зі сталого розвитку в Україні потребує вдосконалення теоретичних та концептуально-методологічних підходів до обґрунтування



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to justify the directions of disclosure of the specified information by companies in the context of the European integration of our country.

Keywords: sustainable development goals, Global Reporting Initiative, ESG (environmental, social, governance), non-financial reporting, corporate social responsibility.

напрямів розкриття зазначеної інформації компаніями у контексті європейської інтеграції нашої країни.

Ключові слова: цілі сталого розвитку, глобальна ініціатива звітності, ESG (екологічні, соціальні, управління), нефінансова звітність, корпоративна соціальна відповідальність.

JEL Classification: M14, M49.

Introduction

The concept of sustainable development determines one of the main directions of approaches development to company management. It is the Sustainable Development Goals (SDGs) that are an integrating intellectual and meaningful platform for implementing transformations. In Ukraine, SDCs became a prerogative in radical changes in many spheres of social life [1]. They are a set of defining guidelines for the development of future international cooperation. It is assumed that the SDGs will be achieved by 2030. It is necessary to pay attention to the fact that there are only 17 Global Goals and 169 relevant tasks. The SDGs are aimed at three components of sustainable development: the economy, the environment, and the social sphere [2]. Over the past decades, the importance of sustainability reporting has changed significantly and continues to grow, reflecting the change in the role of sustainable development in the agenda of countries around the world, from voluntary reporting, usually in an arbitrary form (for example, in the form of Corporate Social Responsibility (CSR) to mandatory reporting in accordance with defined standards and regulatory requirements.

The methodological foundations for the disclosure of non-financial information regarding the environmental, social and economic consequences of the enterprises' activities were laid in 1997 by the Coalition for Environmentally Responsible Economies (CERES) together with the United Nations Environment Program (UNEP) in the form of the Global Reporting Initiative (GRI). Exactly the concept of sustainability reporting was introduced in the GRI, which has become the most popular form of presentation of non-financial information by companies in the world [2]. Ukraine, like other UN member states, has joined the global process of ensuring sustainable development. Supporting the global goals of sustainable development until 2030, declared by the resolution of the General Assembly of the United Nations Organization of September 25, 2015 No. 70/1, Ukraine joined the initiatives to ensure compliance with the Sustainable Development Goals [3].

In Ukraine, ensuring sustainable development takes place in the context of the implementation of European Union legislation, in particular, Directive 2013/34/EU "On annual financial reports, consolidated financial reports and related reports of certain types of enterprises" dated June 26, 2013 (chapter 5 "Report on management") [4]. Since 2018, the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" stipulates that large

companies are required to submit a Management Report, which partially discloses the issue of sustainable development, and the requirements for information disclosure are increasing every year [5].

Part of the sustainable development concept is the global concept of ESG, which reflects the company's efforts in ESG (environmental, social, governance) for sustainable development.

Investors and financial institutions take these criteria into account when making investment and financial decisions, as counterparties and suppliers do when conducting business. Business entities seeking to achieve a good ESG rating must meet three categories of development criteria: social, governance and environmental. At the same time, environmental principles determine how much a company cares about the environment and how it tries to reduce damage and loss to the environment. Social principles express the company's attitude towards employees, suppliers, customers, partners and consumers. In order to meet the standards, business entities must work on the quality of working conditions, monitor gender balance and invest in social projects. Management principles reflect the quality parameters of company management, including transparency of reporting, openness of information about the level of remuneration of the company's management, stability of the internal microclimate, relations with shareholders, anti-corruption measures, etc. [6].

Preparation of non-financial reporting is a rather complex and multi-faceted process. At the same time, deepening the content and increasing the level of reporting can be implemented only under the condition that financial reporting and reporting on sustainable development are formed on the same basic principles with imperative requirements for information disclosure. In addition, it should not be overlooked that the contribution of companies to the UN Sustainable Development Goals achievement is extremely important.

At the same time, the demand from public institutions for reporting on sustainable development has been at a fairly high level for a long period of time, which actualizes attention to it from both the research community and the business environment. It is not only about investors, who most often do not even consider a company that does not disclose the specified information in its corporate reporting as an investment object. First of all, they stand for comparative, relevant and reliable information, which would relieve them to draw conclusions in not always systematized information on a significant scale of data and indicators, developed usually without proper expertise in this area, which has a fairly common consequence of the final refusal to make investments. However, it is also about regulators, international business associations that often emphasize the importance for the future of corporate reporting of a single system of high-quality and universal approaches to reporting on sustainable development [7].

Modern trends in reporting by companies on their contribution to the achievement of the Sustainable Development Goals are highlighted in the works of T. Yefimenko, Y. Oliynyk, and L. Lovinska [2; 8], S. Korol, S. Semenova [9–11]. The substantiation of the key bases of the formation

of accounting and analytical business support in the context of the sustainable development implementation is presented in the studies of such scientists as L. Kononenko, N. Sysolina, O. Chumachenko [12], V. Kostyuchenko and others. [13]. The introduction of integrated reporting as a new business management model has been analyzed by S. Golov, R. Kuzina [14], N. Svichkar, E. Kobets, and V. Tsaruk [15]. The European experience of publishing non-financial statements in the context of EU Directives implementation was systematized by A. Atanasov, C. R. L. Adai, B. Giner, M. Luque-Vilchez, J. Baumüller, M. Schaffhauser-Linzatti [16–19] and others.

Paying attitude to the scientific achievements in the field of corporate social responsibility of business and non-financial reporting, it is necessary to recognize that the issue of reporting by companies on sustainable development in the conditions of war and in the context of the European integration course of Ukraine and the requirements of the adopted Corporate Sustainability Reporting Directive (CSRD) requires further research.

Therefore, the aim of the article is to highlight the current trends and perspectives of companies reporting on sustainable development in the context of ESG strategies implementation in the context of global challenges.

In the article it was used a number of methods and approaches, including dialectical and analytical, synthesis and comparative; systemic and institutional approaches, method of generalizations, unity of historical and logical approaches.

1. Global trends in sustainable development reporting

Recent studies have been shown that almost all the largest companies in the world have been reported on sustainable development and set corresponding goals. More than 2.000 companies have set a scientifically based goal to reduce carbon emissions, and about a third of the largest public companies in Europe have committed to zero by 2050 [20].

Almost half of the interviewed heads of companies in Ukraine (47 %) and two-thirds in the world (67 %) noted the growing demand from stakeholders: investors, regulators and customers for the formation of reporting and transparent disclosure of ESG (environmental, social and governance) issues. 30% in Ukraine and 58 % of managers in the world characterize this request as important, emphasizing that they see the greatest pressure from institutional investors such as 67 % in Ukraine and 52% in the world [21].

According to the results of a study called "Big Shifts, Small Steps" conducted by KPMG, in 2022, 96 % of the world's 250 leading companies (G250) reported on sustainable development and ESG. An increase in the use of global standards of the Global Reporting Initiative (GRI), the International Sustainability Standard Board (ISSB) and the guidelines of the fund was noted, where the GRI standards were used most often (*Figure 1*).

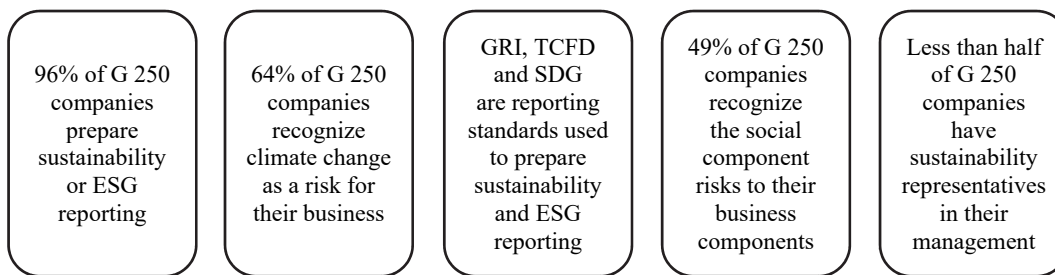


Figure 1. Sustainability and ESG reporting of G 250 companies for the period of 2022

Source: compiled according to [22].

The results of the reporting trends analysis by countries indicate that the highest indicators of reporting in the field of sustainable development and ESG are demonstrated by the countries of the Asia-Pacific region (Figure 2).

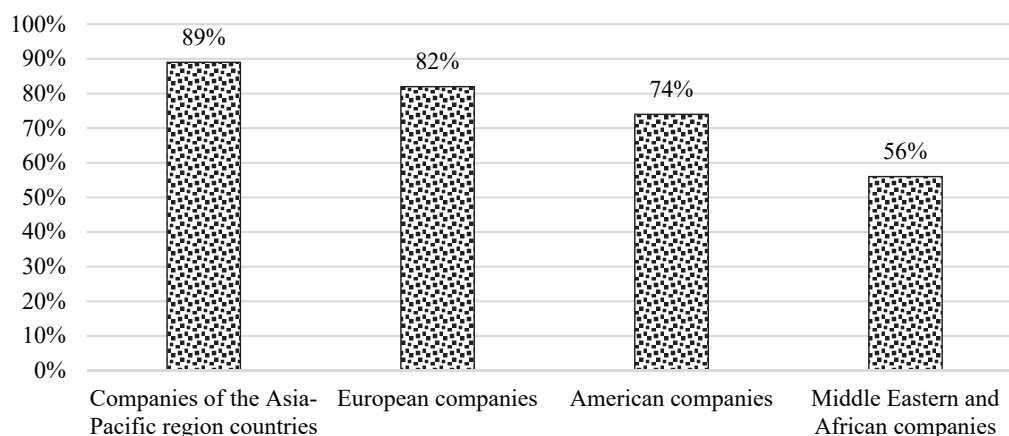


Figure 2. Indicators of reporting in the field of sustainable development and ESG by countries of the world in 2022

Source: [22].

Many companies in the world declare their ESG strategies in sustainability reports. Thus, in 2022, MasterCard committed to achieve zero carbon emissions by 2040 (previously the goal was set by 2050). Tech giant Apple has appointed that in 2021, 20 % of all materials used in Apple products will be recycled. In addition, since 2015, Apple has reduced the amount of plastic used in packaging by 75 % and plans to completely eliminate plastic from product packaging by 2025. Bank of America, one of the largest banks in the United States, last year announced the allocation of USD 1 trillion to support environmental financing until 2030 and zero carbon emissions until 2050 [23].

2. Ukrainian practice of preparing reports on sustainable development

Ukrainian companies have joined the network of the community of responsible businesses. In the 2021 sustainable development report, Carlsberg Ukraine has noted that it is a member of the UN Global Compact and

follows the UN Sustainable Development Goals. Based on this, it has developed an ESG "Target – 4 zeros: together for the future" program for the Carlsberg Group, which is implemented in Carlsberg Ukraine. This program outlines aspirations and goals for 2030, namely zero carbon footprint, zero water loss, zero irresponsible consumption and zero accidents [24].

Analyzing the experience of non-financial reporting in the context of sustainable development, it should be noted that the practice of reporting on ESG as a phenomenon in Ukraine is at the stage of formation. Nowadays there are no unified approaches to the disclosure of information in such reports. Most companies do not report on sustainability. Those reporting companies prepare reports on corporate social responsibility or post information on ESG strategies on the corporate website. The vast majority of large companies prepare annual reports according to the GRI standard or in accordance with the requirements of the UN Global Compact (*Table*). Individual companies in Ukraine participate in international ESG systems, ratings and indices [23].

Table

The format of report preparation on the sustainable development of leading Ukrainian companies

Company	Title of the report	The format of report preparation
JSC "Naftogaz of Ukraine"	2021 Annual Report	Report according to GRI standards
PJSC "VF Ukraine"	2022 Annual Report on Sustainable Development	
JSC "Ukrzaliznytsia"	2020 Integrated report of JSC "Ukrzaliznytsia"	
DTEK Group	2020 Integrated Report	
SE "NAEK "Energoatom"	2020 Non-financial report	
"Nova Poshta" LLC	2021 Management Report	Information on non-financial indicators with GRI elements
PJSC "Carlsberg Ukraine"	2021 Sustainable Development Report	Unstructured CSR report
Farmak JSC	Carlsberg Ukraine 2021 Sustainable Development Report	Report under the UN Global Compact (baseline)
MHP		
Metinvest		
Intellias		Report according to GRI standards

Source: compiled by the author according to [24–32].

The Professional Association of Corporate Governance and the Center for the Development of Corporate Social Responsibility, with the support of the International Center for Private Entrepreneurship (CIPE), evaluated Ukrainian companies based on the ESG Transparency Index indicators of corporate governance transparency and corporate social responsibility. Transparency is the openness of a business, disclosing enough information to allow all stakeholders to make decisions. Promotion of the Transparency Index Calculation Program is funded by USAID within the framework of the United Reform (UNITER) project. The Center conducts monthly industry analyzes of company websites to study policies and practices in the field of corporate social responsibility. The index is formed on the basis of evaluation according to the following criteria: publication of information on the company’s activities

in the social and environmental spheres in the report is 40 %; availability of information and its disclosure in the directions of corporate social responsibility is 15 %; ease of access to the above information is 35 %; navigation (availability of contacts, possibility of using the site by people with disabilities) is 15 % [33].

In the process of forming the transparency indices of Ukrainian companies, the results of their activities were analyzed in such areas as corporate governance, human rights, labor relations, the environment, relations with consumers, work with communities, and company reporting. In 2020, such companies as VF Ukraine (Vodafone), First Ukrainian International Bank, DTEK Group, Ukrgasbank, Coca-Cola Beverages Ukraine Limited, NAEC Energoatom, "MHP", NEC "Ukrhydroenergo", "Ukrzaliznytsia" and JSC "Naftogaz of Ukraine" were awarded with the highest transparency in ESG indicators [34].

In 2019, 31 Ukrainian companies published their own Management Reports, 7 companies noted the Sustainable Development Goals on the pages of their corporate websites, and 26 highlighted their own development strategies on their websites. At the same time, 4 companies prepared non-financial reports with elements of GRI standards, 6 ones published non-financial reports according to GRI standards, including JSC "PUMB", LLC "Nova Poshta", PJSC "Carlsberg Ukraine", JSC "Farmak", JSC "Ukrgasbank", JSC "Naftogaz of Ukraine" [35]. In 2020, the level of preparation of non-financial reporting remained rather insignificant, 12 companies published the specified reports [36].

Only 58.5 % of large companies, which are obliged to prepare management reports under the law, have prepared management reports. The reports indicate that in 2020 the following social responsibility policies or strategies were published on the company's website: Coca-Cola Beverages Ukraine (2025 commitment to sustainable development), SE "Ukrainian Sea Ports Administration" (social responsibility and sustainable development policy), JSC "Ukrgazvydobuvannya" (Standards of corporate social responsibility for interaction with public, charitable and public organizations), PJSC "Ukrhydroenergo" (Strategy of corporate social responsibility), NEC "Ukrenergo" (Policy of corporate social responsibility), SoftServe Inc. (Policy of corporate social responsibility), ArcelorMittal Kryvyi Rih PJSC (Sustainable Development Policy), Naftogaz PJSC (Social Responsibility Policy). Only 17.8 % of companies added Sustainable Development Goals to their company strategy [36].

Although the level of reporting on sustainable development in 2019-2020 was quite low, the transparency index of Ukrainian companies is increasing. Compared to 2019, in 2020 the index was increased by 6.5 % and amounted to 32 %. The average level of information disclosure of Ukrainian companies according to ESG indicators is: social (human rights, labor relations, supply chain, responsible consumption, community development, management and company leadership) – 26.4 %; ecological – 36.6 %; corporate management – 27.7 % [36].

The conducted analysis makes it possible to conclude that in 2021-2022 the number of companies that published their own non-financial reports increased significantly. Almost half of the managers in Ukraine stated that there is a significant demand from interested parties for reporting and increasing the level of transparency on ESG (environmental, social and corporate governance) issues [37].

The full-scale war has sharpened attention to environmental issues in Ukraine, and experts are gradually beginning to calculate the ecological consequences of military actions. It is natural that the war damages any business in Ukraine on a daily basis. That is why the issue of governance (corporate management) has now become significantly outdated in some places. However, balanced and effective management of internal processes and risk control enable companies to maintain business, protect themselves from external negative influence, and get rid of deficiencies in processes that were largely out of time in peaceful conditions [38].

In 2022, 96 % of companies continued to focus on the Sustainable Development Goals in their activities, which generally corresponded to the level of 2021. This is evidenced by the data of the second annual expert study of the level of integration of the UN Sustainable Development Goals into the business strategy and the development strategy of Ukraine – the Sustainable Development Index, conducted by the European Business Association. In 2021, environmental issues were prioritized in the field of sustainable development. Investments in sustainable development projects have increased significantly compared to 2021. In general, in 2022, the IT industry shows the greatest progress in reporting on sustainable development [39].

Thus, the total amount of social investments for the period of 2022 exceeded UAH 1.4 billion. In addition, during the year of the war, 581 base stations that were destroyed or damaged as a result of the war were restored, thanks to which it was possible to restore communication in 759 settlements. In a difficult period for business, Vodafone Ukraine has not reduced its investments and is helping the country. During 2022, the company supported local communities, implemented national and Euro roaming, provided humanitarian and direct financial assistance to the population in the de-occupied territories [26].

The 2022 sustainable development report of Agropromholding "Astarta-Kyiv" states that the company has been a member of the UN Global Compact since 2008 and annually reports on its contribution to the implementation of 17 global sustainable development goals: corporate social responsibility, implementation of programs on energy and resource efficiency, animal welfare, combating and adapting to climate change, etc. However, in the conditions of the war, the issue of providing humanitarian aid to the affected people became a priority. Thanks to joint efforts and the development of cooperation with Ukrainian and international partners, as of the end of September, 22.5 thousand tons of humanitarian aid was transferred, which received 708 thousand people, as well as 386 social and medical institutions, which

serve more than 1 million people. In addition, "Astarta-Kyiv" provides services for the delivery of UN WFP humanitarian goods from Poland to destinations in Ukraine and has already delivered 10.220 tons of food, medicine and personal protective equipment [40].

3. Perspectives of reporting on sustainable development in the context of European integration

The European integration vector of development conditions the involvement of Ukraine in the introduction of initiatives on issues of sustainable development and the implementation of certain provisions. In 2014, Directive 2013/34/EU was amended by Directive 2014/95/EU NFRD (Non-Financial Reporting Directive (2014/95/EU) on the disclosure of non-financial and diversified information by certain large companies and groups [41]. According to the Directive 2014/95/EU non-financial report is a report that discloses information about the results of the enterprise's impact on the environment in such areas as environmental, social (employment, human rights) and institutional (fighting corruption and bribery). Non-Financial Reporting Directive (2014/95/EU):

- obligates companies, starting in 2018, to include information in their reports on "Environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, and diversity on company boards";
- applies to public-interest companies with more than 500 employees;
- affects approximately 11,000 companies in the EU;
- recommends the use of international standards for reporting by such companies as the UN Global Compact, OECD Guidelines, ISO 2600, or Global Reporting Initiative (GRI);
- integrates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on disclosure of information on climate change [41].

In March 2022, the International Sustainability Standard Board (ISSB) started a public discussion of the Exposure Drafts of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The European Financial Reporting Advisory Group (EFRAG) published drafts of the first selection of European Sustainability Reporting Standards (ESRSs) (12 standards). The U.S. Securities and Exchange Commission (SEC) published for discussion The Enhancement and Standardization of Climate-Related Disclosures for Investors.

From 2024, all large companies in the EU will have to disclose data on the impact of their activities on people and the planet and any sustainability risks they face under the Corporate Sustainability Reporting Directive (CSRD) 2022/2464, which was adopted by the EU Parliament in November 2022 [42].

CSRD 2022/2464:

- extends the scope of sustainability reporting requirements to more companies in the EU (up to 50.000 companies are expected to report);
- obliges companies to report in accordance with the European Sustainability Reporting Standards (ESRSs), which are currently being developed;

- confirms the application of the principle of double materiality;
- designed to support the EU Green Deal and to be consistent with existing EU sustainability frameworks (for example, EU Taxonomy, SFDR);
- takes into account TCDF and GRI recommendations, adds additional requirements;
- limited assurance from auditors from the beginning of the action in order to move towards reasonable assurance in the future [43].

Already from 2029 (for the period of 2028), Ukrainian companies operating in the EU will report on sustainable development in accordance with CSRD 2022/2464. This applies in particular to companies that have a significant presence in the EU (net turnover of 150 million euros in the EU and that have at least one subsidiary or branch in the EU); securities on exchanges in the EU, regardless of whether the issuer is established in the EU or not. Information on environmental issues, social factors (working conditions, equality, non-discrimination, diversity and inclusion, human rights and consequences of activities, people's health) will be disclosed in the reporting; sectoral standards, which should be proportionate to the scale of risks and consequences associated with the sustainable development of a certain sector; compatibility of the business model and strategy with the transition to a sustainable economy. In addition, companies will present information about the due diligence process of their own business on issues of sustainable development in value chains, intangible resources of the company, as well as make predictive disclosures, etc. [44].

Conclusions

Sustainable development of companies, such as conducting activities taking into account the interests of future generations, is not a trend of one day or a year. This is the duty of every modern company that intends to take its place in the market and work with a long-term perspective. The relevance of ESG principles is constantly increasing, and this must be taken into account when creating a strategy for any company. The way to implement the ESG strategy for companies remains complex and not always clear to representatives of Ukrainian companies. The biggest challenges today for both Ukrainian and global leaders in the implementation of ESG strategies are other pressing global economic issues that are on the agenda in conditions of war.

Summarizing the information from the published reports on 2022 sustainable development allows us to conclude that in the conditions of war, for all companies without exception, the social component of activity has moved to the forefront. Business supports the country and households on the basis of providing humanitarian and financial aid, opening premises for victims, evacuation to safe regions, volunteer and charity projects, etc.

Adoption of the Corporate Sustainability Reporting Directive (CSRD 2022/2464) will require Ukrainian companies that are integrated into the European market to report on sustainable development according to new information

disclosure requirements. It is the implementation of the recommendations of international initiatives on sustainable development reporting regarding the disclosure of information about the activities of enterprises, which they carry out in order to identify and eliminate risk factors, that is a necessary guarantee for the exit from the global crisis and the social and environmental consequences caused by the war for the restoration of the national economy.

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**NON-FINANCIAL REPORTING
AS A GUARANTEE
OF CORPORATE SOCIAL
RESPONSIBILITY**

The relevance of non-financial reporting has been increasing in recent years as companies are increasingly aware of the importance of their responsibility to society, nature, and the economy in general. A non-financial report is an essential tool for dialogue between stakeholders. Companies that are actively engaged in solving social and environmental issues may attract new customers, investors and contribute to sustainable development. Non-financial reporting is one of the main tools that ensure CSR of a business. The need to compile various NFR forms requires time and money. The purpose of the article is to analyze non-financial reporting as a basis for CSR ensuring. General scientific and special methods such as grouping, formalization, induction, analysis, synthesis, and generalization are applied in the paper. The author explains the meaning of corporate social responsibility (CSR) for business, and defines the essence of non-financial reporting as a basis for reporting on CSR on the example of Ukrainian companies. The paper analyzes requirements, structure, regulations, and standards of the management report. The main advantages and disadvantages are highlighted. The author proposes measures to improve reliability and role of non-financial reporting as a basis for ensuring CSR. Non-financial reporting is an essential element of corporate responsibility that allows companies to ensure sustainable development of society and environment, which may positively affect their reputation and become the basis for new business opportunities.

Keywords: non-financial reporting, corporate social responsibility, management report.

JEL Classification: M14, M49.

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**НЕФІНАНСОВА ЗВІТНІСТЬ
ЯК ГАРАНТІЯ
КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ
ВІДПОВІДАЛЬНОСТІ**

Актуальність нефінансового звітування в останні роки невпинно зростає з усвідомленням відповідальності компаній перед суспільством, природою та економікою. Нефінансовий звіт є також важливим інструментом діалогу між зацікавленими сторонами. Компанії, активні у вирішенні соціальних та екологічних проблем, можуть залучати нових клієнтів, інвесторів та сприяти стабільному розвитку. Саме нефінансова звітність (НЗ) є одним з головних інструментів, що забезпечують гарантію корпоративної соціальної відповідальності (КСВ). Необхідність складання різноманітних форм НЗ вимагає значних витрат часу і коштів. Метою статті є аналіз нефінансової звітності як основи для забезпечення гарантії КСВ. У процесі дослідження застосовано загальнонаукові та спеціальні методи наукового пізнання: групування, формалізації, індукції, аналізу, синтезу та узагальнення. Розкрито значення корпоративної соціальної відповідальності, визначено суть нефінансової звітності як основи звітування про КСВ на прикладі досвіду українських компаній. Проаналізовано вимоги, структуру, регламенти та стандарти звіту про управління. Виділено основні переваги, недоліки та запропоновано заходи щодо покращання надійності та ролі нефінансової звітності як основи для забезпечення гарантії КСВ. Встановлено, що нефінансова звітність є важливим елементом корпоративної відповідальності, який дає змогу компаніям забезпечити сталий розвиток суспільства та довкілля, що в свою чергу може позитивно вплинути на їх репутацію та стати основою для нових бізнес-можливостей.

Ключові слова: нефінансова звітність, корпоративна соціальна відповідальність, звіт про управління.

Introduction

Corporate social responsibility (CSR) is becoming important in modern business. This is due to the fact that business success should be measured not only by financial indicators, but also by the company's impact on the economic, social and environmental spheres. Corporations that care about CSR, understand that they are responsible for employees, customers, partners, the public, and environment. They work for balanced development, promote social stability, solve environmental problems, and ensure employees' rights.

According to a global study by Havas Group (conducted in 2021) [1], 73 % of consumers believe that brands should be responsible for society development and protection of the planet. 64 % of customers prefer a company that is known for responsible business. According to Harvard Business School [2], 77 % of consumers worldwide are ready to buy from companies that are trying to "make the world a better place." According to Center for CSR Development (an expert organization CSR Ukraine, which unites more than 40 large companies and promotes the principles of sustainable business and social responsibility in Ukraine), 52 % of companies in Ukraine have approved CSR strategies, 67 % of a company's reputation is its CSR, and 83 % of companies have already implemented CSR as of early 2023 [3].

The war has a significant impact on the environment and the lives and health of Ukrainian citizens, therefore CSR is becoming increasingly important, as companies may play an important role in improving social and economic situation in the country.

Non-financial reporting is one of the main tools for CSR information disclosure, which allows a company to be more transparent and open about its performance. This term is often used in foreign and domestic practice to refer to various aspects of CSR reporting. The advantage of the term "non-financial report" for reports on social (corporate) responsibility of business is that it is laconic, it reflects information contacts of such reports with financial ones, takes into account their place in the enterprise reporting system [4, p. 104].

The interest of scientific community in CSR and non-financial reporting is growing every year. Thus, according to Google Scholar search engine, the number of publications over the past three years (2020–2022) for the key terms "corporate social responsibility" and "non-financial reporting" amounted to 17.180 and 17.280 publications (in 2017–2019 this figure was 14.540 and 16.780) [5].

The essence and CSR features have been studied by such domestic and foreign scientists as S. Korol [4], V. Ivanienko, A. Shypova [6], T. Medynska [7], M. Rychlivskiy [8], etc. L. Zvarych, G. Misko have analysed the main areas of corporate social responsibility on the basis of sustainable development [9]. J. Carungu, R. Di Pietra, M. Molinari [10], T. Turzo, G. Marzi, C. Favino, S. Terzani [11], Z. Mokrynska [12] have investigated various aspects of non-financial reporting of companies. S. Korol [13],

V. Khodzytska [14] have analysed the peculiarities of preparing non-financial reporting in Ukraine and its main advantages and disadvantages.

At the same time, the analysis of national and international scientific literature has revealed a number of problems with the preparation of high-quality non-financial reporting. The aspect of implementing non-financial reporting as a guarantee of business social responsibility has not been sufficiently studied.

Companies that don't comply with CSR and environmental standards may face such risks as sanctions, deterioration of reputation, decrease in staff motivation and competitiveness. On the other hand, companies that actively address social and environmental issues can attract new customers, investors, and qualified employees and contribute to sustainable development. The need to prepare various forms of the NFR requires time and money, diverting them from other urgent tasks.

The research hypothesis is that non-financial reporting is one of the main tools that provide CSR guarantee.

The aim of the paper is to define the function of non-financial reporting in ensuring CSR.

Methods of theoretical generalization and information grouping (for the essence of "CSR" concept), induction, analysis and synthesis, logical generalization of results (formulation of conclusions and proposals), tabular and graphic methods (for schematic display of information) were applied.

All articles of Ukrainian and foreign scientists on CSR issues and non-financial reporting, materials of analytical and research structures (State Statistics Service of Ukraine, "Center for CSR Development" (CSR Ukraine), global network Havas Group, international business school Harvard Business School), as well as company reporting are theoretical and methodological basis of the paper.

1. CSR essence

There are many studies that define the essence of "corporate social responsibility" concept, but the scientists have no consensus on the interpretation of this term. M. Rykhliyevskyi, considers CSR as a connecting link between company's activities, its position on the market and reputation. At the same time, implementation of the principles of corporate social responsibility can affect the company's image and relations with stakeholders [8]. V. Ivaniienko and A. Shipova consider CSR concept as a synonym for an effective and transparent enterprise with a sustainable effect, that is, as the ability of an organization or a business to assess the impact of its actions on sustainable social development [6]. S. Korol has underlined that "social responsibility, from the point of view of the enterprise, involves such a way of carrying out economic activity, which is associated with the voluntary fulfillment of additive deterministic obligations to society and individual interested parties" [13, p. 94]. Therefore, CSR is an active position of a company,

consisting in interaction with society and solving social problems, focused on the company's image.

ISO 26000:2010 Guidance on social responsibility is a tool that companies can use during the formation of their policy and goals in the field of social responsibility and development of an action program based on it. CSR concept in general includes production of products and provision of services of appropriate quality, satisfying consumers' interests, observing individuals' labor rights, ensuring occupational safety and hygiene, industrial safety and environmental protection, resource conservation, participation in public activities and support of local community initiatives, honest business activity [15].

2. The importance of CSR under martial law

Compliance with CSR in Ukraine became especially important during the war, because companies play an important role in improving social and economic situation in the country. Many companies participate in providing humanitarian aid and material support to the Ukrainian army and war victims, open new job positions and create other opportunities for social integration.

This activity was investigated by Center for CSR Development (CSR Ukraine). Five-component model of corporate social responsibility during the war based on the results of real experience and needs of companies in Ukraine is presented in *Figure 1*.

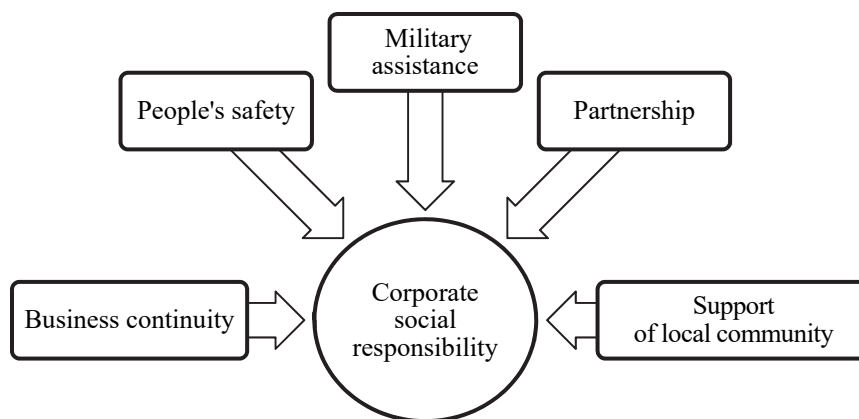


Figure 1. Five-component model of social responsibility during the war

Source: developed by the author based on [16].

This model demonstrates the main areas in which Ukrainian companies have invested or have the opportunity to invest funds during the war. The basis of *business continuity* is the preparation of companies for crisis situations. *People's safety* means the company's concern for the physical and psychological safety of its employees and their families. *Military assistance* is financial support and provision of other resources to the military through volunteers or special funds. *Partnership* includes cooperation with national

and local authorities, unification of competitors in implementation of important initiatives. *Support of local community* means participation in humanitarian projects, cooperation with foundations and charitable organizations, support for internally displaced persons [16]. This model summarizes real experience and needs of companies in Ukraine after a full-scale invasion.

3. CSR reporting practice

We consider approaches to disclosing information about CSR practices and support in the pre-war period on the example of TOP-5 large taxpayers [17] (*Table 1*).

Table 1

Examples of CSR information disclosure in non-financial reports of companies

Company	Source	Information disclosure	Position of the company
"ATB-market" LLC	Management Report	Information disclosure covers social projects (providing customers with the most reasonable prices for food products), sponsorship (supporting sports), charity (supporting the Armed Forces of Ukraine, helping veterans, disabled people and low-income segments of the population)	The main principle of compliance with CSR is to provide the population of Ukraine with high-quality food products and basic non-food items at minimum prices
National Joint Stock Company "Naftogaz of Ukraine"	Annual extended report	Detailed information on the practice of supporting CSR principles is given. It includes measures related to environmental protection and climate change, measures to improve system approaches to energy use management processes and increase the energy efficiency of technological processes, human capital management, safety and health of employees, development of local communities, corporate governance, risk management. The data in the report is supported by facts, figures, charts and graphs with references to the standards	The company responds to the current challenges and needs of Ukrainian society, acts in the interests of future generations, and positions itself as a socially responsible enterprise that takes into account national interests, ensures sustainable development of the state
PJSC "Illich Iron and Steel Works of Mariupol" ¹	Management Report	The main focus is on economic indicators. Environmental aspects are briefly indicated, there is general information regarding the absence of harm to people, environment and property during the performance, without illustrative material. Information on social and personnel policy, basic principles of business ethics, energy saving measures is disclosed	Social policy of the company is aimed at improving work efficiency, social security of employees and maintaining stability in teams
LLC "Kernel"	Annual report	Environmental protection policy, labor protection policy, HR policy, policy of interaction with communities and product quality and safety management are described in detail	The company maintains a stable business reputation through adherence to such main principles of activity in relation to interactions with shareholders, investors, partners and society as transparency and honesty, compliance with laws and regulations, responsible leadership and sustainable development, social responsibility
SC "Guaranteed Buyer"	Management Report	The company considers development of "green" energy as the basis of ensuring sustainable development of society, and takes care of environmental issues in everyday activities (the information is provided briefly, without illustrative and digital materials). The company discloses various social aspects and personnel policy (motivation system, staff training practices) and organization of work on labor protection issues.	The basis of compliance with CSR is provision of public interests in the electric energy market by stimulating development of the alternative electric power sector and ensuring provision of services for electric energy availability for household consumers, providing them with social guarantees for a sufficient standard of living

Source: systematized by the author based on company reports [18–21].

¹ On December 19, 2022, a bankruptcy case was initiated

The results of the analysis of non-financial CSR reports of the TOP-5 large taxpayers has showed that social responsibility policy of companies takes into account their key duties and responsibilities:

- responsible employer (the team is considered as the Company’s key asset and is the driving force of its development and a source of competitive advantages; the basis of activity is compliance with the norms of labor legislation, occupational safety and health support of employees; development of people’s potential);
- social investor and social leader (support of local communities, implementation of infrastructure improvement projects, social investments);
- reliable partner (ethical doing business; transparency and honesty, truth and openness of information);
- responsible manufacturer (ensuring quality and safety of products thanks to constant investments in innovative and advanced technologies; compliance with environmental protection requirements) [18–22].

These companies use different forms of non-financial reporting that can support CSR. However, depending on their size and in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", the companies are required to prepare a Management Report. The main characteristics of the Management Report are presented in *Table 2*.

Table 2

Management Report Characteristics

Features	Management Report Characteristics
Regulation	Law of Ukraine "On Accounting and Financial Reporting in Ukraine"
Mandatory submission	It is mandatory for large enterprises and companies of public interest, as well as for medium-sized firms (only in the part of providing financial information)
Main elements	Organizational structure and description of the company's performance; performance results; liquidity and liabilities; environmental aspects; social aspects and personnel policy; risks; research and innovation; financial investments; development prospects; corporative management

Source: compiled by the author based on [23; 24].

The enterprise discloses non-financial information that characterizes its state and development prospects and describes the main risks and performance uncertainties in the Management Report [23]. The total number of large enterprises that submitted the Management Report in Ukraine was 610 in 2021, and 512 in 2020 [25].

The comprehensive regulatory framework for the preparation of non-financial reporting is the AA 1000 series of international standards, the set of norms and recommendations on issues of sustainable development and social responsibility of business. It consists of three main standards: AA 1000APS (2008) AccountAbility Principles, AA 1000AS (2008) Assurance Standard, AA 1000SES (2011) Stakeholder Engagement Standard [26]. These standards help companies develop and implement CSR and sustainable development

strategies, and ensure high standards of ethical behavior and transparent relationships with all stakeholders. The AA 1000 series of international standards is designed to help organizations be more responsible and efficient, reducing environmental risks and impacts and contributing to social progress [26].

4. Positive and negative aspects of non-financial reporting in Ukraine

Non-financial reporting is not only a key requirement and CSR guarantee, but has other positive impacts (*Figure 2*), although there are also some challenges (*Figure 3*).

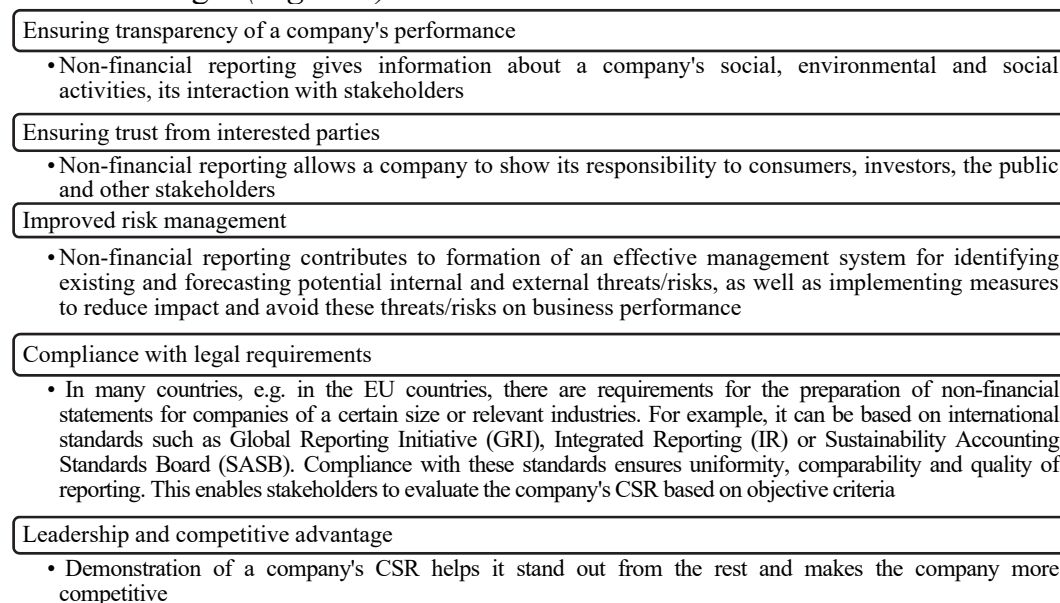


Figure 2. Positive aspects of non-financial reporting

Source: compiled by the author based on [9; 13; 14].

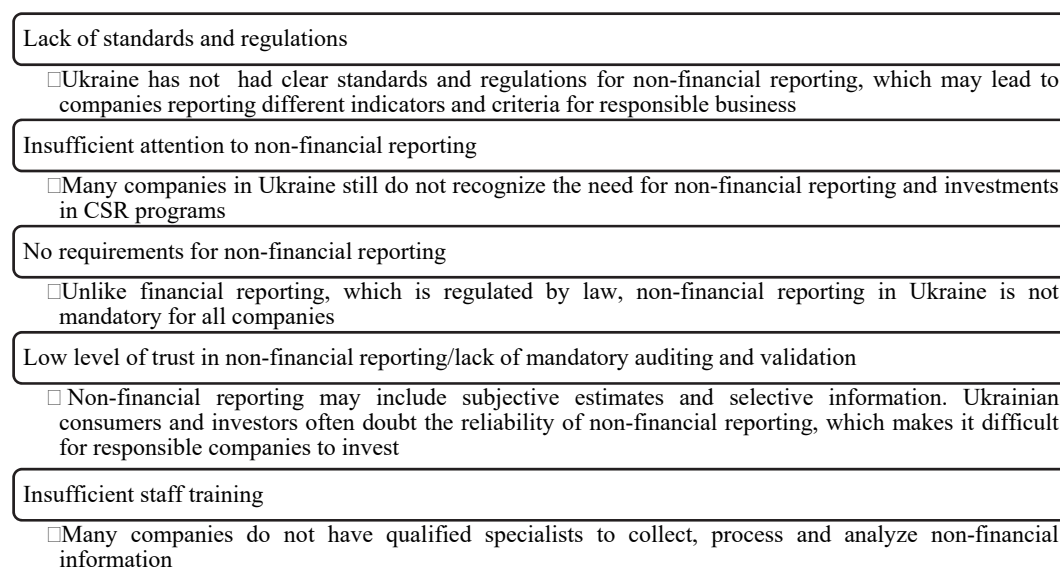


Figure 3. Negative aspects of non-financial reporting in Ukraine

Source: compiled by the author based on [9; 13; 14].

From the above shortcomings, which affect NFR reliability and role as a guarantor of CSR, we can see that the lack of generally accepted standards and criteria for NFR can lead to *heterogeneity and insufficient comparability of data between companies*. The lack of mandatory audit of NFR can create an opportunity for inaccurate information or lack of validation of data. This can disrupt *reliability of non-financial reporting and its credibility* as a CSR guarantor. Companies can demonstrate only positive aspects of their activities, avoid important issues or hide negative impact. This can *reduce the objectivity and completeness* of the NFR. The lack of mandatory requirements and incentives may lead some organizations to *not pay enough attention* to non-financial reporting or even *avoid reporting* on their social responsibility.

5. Function strengthening of non-financial reporting as a CSR guarantor

Based on the analysis of the advantages, disadvantages and their impact on the reliability and role of non-financial reporting as a CSR guarantor, the main measures for their improvement are presented in *Figure 4*.

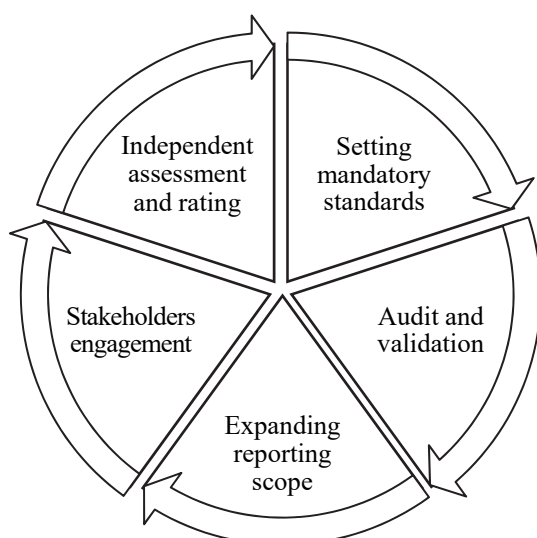


Figure 4. Measures to improve the reliability and role of non-financial reporting as a guarantor of CSR

Source: compiled by the author.

To improve the reliability and role of non-financial reporting as a CSR guarantor, a number of measures should be taken.

Audit and validation: companies can use independent auditors to verify and validate their NFR. This will help to increase the credibility and reliability of reports by providing external confirmation of their accuracy.

Expanding reporting scope: companies can include more details and specifics in their non-financial reports, e.g. provide specific data on their goals, achievements, and impact on social and environmental issues. This will help provide a more complete picture of CSR.

Stakeholders engagement: companies may actively engage with their stakeholders, including customers, investors, employees and public organizations. This will allow them to take into account their expectations, feedback and suggestions when developing and reporting on CSR.

Independent assessment and rating: independent organizations can conduct CSR assessment and rating based on their NFR. This will encourage companies to improve their social responsibility and provide more reliable and complete non-financial reporting.

Therefore, the preparation of non-financial reporting as a CSR guarantor should be considered as the most important tool for an effective business process formation of management system for identifying existing and forecasting potential internal and external threats to the company's performance. Non-financial reporting contributes to the creation of a reliable basis for avoiding such threats and implementing measures to minimize their impact on business. Thus, it is advisable for Ukrainian companies to prepare non-financial reporting on a regular basis, guided by national regulations and taking into account the recommendations of international standards on non-financial reporting. It will contribute to the integration of domestic business into the global economy.

Conclusions

CSR is based on a company management approach that takes into account the economic, social and environmental impact of its performance and ensures support for sustainable development. During the war, CSR is especially important in the development of ensuring business continuity, people's safety, military assistance, partnership and support of local community.

Non-financial reporting is an important element of CSR, which allows companies to testify about their own contribution to ensuring sustainable society development and protecting the environment through the introduction of a business social responsibility policy, which includes compliance with the duties of a responsible employer, social investor and social leader, reliable partner and responsible manufacturer.

The main comprehensive regulatory framework for the preparation of financial statements is the AA 1000 series of international standards, which focus on improving quality of non-financial reporting and promoting CSR implementation. The implementation of NFR is a CSR guarantee as it allows companies to ensure transparency of their performances and trust from stakeholders, improve risk management, comply with legal requirements, demonstrate leadership and competitive advantage. However, there are also negative aspects of non-financial reporting due to the lack of unified standards and regulations, insufficient attention to non-financial reporting, low level of trust and lack of mandatory audit of this reporting and insufficient staff training that are responsible for its preparation. This affects the reliability and role of non-financial reporting as a CSR guarantor, as it can lead to

heterogeneity and insufficient comparability of data between companies, disrupt reliability and trust of NFR, reduce its objectivity, completeness, and sufficient attention to such reporting.

It is advisable to implement measures to ensure the reliability and role of non-financial reporting as a CSR guarantor, which should include the involvement of audit and validation, expansion of reporting scope, stakeholders engagement, and independent assessment and rating of such reporting. These measures will contribute to improving the reliability and role of non-financial reporting as a CSR guarantor, ensuring transparency, compliance with standards, external verification and users trust.

Further research should be aimed at the development of a CSR indicators system, which is necessary to determine the effectiveness of applied CSR practices, objectivity and comparability of information disclosure about them in non-financial reports.

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EUROPEAN PRINCIPLES OF INTEGRATED REPORTING OF SOCIALLY RESPONSIBLE BUSINESS

Implementation of the European principles of accountability, publicity and transparency of business, corporate reporting regulations and social responsibility practices in Ukraine is important for the dissemination of European values in the business environment, realization of the progressive impact of corporate social responsibility on sustainable development of society, strengthening of European integration processes, expansion of the business worldview and integrated thinking. The purpose of the article is to highlight the principles and practices of integrated reporting of socially responsible business in the EU for their implementation in Ukraine. The research methodology is based on a systematic approach, comparative analysis, analogy, synthesis, induction and deduction, and assessment of corporate social responsibility reporting practices and principles. The analysis of key international standards, frameworks, and guidelines allowed us to identify a significant list of principles and requirements for corporate social responsibility disclosure. The difference in the recognition of principles in different regulatory and guiding documents depends on the emphasis, focus and attention to certain aspects of information disclosure. The most common principles in international practice are materiality, completeness, stakeholder engagement, comparability, timeliness, neutrality, clarity, reliability, and consistency. At the same time, other principles that differ in different standards do not contradict but complement each other. Therefore, in practice, European companies are guided by several standards simultaneously when disclosing information on social responsibility and their own initiatives. Due to reporting

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ЄВРОПЕЙСЬКІ ПРИНЦИПИ ІНТЕГРОВАНОГО ЗВІТУВАННЯ СОЦІАЛЬНО ВІДПОВІДАЛЬНОГО БІЗНЕСУ

Впровадження європейських принципів підзвітності, публічності та прозорості бізнесу, нормативних регламентів корпоративної звітності й практики соціальної відповідальності в Україні важливе для поширення європейських цінностей у бізнес-середовищі, усвідомлення прогресивного впливу корпоративної соціальної відповідальності на сталий розвиток суспільства, посилення євроінтеграційних процесів, розширення світогляду підприємницької діяльності та інтегрованого мислення. Метою статті є висвітлення принципів та практики інтегрованого звітування соціально відповідального бізнесу в ЄС для їх впровадження в Україні. Методика дослідження базується на системному підході, порівняльному аналізі, аналогії, синтезі, індукції та дедукції, оцінюванні практики та принципів звітування про корпоративну соціальну відповідальність. За результатами ключових міжнародних стандартів, керівництв визначено значний перелік принципів і вимог до розкриття інформації про корпоративну соціальну відповідальність. Відмінність у визнанні принципів у різних нормативних і керівних документах залежить від акцентів, фокусу та уваги до окремих аспектів розкриття інформації. Найбільш поширеними у міжнародній практиці є принципи суттєвості, повноти, взаємозв'язку зі стейкхолдерами, порівнянності, своєчасності, нейтральності, ясності, надійності, послідовності. При цьому решта принципів, які відрізняються в різних стандартах, не суперечать, а доповнюють один одного. Тому на практиці європейські компанії керуються одночасно кількома стандартами під час розкриття інформації про соціальну відповідальність та власні ініціативи. Через вимоги до звітності



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requirements, European companies are actively implementing the principles of social responsibility. Implementation of the European principles and practices of integrated reporting in Ukraine will ensure transparency, openness of business, increase the level of trust, visibility and market reward for corporate social responsibility.

Keywords: reporting; integrated reporting; Global Reporting Initiative; non-financial reporting; Corporate Social Responsibility; reporting principles; Greenwashing; smart society; Sustainability; European experience.

в практику європейських компаній активно впроваджуються принципи соціальної відповідальності. Впровадження європейських принципів та практики інтегрованого звітування в Україні дасть змогу збільшити рівень довіри, забезпечити прозорість, відкритість бізнесу, наочність та ринкову винагороду за корпоративну соціальну відповідальність.

Ключові слова: звітування; інтегрована звітність; глобальна ініціатива звітності; нефінансова звітність; корпоративна соціальна відповідальність; принципи звітування; зелене відмивання; розумне суспільство; сталий розвиток; європейський досвід.

JEL Classification: G38, M14, M41, M49.

Introduction

The formation of a smart society requires the expansion of requirements for the content of open data, in particular regarding the contribution of business to its sustainable development. Socially responsible companies and organizations were the first to introduce the practice of reporting on the economic, environmental and social consequences of their activities. Integrated reporting, which most fully discloses these aspects, should become a key component of open data in the near future. The publication of integrated reporting by business entities will contribute to the growth of trust in them, ensure the formation of a transparent business environment, increase the competitiveness of the economy and the formation of a smart society. The latest studies demonstrate the growing influence of socially responsible business on the prospects of achieving the goals of sustainable development and solving economic, environmental and social problems at the regional and global levels. The implementation of European principles of accountability, publicity and transparency of business, normative regulations of corporate reporting and social responsibility practices will contribute to the formation of a smart society in Ukraine and strengthen European integration processes.

The relevance of the research topic is determined by the recognition at the national level of the priority for Ukraine to solve existing environmental and social problems, the low level of transparency and investment attractiveness of the domestic economy, the desire to increase its competitiveness, and the development of cross-border cooperation. There is an urgent need to implement European principles and practices of integrated reporting, spread European business experience and European values for the business environment, awareness of the progressive impact of corporate social responsibility on the sustainable development of society.

The analysis of the results obtained by Ukrainian and European scientists in recent years allows us to state that the most relevant are the studies in the field of integrated reporting and ensuring the accountability of socially responsible business, the search for approaches to the most complete disclosure of information about the environmental and social consequences

of the activities of business entities, the formation the trust of internal and external stakeholders, which is a key challenge for business management worldwide. At the same time, in Ukraine, research, development and implementation of the concept of corporate reporting on the social responsibility of business to increase the competitiveness of the economy and build a smart society, the study of the problems of integrated reporting are at the initial stage and have a fragmentary nature.

Various aspects of reporting to ensure business accountability and disclosure of information about the economic, environmental and social consequences of business are highlighted in the publications of Ukrainian and foreign scientists and practitioners: Bezverkhyi K. [1]; Fomina O. [2]; Cuomo F., Gaia S., Girardone C., Pisera S. [3]; Jackson G., Bartosh J., Avetisyan E., Kinderman D., Knudsen J. [4]. In particular, the issues of researching the nature of accountability of business entities regarding their contribution to ensuring competitiveness and sustainable development are disclosed in the work of Galetska T., Topishko N., Topishko I. [5]. The scientific justification of the practical provisions for ensuring decision-making and transparency of the economic activity of a socially responsible enterprise is presented in the studies of Korol S., Kurbet M. [6], in particular about the state and prospects of the implementation of reporting on sustainable development in Ukraine in the context of European integration. The authors Malyshkin O., Kovova I., Shulyarenko S. [7] formulated approaches to the harmonization of accounting and reporting in Ukraine in the context of EU regulations and sustainable development goals.

The international experience of integrated reporting of socially responsible companies is disclosed in the works of such authors as: Kovban A., Kohut I. [8]; Saprykina M., Honz E., Okunev O. [9]; Shpyrko O. [10]; Gillan S., Koch A., Starks L. [11]; Rendtorff J. [12]. Practical aspects of social and environmental accounting in Europe are highlighted by Pizzi S., Principale S., Fasiello R., Imperiale F. [13].

Definition of the conditions of transparency of management reporting as a basis for making effective decisions is presented in the works of Holov S., Kostyuchenko V., Kuzina R. [14]; Umantsiv H., Kotsupal O. [15]. The problems of green laundering, which is a consequence of the growing attention and demand for environmental activities and business responsibility, high expectations from stakeholders, are revealed by Sandha O., Kurniawati C. [16]; Schumacher K. [17]; Sapmaz Veral E. [18].

The impact of Directive 2014/95/EU [19] on the need to publish non-financial statements of companies and the level of corporate social responsibility, in particular new Corporate Social Responsibility (CSR) initiatives, improvements in CSR infrastructure, or firm performance, is covered in detail in the work of Fiechter P., Hitz J.-M., Lehmann N. [20]. The responsibility of socially oriented business is the object of research by such authors as: Christensen H., Hail L., Leuz S. [21]. Along with this, the existing developments require further deepening in order to solve the problems of implementing the European principles of integrated reporting of socially responsible business in Ukraine.

The aim of the article is to characterize European principles, practices and approaches to integrated reporting of socially responsible business to ensure transparency, accountability and the formation of a smart society in Ukraine.

The research methodology is revealed through the relationship between the reporting principles of socially responsible business and the solution of economic, environmental and social problems. The main methodical tools are: analysis of limitations (identification and understanding of existing features of Ukrainian and European practice of socially responsible business); analysis and synthesis (in determining the main modern trends and strategic tasks of business in solving economic, environmental and social problems); induction and deduction (when determining key principles and aspects of information disclosure); comparisons and analogies (to compare the principles of non-financial and integrated reporting of socially responsible business); a systematic approach (to identify the relationship in the formation of trust in business through reporting in EU countries); assessment and forecasting of the impact of the implementation of the European principles of integrated reporting of socially responsible business on the formation of a smart society in Ukraine (expansion of the worldview of entrepreneurial activity and integrated thinking).

1. The principles of social responsibility

In a broad sense, Corporate Social Responsibility (CSR) is defined as a set of different forms of responsibility (legal, economic, professional, moral, political, etc.), which interact with each other and reflect the value system of society and business. In a narrow sense, CSR shows the subject's involvement in solving socially significant goals of society, fulfillment of mutual rights and obligations, as well as compliance with social norms and the degree of their acceptance [5].

Corporate Social Responsibility is defined by the European Commission as "the responsibility of enterprises for their impacts on society" [22]. CSR is a concept in which companies include social and environmental aspects in their activities, taking into account not only their own corporate interests, but also the interests of stakeholders. It is also the willingness of businesses to be accountable to consumers, employees and the communities where they operate. This means that companies must adhere to ethical principles in their activities, take into account the impact of their actions on the environment and contribute to raising the standard of living of the population.

The concept of CSR includes such elements as environmental sustainability, social responsibility, ethical behavior, voluntary charity, activities to improve the level of education, cultural and social development. Companies can fulfill their CSR obligations through a variety of activities, such as the use of environmentally friendly technologies, reimbursement of emissions into the atmosphere, promotion of voluntary initiatives and charitable activities and organizations, development of programs to support social development and education.

The principles of social responsibility, as well as recommendations for their implementation, are defined in ISO 26000:2010 Guidance on social responsibility [23]. The principles are mandatory to ensure confirmation of socially responsible behavior of enterprises and organizations. The principles of social responsibility, which are defined in ISO 26000:2010, include (*Figure 1*).

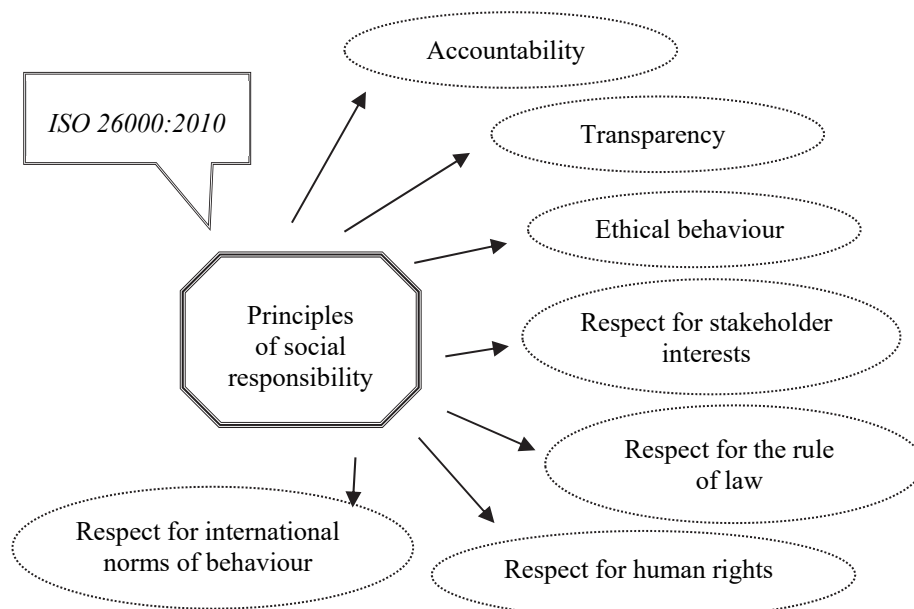


Figure 1. Principles of social responsibility by ISO 26000:2010

Source: compiled on the basis of and processing [23].

ISO 26000:2010 encourages organizations to integrate relevant international standards and norms into their policies and practices and to communicate compliance with these norms to stakeholders. This may include developing specific policies and procedures related to international standards, educating employees about their importance, and conducting regular monitoring and evaluation of their implementation.

2. The reporting requirements of socially responsible business

The procedure and requirements for socially responsible business reporting are determined by a number of international, European and national standards, directives and legislative acts. This complicates the practical application of the regulatory framework, however, on the other hand, it testifies to the importance and involvement of a significant range of subjects in the process of forming legislation regulating integrated reporting. Among the key international documents and initiatives on social responsibility reporting, it is necessary to identify: the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), ISO 26000:2010 Guidance on social responsibility, the International Integrated Reporting Framework (IIRF), Corporate Sustainability Reporting Directive (CSRD), Directive 2014/95/EU, the Sustainability Accounting Standards Board (SASB), the International Sustainability Standards Board (ISSB), the Climate Disclosure Standards Board (CDSB).

The Global Reporting Initiative (GRI) [24] is a set of sustainability reporting guidelines developed by the Global Reporting Initiative, an international organization that helps companies and organizations understand and report on their performance in achieving the Sustainable Development Goals (SDG) [25]. The GRI provides organizations with a framework for reporting on sustainability, including economic, environmental and social impacts. The GRI aims to promote transparency, accountability and comparability in sustainability reporting. The Global Reporting Initiative defines the following principles: stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, timeliness.

Social responsibility is also a key aspect of the United Nations Global Compact (UNGC) [26] – an initiative aimed at promoting responsible corporate citizenship in areas such as labor standards, environmental management and human rights. By adopting the UNGC principles, companies can demonstrate their commitment to responsible business practices, improve their reputation and build trust among stakeholders.

The concept of the International Integrated Reporting Framework (IIRF) [27] encourages companies to use a more comprehensive approach to reporting on social responsibility, including it as one of the main components of their integrated report. This allows stakeholders to be informed about social and environmental initiatives, solutions related to solving problems, reducing risks, creating and preserving value, in particular, intellectual, human, social-reputational, natural, financial, production capital, improving long-term efficiency and promoting sustainable development. IIRF defines the following principles of integrated reporting of socially responsible business: stakeholder relationships, materiality, completeness, reliability, conciseness, consistency, strategic focus and future orientation, connectivity of information.

The Sustainability Accounting Standards Board (SASB) [28] works to promote greater transparency of corporate sustainability reporting and business accountability, and helps investors and other stakeholders make more informed decisions based on ESG performance (Environmental, Social, and Governance) [29]. SASB identifies the following reporting principles: stakeholder inclusive, materiality, complete, fair, neutral, comparable, useful, verifiable. The reporting principles defined by the International Accounting Standards Board (IASB) include the following: materiality, *complete*, free from material error, neutral, understandability, comparability, faithful representation, timeliness, consistency.

The International Sustainability Standards Board (ISSB) [30] is a newly created body that aims to develop standards for the disclosure of essential information about the risks and opportunities of sustainable development for business and financial institutions. One of the key elements of these standards is the disclosure of social information. The Climate Disclosure Standards Board (CDSB) standards help businesses assess and report on the risks and opportunities associated with climate change. They also help companies understand which climate factors may affect their financial performance and how these risks can be reduced or avoided. The principles of

reporting defined by the GDSB include the following list: materiality and relevance, free from error, neutral, clear and understandable, comparability, verifiable, timely, consistent, connected, forward looking. On 31st January 2022, the Climate Disclosure Standards Board (CDSB) joined with the IFRS Foundation to support the newly created International Sustainability Standards Board (ISSB).

One of the key initiatives in Europe related to integrated reporting is Directive 2014/95 on non-financial reporting [19], which is called the "CSR Directive" [20] or the Non-Financial Reporting Directive (NFRD) [31]. According to this Directive, starting from 2017, large companies with more than 500 employees are required to include non-financial information in their annual reports. According to the NFRD, companies disclose in their reports information about the policies they implement, the risks associated with them and the results in the following important areas regarding the protection of the natural environment (ecological aspects, environmental pollution, climate change, use of natural resources, sources energy); social responsibility, employment and attitude to employees; respect for human rights and freedoms; fighting and countering corruption and bribery; diversity in the composition of the company's board by age, gender, education and professional direction. Due to reporting requirements, the principles of social responsibility began to be more and more actively implemented in the practice of European companies. NFRD plays a significant role in promoting the practice of integrated reporting in Europe.

The next important step is the entry into force on January 5, 2023 of the new Corporate Sustainability Reporting Directive (CSRD) [32]. Its full name is Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EU, Directive 2006/43/EU and Directive 2013/34/EU, as regards corporate sustainability reporting [32]. CSRD promotes social responsibility by encouraging companies to take a more active approach to ESG issues and their disclosure. By requiring companies to report on their ESG performance, the directive encourages companies to identify and address potential sustainability issues before they become serious problems. This can help prevent social and environmental harm, and can help companies build stronger relationships with stakeholders by demonstrating their commitment to social responsibility. CSRD does not separately define reporting principles, indicating the need to comply with internationally recognized principles and frameworks for responsible business conduct, corporate social responsibility and sustainable development.

3. Principles of integrated reporting of socially responsible business

Comparative analysis shows that the largest number of principles for integrated reporting of socially responsible business entities is defined by GRI – 10 principles, IASB offers 9 principles, IIRF and SASB – 8 each, ISO 26000 – 7 (*Figure 2*).

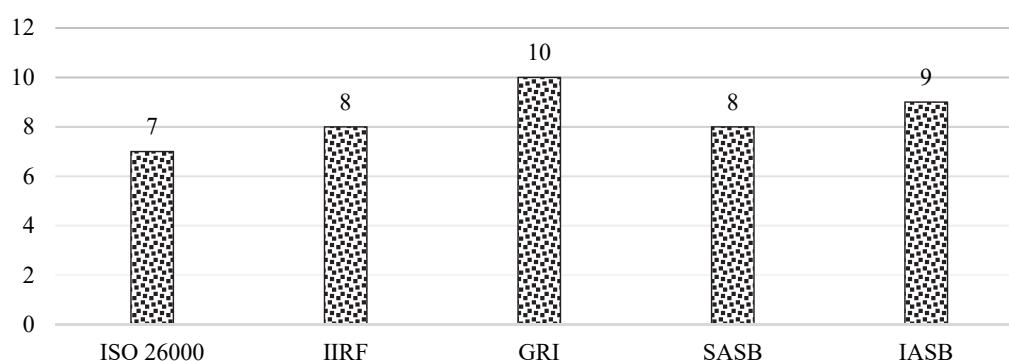


Figure 2. Number of principles defined in international standards, frameworks, guidelines

Source: compiled on the basis of and processing [23; 24; 27; 28; 30].

In general, the specified standards present 26 principles of disclosure of information about corporate social responsibility. A more detailed list of them by individual standards, frameworks, guidelines and recommendations is presented in *Table*.

Table

Comparison of the principles of disclosure of information about corporate social responsibility in international standards, frameworks, guidelines

Principles	ISO 26000	IIRF	GRI	SASB	IASB
Materiality		+	+	+	+
Completeness		+	+	+	+
Stakeholder relationships	+*	+	***	***	
Comparability			+	+	+
Consistency		+			+
Reliability		+	+		
Clarity			+		+****
Neutral				+	+
Timeliness			+		+
Transparency	+				
Conciseness		+			
Useful				+	
Accuracy			+		
Balance			+		
Fair				+	
Free from material error					+
Faithful representation					+
Strategic focus and future orientation		+			
Connectivity of information		+			
Ethical behaviour	+				
Sustainability context			+		
Respect for the rule of law	+				
Respect for international norms of behaviour	+				
Respect for human rights	+				
Accountability	+				
Verifiable				+	
* Respect for stakeholder interests (ISO 26000) ** Stakeholder inclusiveness (GRI) *** Stakeholder inclusive (SASB) **** Understandability (IASB)					

Source: compiled on the basis of and processing [1; 23; 24; 27; 28; 33].

A significant list of principles indicates that the process of harmonizing and approximating standards continues both at the international, regional, and national levels. GRI, CDSB, SASB have already announced joint work on the harmonization of standards. Although today the principles are defined in different ways in the documents, by their essence they do not exclude and do not contradict each other, but have a complementary character. The definition of principles in various normative and guiding documents depends on the emphasis, focus and attention to certain aspects of disclosure of information about actions and initiatives, preparation of reporting and its quality characteristics.

From the whole set of principles, the most common are: materiality, completeness, stakeholder relationships, comparability, timeliness, neutral, clarity, reliability, consistency (*Figure 3*).

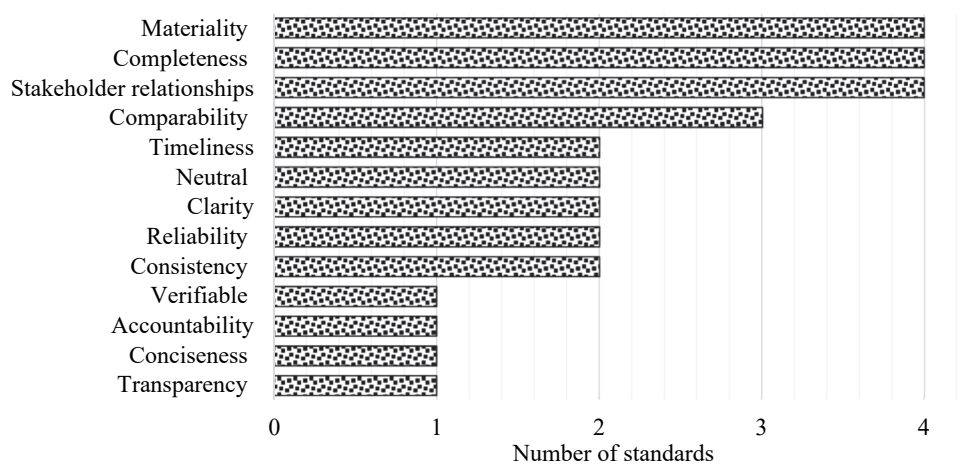


Figure 3. The most popular principles of reporting on corporate social responsibility

Source: compiled on the basis of and processing [1; 23; 24; 27; 28; 33].

Since the preparation of integrated reporting means a combination of information and approaches, principles of financial and non-financial reporting, it is necessary to pay attention to which principles are provided for the preparation of financial reporting, which is strictly regulated by legislation. According to the International Financial Reporting Standards (IFRS) [30], 2 groups of principles are distinguished: *the first* is defined as basic assumptions, the main ones of which are the principle of continuity of the enterprise's activity and accrual accounting; *the second* is manifested through the qualitative characteristics of reporting: comprehensibility, relevance, reliability, comparability (which in the Conceptual Framework are grouped into basic and strengthening characteristics).

In Ukrainian practice, national standards define 10 principles (The National Accounting Regulation (Standard) 1 "General requirements for financial reporting" [34]): autonomy, continuity, periodicity, historical (actual) cost, accrual and matching of income and expenses, full disclosure, consistency, prudence, the predominance of essence over form, a single monetary

measure. Qualitative characteristics of reporting are also defined: comprehensibility and comprehensibility; appropriateness; reliability (truthfulness); comparability. The principles of non-financial reporting of companies at the legislative level in Ukraine remain undefined.

In Ukraine, the first attempts to implement reporting on corporate social responsibility at the legislative level are related to the requirement to publish a management report and a report on payments for the benefit of the state (according to changes in 2017, the Law of Ukraine "On accounting and financial reporting in Ukraine") [35]. In Ukraine, there is an obligation to compile statistical forms of reporting, in particular regarding environmental impact, labor relations, etc., however, statistical reporting is not subject to publication and its information content does not satisfy the principles of preparing non-financial reporting and the information needs of users. The same applies to environmental tax reporting.

The concept of implementation of state policy in the field of promoting socially responsible business in Ukraine for the period up to 2030 [36], the activities of professional and public organizations, in particular, the Center for the Development of Corporate Social Responsibility [9] and others, contribute to the spread of European experience integrated reporting on corporate social responsibility in Ukraine. The social report is the answer to the request for the concept of sustainable development and reveals the socially significant aspects of the activity. In Ukrainian practice, non-financial reporting for multinational companies is gaining more and more importance, reporting is being segmented, approaches to social audit, environmental accounting and auditing are developing.

According to Directive 2013/34/EU, the management report is a part of financial reporting and contains information about the company's performance and development prospects, a description of risks and uncertainties, management performance indicators. It is compiled and submitted by all enterprises operating in the EU. It should be balanced and correspond to the complexity and size of the business, including financial and non-financial indicators. Certain jurisdictions may exempt small and medium-sized enterprises from the obligation to disclose non-financial information in the management report. In Ukraine, along the lines of the European Directive 2013/34/EU, Methodological recommendations for the preparation of a management report [37] have been developed, which are used as a framework document and have a recommendatory nature. At the same time, according to the Law [38], the management report is included in the financial reporting, which is mandatory for medium and large enterprises. When preparing consolidated financial statements, a consolidated management report must also be submitted. In addition, listed companies and financial institutions are required to submit a corporate governance report.

According to Directive 2013/34/EU, public interest entities are required to draw up a corporate governance report, which can be presented as a section of the governance report or as a separate document referenced in the

governance report. In Ukraine, this report is recommended. That is, the principles of corporate reporting of socially responsible business are only at the stage of implementation, in voluntary initiatives of large enterprises. The tax authorities of Ukraine do not consider the management report, the report on payments to the state and their consolidated forms as a component of financial reporting, therefore they do not require their submission as an appendix to the Income Tax Declaration.

Directive 2014/95/EU [19] does not separately define the principles of reporting, while indicating the need to use those principles that are laid down in international and national standards (frameworks), such as the Eco-Management and Audit Scheme (EMAS) the United Nations (UN) Global Compact, GRI, the Guiding Principles on Business and Human Rights, ISO 26000.

The CSRD requires more detailed disclosures on due diligence for responsible behavior (than currently available in Directive 2013/34/EU). Due diligence is a process carried out by enterprises to identify, monitor, prevent, mitigate, eliminate or bring to a desired state, termination of the main existing or potential adverse impacts associated with their activities. And this applies to the entire value chain. Such impacts are considered in terms of consequences for people and the environment. The European principles of social responsibility of business include equal opportunities for all and ensuring adequate working conditions. Reporting on sustainable development should also comply with internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including the SDGs, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the Global Compact, the International Labour Organization's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the ISO 26000 and the UN Principles for Responsible Investment [32].

The social issues that companies must report on in their reporting relate to respect for human rights, fundamental freedoms, gender equality, the gender pay gap, accessibility measures related to the employment and integration of people with disabilities, democratic principles and standards defined in: UN human rights conventions, including the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the ILO, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter, and the Charter of Fundamental Rights of the EU [32].

In its conclusions of 24 February 2022, the European Council stated that the r's unprovoked and unjustified military aggression against Ukraine is grossly violating international law and the principles of the United Nations Charter and is undermining European and global security and stability [32].

The new CSRD states that The Commission shall conclude a Memorandum of understanding (MoU) with Ukraine, which establishes reporting requirements that include the effectiveness, transparency and accountability of the use of support provided to Ukraine. The MoU emphasizes commitment to the principles of rational financial management with an emphasis on fighting corruption, organized crime, combating fraud, avoiding conflicts of interest, and creating a transparent and accountable framework [32].

4. Practical aspects of integrated reporting in Ukraine and EU

Integrated reporting is a framework that aims to provide comprehensive and concise information about how an organization creates and sustains value over time. The European Union has actively participated in the development and promotion of integrated reporting, and many European countries have gained significant experience in preparing such reporting [31].

We can single out a number of European countries that are leading in the implementation of integrated reporting. For example, Great Britain was one of the first to adopt integrated reporting, issued guidelines for its preparation and created the Integrated Reporting Council, which was renamed the Value Reporting Foundation, to promote the spread of integrated reporting among companies. Other European countries that have made progress in integrated reporting include France, Germany, the Netherlands, Spain and Italy. In France, the Autorité des Marchés Financiers (AMF) issued guidelines for non-financial reporting, which includes integrated reporting. In Germany, the Institute of Public Auditors (IDW) has issued guidelines for integrated reporting, and several companies have adopted this framework. In the Netherlands, the Ministry of Economic Affairs and Climate Policy of the Netherlands has issued guidance on non-financial reporting, which includes integrated reporting. In Spain, the Instituto de Contabilidad y Auditoría de Cuentas (ICAC) issued guidelines on non-financial reporting, its structure and content. In Italy, the Italian Association of Certified Accountants (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) issued guidelines on integrated reporting [39].

The European experience of implementing the principles of integrated reporting of socially responsible business has a number of features:

- state support and stimulation of socially responsible initiatives, disclosure of information about them to a wide range of users;
- development of corporate culture and socially responsible consciousness;
- implementation of CSR strategy in practice in 50 % of companies;
- dependence on the size of the company in the implementation of the CSR policy, which is applied by 100 % of large, 65 % of medium and 48 % of small enterprises;
- independence from the field of activity of companies, but the presence of geographical differences between countries (for example, 33 % of SMEs in France and 83 % in Finland);

- about 8 % of EU companies receive benefits or subsidies from the state for the implementation of CSR;
- high awareness and level of awareness of the benefits of CSR reporting (more than 75 % of respondents among SMEs) [8].

An important trend is the disclosure of information about humanitarian and charitable initiatives, ethical statements about the exit of business from the markets of the Russian Federation and Belarus, measures to promote peace and security, sustainable innovative development of society.

Although the indicators of Ukrainian companies regarding CSR reporting are increasing, they remain at a low level. According to 2020 data, only 17.8 % or 11 out of 56 companies have integrated the Sustainable Development Goals into their own strategies. The highest level of disclosure of information about CSR is held by SE "River Ports Administration", PJSC "Carlsberg Ukraine", Coca-Cola Beveridges Ukraine Limited, DTEK Group. An example of the integration of the UN Sustainable Development Goals into the company's strategy is the DTEK Group's ESG strategy until 2030, which integrates 12 goals. State-owned enterprises are marked by higher indicators of reporting transparency than privately owned companies. The level of transparency regarding the disclosure of social aspects is 26.4 %, environmental issues – 36.6 %, information about corporate governance – 27.7 % [9].

Integrated reporting makes it possible to comprehensively and fully present the results of the company's activities, to supplement the information of financial reporting, to expand the idea of the functioning of the company, its mission, prospects [6]. Under the condition of successful use, it can become an effective tool for the development of the company's own brand, the formation of competitive advantages and a positive image in the eyes of customers and society [38].

They also note the negative consequences associated with the manipulation of information presented in integrated reporting to describe the company's activities and distort its impact on the environment and society. This phenomenon has been called Greenwashing, which in general terms means the practice of making false or misleading claims about the environmental benefits of a company, product or service in order to appeal to environmentally conscious consumers. It is a form of marketing or PR that seeks to create the impression, for example, that a company or its products are environmentally friendly, when in fact this may not be the case. This leads to the fact that the number and variety of labels of reporting initiatives on environmental indicators of business and products is increasing [18]. The European principles of socially responsible business reporting require that information on the environmental performance of enterprises and their products be reliable, reliable, convenient for comparison and verified in all EU countries. The purpose of such reporting is to prevent manipulation and misleading statements.

Among the main problems of integrated reporting, we can highlight a significant increase in the volume and number of requirements for company reporting, the introduction of new standards and directives, the heterogeneity

of requirements for the structure and content of reporting forms, the volume and ratio of financial and non-financial information, the purpose of compilation, voluntary or mandatory presentation, technology, lack of a single format, inconsistency of taxonomy, validation and independent audit, numerous inconsistencies in reporting. All this causes pressure and additional costs for developers of integrated reporting, complicates its perception by users, comparability of indicators, negative consequences of asymmetry of accounting information, in particular greenwashing. The specifics of the industry and the size of the reporting entities (from large companies to small and medium-sized enterprises) remain insufficiently taken into account in the requirements of the regulatory framework for the preparation of integrated reporting. Among the problems of non-financial reporting are the creation of operational and compliance risks and hindering access [39]. In addition, the enterprise must have an adapted system of digitization of accounting information for the preparation of integrated reporting, and there is a demand for employees with relevant knowledge and competencies. Thus, today's practice of integrated reporting of socially responsible business is associated with inflated costs, additional risks and difficulties of the transitional period of formation and coordination of international, European and national requirements of the regulatory framework.

Integrated thinking is required to successfully solve the problems of integrated reporting. The main idea of integrated thinking is that the organization should consider its activities as a system in which financial indicators, social impacts and environmental aspects are interconnected and interdependent. This means that when solving the problems of integrated reporting, it is necessary to take into account all these aspects and look for comprehensive solutions that ensure the achievement of economic, social and environmental sustainability.

Conclusions

The implementation of European principles and practices of integrated reporting on corporate social responsibility in Ukraine will ensure the transparency of domestic business, will contribute to the growth of trust in it, visibility and market reward for corporate social responsibility and, as a result, will increase the competitiveness of not only individual enterprises and organizations, but also the economy in general. Analysis of the content components and indicators of the integrated report allows managers and all interested parties to identify existing problems, risks, find reserves, critically assess opportunities and determine business priorities and prospects. The new reporting requires a rethinking and improvement of approaches to business, and therefore will contribute to the formation of a socially responsible business environment in Ukraine that meets the best international and European standards.

Prospects for further research are the development of organizational and methodological principles of integrated reporting as a basis for increasing the level of social responsibility of business to ensure sustainable development, the dissemination of knowledge and the formation of sustainable skills for environmentally and socially responsible activities, the ability to influence strategy and the ability to assess the economic, environmental and social impact of business based on corporate reporting.

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TAX TRANSPARENCY IN INTEGRATED REPORTING

Looking at the concept of tax transparency, taxation through the prism of sustainable development management changes approaches to disclosure of information about taxes in reporting. The company's behavior in the field of the taxation has become one of the factors of the value of the company in the short, medium and long term. The issue of researching approaches to presenting information on tax strategy, tax transparency in integrated reporting is gaining relevance. The aim of the article is to deepen the theoretical, methodological and practical foundations of integrated reporting, taking into account the concept of tax transparency. Philosophical and scientific methods, methods of induction, deduction, synthesis, analysis, comparison, generalization and method of scientific abstraction were used in the paper. The article analyzes the main international and national standards, requirements, recommendations regarding reporting on tax transparency issues, examines the practice of presenting information on tax strategy, tax policy of the enterprise, tax risks in corporate reporting by companies operating in Ukraine. The main directions of the development of the conceptual foundations of integrated reporting are determined, taking into account the concept of tax transparency. Practical recommendations on the disclosure of information about taxes in the integrated report have been prepared. Honest payment of taxes is a sign of socially responsible business, a reputational factor. Presentation of information about the company's taxes and its tax strategy with the help of integrated reporting will contribute to a better understanding of the organization's activities by interested parties, will allow to achieve

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ПОДАТКОВА ПРОЗОРИСТЬ В ІНТЕГРОВАНОМУ ЗВІТУВАННІ

Погляд на концепцію податкової прозорості, оподаткування крізь призму управління сталим розвитком змінює підходи до розкриття інформації про податки в звітності. Поведінка компанії у сфері оподаткування є одним із чинників вартості компанії у коротко-, середньо- та довгостроковій перспективі. Зважаючи на глобальну роботу щодо уніфікації звітування про вартість, набуває актуальності питання дослідження підходів до представлення інформації з податкової стратегії та податкової прозорості в інтегрованій звітності. Мета статті полягає у поглибленні теоретико-методичних та практичних основ інтегрованого звітування з урахуванням концепції податкової прозорості. Використано загальнофілософські, загальнонаукові та спеціальні наукові методи: індукції, дедукції, синтезу; аналізу, порівняння, узагальнення; наукової абстракції тощо. Проаналізовано основні міжнародні та національні стандарти, вимоги, рекомендації стосовно звітування з питань податкової прозорості, досліджено практику представлення інформації з податкової стратегії, податкової політики підприємства, податкових ризиків в корпоративній звітності компаніями, що працюють в Україні. Визначено основні напрямки розвитку концептуальних основ інтегрованого звітування з урахуванням концепції податкової прозорості. Підготовлено практичні рекомендації щодо розкриття інформації про податки в інтегрованому звіті. Сумлінна сплата податків є ознакою соціально відповідального бізнесу, репутаційним фактором. Представлення інформації про податки компанії, її податкову стратегію за допомогою інтегрованого звітування сприятиме кращому розумінню зацікавленими особами діяльності організації, досягненню конкурентних переваг



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competitive advantages in the market, will help reveal information about the economic, environmental and social impact of taxation.

Keywords: integrated reporting, taxes, tax transparency, business value, tax strategy, corporate reporting, sustainable development.

на ринку, допоможе розкрити інформацію про економічний, екологічний та соціальний вплив оподаткування.

Ключові слова: інтегроване звітування, податки, податкова прозорість, вартість бізнесу, податкова стратегія, корпоративне звітування, сталий розвиток.

JEL Classification: M40, M41.

Introduction

In the conditions of globalization, increased cross-border movement of capital, growing number of transnational corporations, stakeholders pay more and more attention to the issues of tax behavior, tax transparency, full payment of taxes and fees to budgets of all levels. In order to prevent tax evasion, international organizations and governments of some countries are working on the implementation of tax transparency standards, and they are participating in the exchange of information for tax purposes. The efforts of international organizations and government bodies aimed at disclosing information about tax strategy, tax risk management and tax payments in company reports deserve special attention.

At the same time, with the spread of the concept of tax transparency at the international level, the work to unify corporate reporting based on integrated reporting is being carried out.

Integrated reporting as a tool for managing sustainable development in three dimensions such as economic, environmental and social, can demonstrate the relationship of tax strategy and tax behavior with all types of enterprise capital (financial, production, intellectual, human, social and individual, natural) and company value in the short, medium and long term.

Therefore, it is advisable to analyze the existing standards on tax transparency, the practical experience of presenting tax information in the corporate reports of companies which exist in Ukraine, and prepare recommendations for the disclosure of tax information in integrated reports.

The company's behavior in the field of taxation has become one of the factors of the company's value in a short, medium and long term. Considering the global work which is carried out in the direction of the cost reporting unification, the issues of researching approaches to present information on tax strategy and tax transparency in integrated reporting are becoming relevant.

The theoretical, methodological and practical foundations of integrated reporting have been studied by many Ukrainians (V. Hyk, V. Kostyuchenko, S. Golov, L. Gutsalenko, L. Myskiv, A. Dmytrenko, O. Kravchenko, Zh. Oleksich, A. Dolyuk, V. Zhuk, L. Ivanchenkova, G. Tkachuk, M. Karpushenko, D. Shakhverdyan, A. Krutova, L. Yancheva, O. Lugova, V. Makarenko, K. Nagirska, I. Panasyuk, T. Rozit, N. Shevchuk) [1–14], as well as foreign ones D. Agustia, W. Dianawati, D. Ecim, U. Maroun, J. Gallegos, J. Gallizo, Sh. Herbert, L. Lakhani, I. Narsa, I. Permatasari, M. Stiglingh, A.-R. Smit, E. Venter, P. Velte and other scientists [15–21].

According to research papers, scientists mostly pay attention to the study of the conceptual foundations of integrated reporting [2; 5; 7; 8; 17; 21],

economic essence of integrated reporting [4; 12; 14], the genesis of integrated reporting [6; 10; 12], structures of integrated reporting [2; 3; 11], formation of financial and non-financial indicators of the integrated report [2; 3; 13], the development of integrated reporting functions [22], the organization of accounting and analytical support for integrated reporting [2; 3; 9, 13] etc. Foreign research papers are also included the results of the relationship between the transparency of tax information disclosure in corporate reports and integrated thinking [20], the company's social responsibility [23].

However, both Ukrainian and foreign scientists have not sufficiently investigated the impact of tax transparency, the company's behavior in the field of taxation on the capital of the enterprise (financial, production, intellectual, human, social and individual, natural), its value in a short, medium and long term, the use of integrated reporting to present tax information of companies, which are determined the relevance of the study.

The aim of the article is to deepen the theoretical, methodological and practical foundations of integrated reporting, taking into account the concept of tax transparency.

General philosophical, general scientific and special scientific methods as induction, deduction, synthesis are used to reveal the theoretical foundations of tax transparency and integrated reporting; analysis, comparison, generalization are used during consideration of the main regulatory acts regarding reporting on tax transparency issues and preparation of proposals for presenting the company's tax policy in an integrated report; the method of scientific abstraction is used to make conclusions, etc.

1. Tax transparency and sustainable development management

The financial crisis of 2007–2008, aggressive tax planning by companies, and the reduction of tax revenues to the budgets of some countries led to the emergence of requirements and recommendations that primarily concerned transnational corporations (TNCs), in particular, regarding tax transparency, disclosure of information about tax strategy, the amount of taxes paid to budgets of countries where companies carry out their activities. In 2014, the Organization for Economic Cooperation and Development has approved the CRS Common Standard for Reporting and Due Diligence on Financial Account Information for the Automatic Exchange of Financial Account Information by Partner Countries for Tax Purposes [24].

In 2015 the Organization for Economic Cooperation and Development and G20 countries adopted the form of reporting by a country as part of the BEPS initiative to combat TNC tax base erosion and tax evasion [25]. This report is submitted to the tax authorities and is not subject to publication.

Every year, the efforts of international organizations and individual countries to increase tax transparency increase. Disclosure of information about taxes does not concern only TNCs and tax authorities, other companies, investors and the public are actively involved in this process. Some researchers compare this process with a flood [26]. The adoption in 2019 of the first global tax transparency standard GRI 207: TAX 2019 [27] and in 2021

the EU Directive [28] on public reporting by country for companies carrying out their activities in the European Union will only accelerate it. At the same time, some European countries already have legislative decisions regarding the reporting of companies on their tax policy: in particular, in Great Britain for several years (since 2016) the requirements for the publication of information on tax strategy by large companies have been determined at the legislative level [29], Poland introduced legislation on the mandatory publication of tax transparency reports by large companies in 2021 [30].

In this regard, Ukraine lags somewhat behind global and European trends, although certain decisions aimed at increasing tax transparency are being taken: in particular, the state, as a member of the Global Forum on Transparency and Information Exchange, actively joins agreements on the exchange of tax information, a Roadmap for implementation has already been developed of the BEPS action plan, the Plan for the implementation in Ukraine of the CRS General Reporting Standard, the draft law on the implementation of the Plan for Combating Tax Base Erosion and Tax Evasion [31; 32], and in 2021, reporting on income and taxes of an international group of companies by the countries in which they operate was introduced [33].

In the context of sustainable development management, the essence of tax transparency and tax disclosure requirements are changing. In 2020, the World Economic Forum presented a list of sustainable development indicators recommended for disclosure and subsequent possible inclusion in international accounting standards [34]. Taxes are considered as one of the indicators of sustainable development in the section "Well-being" direction "Society and social viability". In turn, tax transparency has become a sign of socially responsible business and an indicator of how the company is aware of its role in society [26]. Tax transparency is an important issue for managing sustainable development, as declining tax revenues reduce the ability of government agencies to address pressing environmental and social issues by financing public services and programs [35].

On the other hand, the government bodies of some countries use tax incentives in the management of sustainable development of the country, in particular, by providing tax benefits to businesses in connection with the introduction of the latest technologies aimed at reducing harmful emissions and reducing the negative impact on the environment. A reduction in tax revenues in this case should not be perceived by society as possible tax evasion [26].

Businesses are expected to publicly disclose how their tax strategy helps address issues related to climate change, the economy, the fight against poverty, and social issues. Disclosure of the amounts of taxes and fees paid helps investors determine whether a company is paying its "fair share" [36] to society, the business's contribution to society and the achievement of the Sustainable Development Goals.

2. The main international and national standards, requirements, recommendations regarding reporting on tax transparency issues

We will consider and compare the main international and national standards, requirements, recommendations on reporting issues related to tax strategy and tax transparency [27–30; 33; 37] (*Table 1*).

Table 1

Characteristics of the main standards, recommendations, requirements for tax transparency

<p>Comparison criteria</p>	<p>GRI 207: TAX 2019 [27]</p>	<p>Directive (EU) 2021/2101 of November 24, 2021 [37]</p>	<p>Australia's Voluntary Tax Transparency Code [28]</p>	<p>UK tax strategy publication requirements [29]</p>	<p>Changes to Polish legislation on corporate income tax [30]</p>	<p>Report by countries of the international group of companies implemented in Ukraine [33]*</p>
<p>List of information to be disclosed</p>	<p>Approach to taxation (tax strategy, compliance with regulatory requirements, connection with sustainable development strategies); tax administration and control, tax risk management; interaction with interested parties and solving issues related to taxation; reporting by country</p>	<p>A brief description of the activity; the number of employees in full-time equivalent; amount of profit before taxation (loss); the amount of income tax calculated and paid in each EU country; the amount of accumulated profit (uncovered loss) at the end of the year</p>	<p>Approach to tax strategy and management (for large enterprises); information on international operations of related parties (for large enterprises); the amount of paid corporate taxes (for large enterprises); reconciliation of income according to accounting data with income on which tax has been paid, description of the identified differences; effective company tax rates for international and national operations in Australia</p>	<p>The tax strategy approved by the Board of Directors, which corresponds to the general strategy of the company's activities and contains: tax risk management; the attitude of the enterprise to tax planning; acceptable level of tax risk; interaction with tax authorities; any other information regarding taxation. It is not necessary to include the amounts of taxes and fees paid by the company</p>	<p>Information on applied processes and procedures for compliance with tax legislation, voluntary forms of cooperation with tax authorities; information on the fulfillment of tax obligations in Poland; information on transactions with related parties; implemented or planned restructuring, which may affect the amount of tax liabilities; information about tax settlements in jurisdictions where there is harmful tax competition, etc.</p>	<p>General information about the taxpayer; amounts of received income by country; the total amount of profit before taxation (loss); the amount of corporate income tax or its equivalent calculated and actually paid by all members of the international group of companies; the amount of the authorized capital; the total amount of undistributed (accumulated) profit; number of employees (full-time equivalent); the amount of the net book value of tangible assets</p>
<p>Taxes covered by the document</p>	<p>The list of taxes is not specified in the standard. Its connection with sustainable development is taken into account</p>	<p>Income tax or its analogues</p>	<p>Corporate taxes, income tax or similar</p>	<p>Taxes and fees paid by the company</p>	<p>Income tax, VAT, excise duty, personal income tax, other taxes paid</p>	<p>Income tax or its analogues</p>

End of the Table 1

Comparison criteria	GRI 207: TAX 2019 [27]	Directive (EU) 2021/2101 of November 24, 2021 [37]	Australia's Voluntary Tax Transparency Code [28]	UK tax strategy publication requirements [29]	Changes to Polish legislation on corporate income tax [30]	Report by countries of the international group of companies implemented in Ukraine [33]*
Information presentation procedure	It is published on the company's website	It is published using a common template and electronic reporting formats	Published on the company's website, there is no established template or format, tax authorities must be notified about the publication of the report	It is published on the website, on the Internet, the tax authorities check the fulfillment of the obligation to publish the tax strategy	Published on the website of the company or related person, it is necessary to inform the tax authorities of the website address on which the report is published	It is submitted to the tax authorities through the electronic office in electronic form, the structure of the report is based on the requirements of the OECD
Mandatory/voluntary disclosure	Voluntarily by any organization, regardless of size or jurisdiction	Mandatory for multinational companies with an annual revenue of more than 750 million euros	Voluntary, aimed at large (aggregate Australian turnover of \$500 million or more) and medium (aggregate Australian turnover between \$100 and \$500 million) businesses, pre-registration with tax authorities required	Mandatory for multinational companies, with a global turnover of more than 750 million euros, companies, groups that are residents of Great Britain and have a turnover of more than 200 million pounds sterling, a balance sheet of more than 2 billion pounds sterling. There is a system of fines	Mandatory for companies with an income of more than 50 million euros. There is a system of fines	Mandatory if the total consolidated income of the international group of companies, which includes the taxpayer, for the financial year preceding the reporting year, exceeds the equivalent of 750 million euros. There is a system of fines

* The report by country of the international group of companies [33] was introduced in Ukraine in 2021 as part of the implementation of the Minimum Standard of the BEPS Action Plan with the aim of joining Ukraine to the international system of automatic exchange of reports by country.

Source: prepared by the author [27–30; 33; 37].

As it can be seen from the *Table 1*, the requirements of individual countries regarding disclosure of tax information, tax strategy, although posted on company websites, are primarily aimed at tax authorities. The EU Directive [37] is also aimed at strengthening public control over the payment of income tax by TNCs.

3. The practice of presenting information about taxes in corporate reports in Ukraine

Thus, the standards, recommendations, requirements for tax transparency are presented in the *Table 1* (in addition to the global tax transparency standard GRI 207: TAX 2019 [27]), provide for the disclosure of information about the company’s taxes, its tax strategy, mainly to combat tax evasion, aggressive business tax planning and do not take into account the issue of sustainable management development of these documents, only the global tax transparency standard GRI 207: TAX 2019 [27] can help businesses present tax information in the context of sustainable development management.

Tax transparency is not only about disclosing information but also about how and where a company pays taxes. Managing tax risks well and ensuring that an organization complies with tax regulations is no longer enough. In order to demonstrate their contribution to the achievement of the Sustainable Development Goals, to gain competitive advantages, to strengthen the trust of society, investors and other interested parties, some enterprises go beyond existing international and national standards, requirements, recommendations on tax transparency reporting and publish information about all the taxes and fees they pay, including environmental taxes, tax benefits for investments, as well as about contributions to the social insurance of employees. According to the Tax Transparency Report, which is published annually by PwC [26], the number of such enterprises increases every year.

We will analyze the state of disclosure of information about taxes in corporate reports for 2021 by companies operating in Ukraine (*Table 2*).

Table 2

The state of disclosure of tax information in corporate reports for 2021 by companies operating in Ukraine

Company	The document used in the preparation of the report	Availability of information about		
		amounts of taxes/fees paid	tax strategy	the company’s tax policy and tax risk management
Private Joint-Stock Company MHP	GRI	Income tax, environmental fees, social contributions	Partly presented	Available
Intellias Company	GRI, SASB	Tax information is not provided	Unavailable	
Private Joint Stock Company Carlsberg Ukraine	ESG not specified	Total amount of taxes paid	Unavailable	
METINVEST HOLDING LLC	GRI	Income tax, VAT, total amount of taxes paid	Partly presented	Available
Gas Supply Company Naftogas of Ukraine LLC		Income tax, VAT, personal income tax, environmental tax, rent payments, taxes and fees to local budgets		
Astarta Holding PLC		The total amount of taxes and fees paid to the state and local budgets	Unavailable	
Henckel Company		Total amount of taxes paid		
British American Tobacco Sales and Marketing Ukraine LLC				
Siemens Company	GRI, SASB, TCFD	Total amount of taxes paid	Partly presented	
JSC UKRSIBBANK	KCB Not specified			Partly presented

Source: prepared by the author [38–47].

According to the *Table 2*, the majority of companies operating in Ukraine did not disclose information about their tax policy in their corporate reports on sustainable development for 2021, limiting themselves to indicate the total amount of taxes paid. At the same time, Private Joint-Stock Company MHP, METINVEST HOLDING LLC, Gas Supply Company Naftogas of Ukraine LLC paid attention to their tax strategy, tax policy and tax risk management and provided information on the payment of certain types of taxes, demonstrating their contribution to the development of territorial communities and achievements of sustainable development goals.

4. Presentation of tax information in integrated reporting

Approaches to the presentation of information about the company's behavior in the field of taxation according to sustainability criteria are under development. To meet the urgent needs of interested parties, companies develop their own structure of tax information for publication in corporate reports [48].

It is believed that to use integrated reporting to disclose the tax strategy of a business in the context of sustainable development management is appropriate. A company's tax strategy is closely related to its corporate strategy. Changes that occur or are planned in the business lead to an increase or decrease in the value of its capital, and subsequently, based on the taxation system of the company's host country, inevitably affect its tax obligations. Accordingly, a comprehensive view of the organization's activities can be useful not only to investors and the public, but also to tax authorities.

Offers regarding the presentation of information about the company's behavior in the field of taxation and tax strategy in integrated reporting, based on its elements defined by the Conceptual foundations of integrated reporting [49], are presented in the *Table 3*.

Table 3

Offers to present tax information in integrated reporting

Integrated report element	Content of information on tax transparency
Overview of the organization and its external environment	Description of the company's activities; information about the countries in which it works, in particular, information on the number of employees, the amount of income received by individual countries, the competitive environment, significant factors in the field of taxation that affect the organization and the company's response to them may be provided
Management	The structure of tax policy management in the organization, the measures taken in the area of tax management and control, their impact on the capital of the enterprise and the creation of value by the company in the short, medium and long term
Business model	Provision of information on the used resources, types of activities, products and performance results, including the company's tax payments, insurance contributions for mandatory state social insurance, their correlation with changes in the company's capital
Risks and opportunities	Management of the organization's tax risks, opportunities in the field of taxation, their impact on the company's ability to create value in the short, medium and long term
Strategy and allocation of resources	Approach to the tax strategy of the company in the context of the general strategy of the organization and the strategy of sustainable development, restructuring plans to ensure competitive advantages
Results of activity	The results of achieving strategic goals, their impact on the amount of the company's tax liabilities, the capital of the enterprise and the creation of value by the company in the short, medium and long term
Prospects	Problematic issues and uncertainties during the implementation of the strategy, including the tax one, their correlation with the results of the company's activities and the business model in a short, medium and long term
Basic principles of presentation	To determine the materiality of information and approaches to the preparation of integrated reporting

Source: prepared by the author [49].

Taking into account the trends in the development of the tax transparency concept, it is advisable for companies to disclose in an integrated report information on the entire range of taxes, fees, insurance contributions for mandatory state social insurance and other mandatory payments paid by them, in relation to the capital of the enterprise and the ability companies to create value in the short, medium and long term. At the same time, it is necessary to maintain a balance between the costs of preparing integrated reporting and the benefits of transparency.

Conclusions

Taxes are played an important role in protecting human rights, combating climate change, reducing harmful emissions to the environment and achieving the Sustainable Development Goals. Paying taxes has become a sign of socially responsible business and a reputational factor. It is important for companies to learn how to balance the interests of all interested parties, to take into account environmental and social issues in the process of their work, and not just financial results. In order to achieve competitive advantages, companies voluntarily participate in the preparation and publication of tax transparency reports to inform society, investors and other stakeholders about sustainable development management.

In Ukraine, the practice of presenting information on the tax strategy, tax policy of the enterprise and tax risk management in corporate reports has not yet become widespread. The results of the information disclosure study about taxes in corporate reports for 2021 by companies operating in Ukraine indicate that most of them are limited to providing the total amount of taxes paid in the report.

Integrated reporting as a sustainability management tool will help businesses demonstrate how their tax strategy and behavior in the field of taxation affect value creation in the short, medium and long term, and improve the quality of communication with stakeholders.

The prospects for further scientific research are the development of the conceptual foundations of integrated reporting, taking into account the concept of tax transparency.

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MANAGEMENT REPORTING OF PHARMACEUTICAL ENTERPRISES

The pharmaceutical industry has been repeatedly identified by the government of the state in the direction of the production of medicines as a priority branch of the economy, because it largely determines the national and defense security of the country, as a result, it acts as a special segment of the market regulated by the state. The accounting of pharmaceutical enterprises has several features compared to other accounting types of activity. Consequently, there is a need for a detailed study of accounting and reporting organisations in pharmaceutical activities to fulfil the accounting purpose. There is a need to order management reporting, which will allow optimising the functioning system so as not only to satisfy the population's needs but also to increase the enterprises' profit. The aim of the article is to highlight the principles and approaches to the formation of management reporting of a pharmaceutical enterprise, to determine the forms, elements and format of its presentation. During the research, general scientific and special methods were used, in particular: dialectical method, systematic approach modeling and methods. The paper substantiates the theoretical principles of improving the accounting reporting of pharmaceutical enterprises. Management reports on the provision and sale of medicines are proposed. Ways to improve the reporting organisation at the pharmaceutical enterprise are considered. Measures to enhance information support at pharmaceutical enterprises are offered. With the transition to new economic management forms, increasingly high requirements are placed on reporting. The objectivity, reliability and timeliness of primary financial reporting

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УПРАВЛІНСЬКА ЗВІТНІСТЬ ФАРМАЦЕВТИЧНИХ ПІДПРИЄМСТВ

Фармацевтична промисловість за напрямком виробництва лікарських засобів неодноразово зазначалася урядом держави як пріоритетна галузь економіки, адже значною мірою визначає національну й оборонну безпеку країни, відтак, є особливим сегментом ринку, що регулюється державою. Облік фармацевтичних підприємств має ряд особливостей, тому виникає потреба в детальному дослідженні питання організації бухгалтерського обліку та звітності у фармацевтичній діяльності для виконання мети бухгалтерського обліку. Складання управлінської звітності сприятиме оптимізації системи функціонування так, щоб не лише задовольнити потреби населення, а й примножити прибуток підприємства. Метою статті є висвітлення принципів та підходів до формування управлінської звітності фармацевтичного підприємства, визначення форм, елементів та формату її подання. Під час дослідження використано загальнонаукові та спеціальні методи, зокрема: діалектичний, системний та моделювання. Обґрунтовано теоретичні засади вдосконалення облікового забезпечення звітування фармацевтичних підприємств. Запропоновано управлінські звіти постачання та реалізації лікарських засобів. Розглянуто шляхи вдосконалення організації звітування на фармацевтичному підприємстві. Запропоновано заходи з удосконалення інформаційного забезпечення на фармацевтичних підприємствах. Об'єктивність, достовірність та своєчасність складання первинної господарської звітності має сьогодні важливе економічне значення для прийняття правильних управлінських рішень;



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are essential today because it allows: to make the proper management decisions; to carry out a high-quality and operational inventory of commodity values; to conduct an economic analysis and plan the primary indicators of the pharmacy's work; to ensure control over the rational use of pharmaceutical enterprises.

Keywords: accounting support, accounting, management reporting, pharmaceutical enterprise, information support, pharmacy, medicines.

здійснення якісної та оперативної інвентаризації товарно-матеріальних цінностей; проведення економічного аналізу та планування основних показників роботи аптеки; забезпечення контролю за раціональним використанням активів фармацевтичного підприємства.

Ключові слова: облікове забезпечення, бухгалтерський облік, управлінська звітність, фармацевтичне підприємство, інформаційне забезпечення, аптека, лікарські засоби.

JEL Classification: L86; M41; M49.

Introduction

The pharmaceutical industry has been repeatedly identified by the government of the state in the direction of the production of medicines as a priority branch of the economy, because it largely determines the national and defense security of the country, as a result, it acts as a special segment of the market regulated by the state. Pharmaceutical activity includes both the production of medicinal products, as well as their wholesale and retail trade and specialized storage and distribution of such stocks through sales networks: pharmaceutical warehouses and pharmacies.

At the beginning of 2022, the medicines market in hryvnia (UAH) value increased at a pace that many dreamed of +31 % in January and +45 % in February compared to the previous year. Nonetheless, the decline occurred already in March (-11 %); in April, the market shrank by a third, and in May, by 24 %. So far, despite the decline in March-May, the market has returned to the level of 2021 (+0.38 %) based on the results of 5 months of the year [1]. But the tectonic shifts in the economy do not allow hope for preserving positive dynamics. The main factor is the consumer. Therefore, the main goal of the pharmaceutical enterprise is to provide the population with high-quality medicines to meet the current regulatory documentation and consumer needs.

The accounting of pharmaceutical enterprises has several features compared to other accounting types of activity. Consequently, there is a need for a detailed study of accounting and reporting organisations in pharmaceutical activities to fulfil the accounting purpose. There is a need to order management reporting, which will allow optimising the functioning system so as not only to satisfy the population's needs but also to increase the enterprises' profit.

Accounting and reporting are considered in the works of many domestic scientists, such as P.Atamas [2], N.Dziuba [3], L.Kranokutska [4], A.Polinovska [5], D.Kushpita, O.Polishchuk [6-12]. Considering the works of the scientists mentioned above, it is worth noting that the issue of accounting for certain features of the pharmacies' activity, particularly the state "Affordable

Medicines" Program, has not been sufficiently researched and did not have proper development. Thus, particular areas of this problem remain understudied.

Scientists have highlighted the issue of improving the theoretical and methodological aspects of the formation of financial statements of pharmaceutical enterprises. It should be noted that the authors did not pay enough attention to theoretical and practical aspects, improvement of accounting support and methods of forming management reporting at pharmaceutical enterprises. Only in some works were suggestions for improving the methodology of forming their internal reporting.

The aim of the article is to highlight the principles and approaches to the formation of management reporting of a pharmaceutical enterprise, to determine the forms, elements and format of its presentation. The object of the study was the process of accounting support for reporting of pharmaceutical enterprises. The general basis of the research is the dialectical method and a systematic approach to the study of economic and management processes; the methods of induction, deduction, and modeling were used when developing the forms of primary and consolidated documents.

During the research, general scientific and special methods were used, in particular: dialectical method, systematic approach modeling and methods.

1. Methodology for the formation of management reporting of pharmaceutical enterprises

Management reporting is an appendix to the enterprise's financial reporting prepared by medium and large enterprises. This is an example of the document showing financial and non-financial information characterizing the enterprise state and its development prospects.

The financial side of management accounting consists of analyzing indicators and existing risks and forecasting the enterprise's financial indicators. The non-financial side considers the creation of a new product, the search for new sales markets, research and operating prospects for the development of the enterprise.

Management accounting is an internal system of accumulation, grouping and generalizing information within the enterprise. Accounting aimed at making management decisions is formed at each enterprise differently, depending on the activity's specifics and the management's ambitions.

The main activity of the pharmaceutical enterprise is wholesale and retail trade. To ensure its break-even operation, the company designs sales plans, forecasting expected revenues from the sale of products, in our case, medicines. With the help of a sales plan, it is possible to assess how much the plan was fulfilled, consider the factors that prevented it, and motivate employees to increase sales volumes. Information on the set sales plans and the dynamics of their implementation can be seen in the internal report "Report on the implementation plan".

Such internal reporting is compiled monthly by wholesale and distribution managers with the possibility of regularly monitoring the indicators. Moreover, such a plan considers the manager's client base and solvency, giving each manager a personal sales plan. In addition to the Report on the implementation plan, there are some internal reports used by the wholesale department: "Funds receipt schedule", "Wholesale price", "Average amount of invoices", "Bonus", "Delays", "Wholesale rejections", etc.

After the implementation, the question arises in what terms the receivables will be repaid. The enterprise creates a report, "Mutual settlements with clients", to monitor the payment of funds for shipped products.

With the help of the "Funds receipt schedule" report, it is possible to determine the frequency with which the client pays for the shipped products.

In addition, the main report in pharmaceutical enterprises is the "Commodity report", a mandatory form of intra-business reporting.

At the end of the month (quarter, year), based on the summary data of the "Commodity report" and other accounting forms, the enterprise prepares a "Report on financial and economic activity" (from now on "Report") in two copies. It is compiled mainly at enterprises with a clear intra-business and accounting functions division and is not a required reporting form. The first copy of the "Report" and its appendices is transferred to the accounting department, and the second copy remains with the materially responsible person. Before composing the "Report", it is necessary to register all primary documents on the funds and commodity values flow and mutual settlements of the pharmacy with suppliers, buyers, and other counterparties. The relevant document is a series of tables characterizing the cash, goods, and other values flow and the state of mutual settlements with buyers, accountable persons, budget and extra-budgetary funds. The "Report" consists of subdivisions:

- Register of cash flow and collection of trade proceeds;
- Statement of the deposited or transferred revenue;
- Current account;
- Commodity report;
- Balance lists of medicinal plant raw materials;
- Report on the fixed assets flow, low-value inventory and perishable items;
- Registration of retail turnover;
- Report on the goods flow in the retail network;
- Report on the fuel and construction materials flow;
- Register of invoices issued to buyers (medical and prophylactic institutions and other enterprises) for the pharmacy goods sold to them;
- Balance list from the personal accounts of buyers and other settlements;
- Income statement.

Let's consider each of the mentioned divisions in detail.

The Register of cash flow and collection of trade proceeds shows the monthly sums for income and expenditure cash transactions. The balance of funds at the end of the working day must be within the limits set by the bank for each pharmacy.

The Statement of deposited or transferred revenue is filled out according to bank policy and displays the amount of income transferred to the bank by the day of the month.

The Current account part demonstrates the balances and cash flows in the pharmacy's current account. The primary profitable operations include pharmacy revenue; transfers from wholesale buyers; payment of medicines that are dispensed according to free and discounted prescriptions. The following should be indicated as expense operations: payment of utility services, rent of premises, purchase of goods; expenditure of wages, bonuses; transferring of the organization's funds to which the pharmacy is subordinate, budget calculations, extra-budgetary funds, taxation and mandatory payments.

The Commodity report contains information on the goods and other valuables flow (containers, auxiliary materials, fuel, etc.).

The profit part demonstrates all accounting group's balances at the beginning of the reporting period. For goods – retail and wholesale prices, auxiliary materials – at purchase prices (cost price), reusable containers – average accounting, other values – cost price. Based on these primary accounting forms, all receipts of goods and material values are included in the Commodity report in chronological order. In addition, all economic transactions related to the consumption of goods and material values must be displayed here. Data from pharmacies, booths, and points are used to fill in information on the retail sale of goods. The product's wholesale is displayed based on the data of the consolidated registers (preferential and free prescriptions), Balance list from the personal accounts of issued invoices (dispensing of goods to hospitals and other organizations).

Documentary expenses include the disposal of the goods in such circumstances:

- first medical aid (based on the Statement on the medications disposal for the first pre-medical aid);
- conducting economic work in the pharmacy (Act on goods disposal for economic needs);
- markdowns for laboratory and packaging works (Statement on markdown during laboratory and packaging works);
- revaluation of goods in the direction of a decrease in value (Act on revaluation of goods);
- transfer of goods to the supplier for any reason (Invoice);
- damage to goods (Act on the disposal of the goods that have become unusable);
- inventory – natural loss is accrued and disposed of (Act of inventory results);
- the goods transfer to other accounting groups (Act on transfer of the goods).

Data on retail and wholesale goods are entered at retail prices, and documented expenses are at retail and wholesale prices. Expenditure transactions with other values are revealed in accounting prices. Several

methods determine the realized sales charges that form the pharmacy's income and estimate the remaining goods. One is based on the assumption that the level of trade overlays created in the balance of goods and revenue will be maintained in the sold goods.

The Report on the fixed assets flow, low-value inventory and perishable items contain information on the balances at the beginning and end of the month, receipts and expenditures of accounting group data in chronological order.

The Registration of retail turnover is a table in which retail turnover is displayed by type and day: the number and value of dispensed extemporaneous medicinal forms by prescription, the revenue of the small retail network (booths and points), and over-the-counter dispensing. The tariff amount for the production of an extemporaneous recipe is allocated separately.

The Report on the goods flow in the retail network indicates the entire list of pharmacy booths and points and their addresses. For each structural subdivision, the balance of the goods at the beginning of the month, the sums of incoming transactions, revenue, returns and shortages of the goods, and the balance at the end of the reporting period are displayed in retail prices.

The Register of invoices issued to buyers (medical and prophylactic institutions and other enterprises) for the pharmacy goods sold to them contains a description of all invoices in chronological order. It shows the wholesale turnover by type: the amount of the release of extemporaneous drugs, medicines, other goods and containers.

The part of the Balance list from the personal accounts of buyers and other settlements is made up of the personal accounts of wholesale buyers. This table shows the state of receivables (balance in favor of the pharmacy) and accounts payable (balance due to the pharmacy) for the pharmacy as a whole and for each buyer.

The Income statement provides data on all accruals and withholdings from the wages of full-time and part-time pharmacy employees.

The pharmacy manager and the accounting and control group employees sign the report with all the attached documents.

If the pharmacy is subordinate to a higher organisation, the Report and the attached documents are submitted for approval within strictly established deadlines. The report's title page indicates the submission date details. The manager of the pharmacy, the chief accountant, and the executors are responsible for the timeliness of submitting reports and the reliability of the provided information.

If necessary, the persons accepting the Report make appropriate corrections in both copies. One approved copy is returned to the pharmacy. Those not accepted from the pharmacy and returned are marked at the end of the Report. Further responsibility for preserving the report attached documents lies with the organisation to which the pharmacy is subordinate.

2. Ways of implementing management reporting at pharmaceutical enterprises

Efficient reporting by business entities in current market conditions encourages enterprises to use automated systems actively. Various software products for accounting automation are in significant demand. Their development is aimed at universality for effortless adjustment to specific business activities. In addition, specialized systems, which are created only for a particular industry, have also become popular. This ensures its implementation as effectively as possible.

In particular, such programs as LIKIS and the "Apteka" program complex (PC) are price aggregator programs of suppliers for ordering goods and as informational references on medicines.

The LIKIS information and marketing system is designed to meet the needs of users who carry out wholesale and retail trade in medicines. The system collects price lists of manufacturers and wholesale pharmaceutical organizations, processes these orders in a certain way and transmits information to users in a short period.

Using the LIKIS system, you can quickly place an order at the best prices; choose priority suppliers and price types for each of them; work with prices that consider discounts from suppliers; conduct a price analysis of all market participants and reasonably formulate their price offers.

The "Apteka" PC was created to automate the circulation of goods in pharmacies and optimise the main processes of enterprises of the pharmaceutical market retail segment. Notably, it allows: for generating reports on various types of documents, checking expenses, balances, etc.; managing the range of pharmacies and simplifying the search for a medicinal product or active ingredient by using synonyms and hints when entering, which significantly speeds up product search and customer service; forming a sales plan for the assortment and monitoring its implementation; classifying the goods into priority suppliers and price categories; entering into the system information about contracts with various counterparties; analyzing payment schedules, cash register reconciliation, and turnover dynamics.

Pharmaceutical enterprises use Bitrix24 – CRM is a business management and communication system. Thanks to this tool, it is possible to communicate between employees in a corporate chat, record and control working hours, create a common disk with media data, use a convenient calendar with reminders about events in the organisation, measure the employee's stress level, submit regular management reports to the manager, automate business processes, create a company structure with a built-in hierarchy.

Pharmaceutical enterprises use the BAS accounting software in parallel, which has:

- a convenient interface that allows to remove unnecessary objects from the "desktop" and customize the icons of the necessary reports and documents to fit your needs;

- the stability of the program, which is due to the absence of the file reindexing process when the program is closed in an emergency, which significantly saves time;

- the possibility of using new technologies: exchange with mobile applications, API services, etc.

All products from the BAS line are created to solve certain accounting and management tasks, have their own functionality and industry focus. Each software product includes standard functions common to most products, as well as industry-specific capabilities that take into account the specifics of the business.

Conclusions

With the transition to new economic management forms, increasingly high requirements are placed on reporting. The objectivity, reliability and timeliness of primary financial reporting are essential today because it allows:

- to make the proper management decisions;
- to carry out a high-quality and operational inventory of commodity values;
- to conduct an economic analysis and plan the primary indicators of the pharmacy's work;
- to ensure control over the rational use of the pharmacy's assets.

The costs of maintaining and compiling primary economic reporting must be minimal. For this purpose, it is necessary to unify and standardize the reporting forms in the accounting. Using the latest software products by pharmaceutical enterprises will ensure the optimization of accounting, reporting, and external and internal communication.

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