

## FEATURES OF FORMING SOCIO-RESPONSIBLE BEHAVIOR IN THE CONSUMER OF ORGANIC PRODUCTION OF THE AGRICULTURAL SECTOR IN UKRAINE

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*The article investigates features of socially responsible behavior in the consumer of organic produce. The authors reveal that the domestic consumer of agrarian products inclines towards the need for local social responsibility among its producers.*

*The main factor influencing the formation of consumer demand for organic produce is the context of external and internal markets. On the basis of questionnaires, the directions of local social responsibility of agrarian business in Ukraine were established, among them: "Responsibility to employees", "Responsibility to consumers", "Responsibility to partners (investors)", "Responsibility to state authorities" and "Responsibility to competitors." A SWOT analysis was conducted on the socio-responsible behavior of the Ukrainian consumer of organic products, and strengths and weaknesses, threats and opportunities for the development of organic produce in the agrarian sector were identified. The authors prove that the formation of socially responsible behavior of consumers in Ukraine today is influenced not by the main aspects of the quality and safety of consumption of organic agricultural products, but by the price policy of food products.*

**Key words:** social responsibility, local social responsibility, organic production, organic production, consumer, agrarian sector, socially responsible behavior.

**Relevance.** The production of organic products in the agrarian sector is decisive in solving the problems of socio-economic development of the rural population and the corresponding rural areas. Organic production is intended to reorient agricultural production from intensive technologies to environmental safety, and then to organic production. The transition of agriculture to organic production is possible only subject to compliance with the principles of social responsibility, which are aimed at the rational use of natural resources. It is worth noting that in Ukraine the process of creating social responsibility is somewhat different than in other countries. For example, in developed countries of the world, social responsibility is understood not only as paying taxes and contributing to charities, but also as providing the population with the food products that are safe. As for the formation of socially responsible behavior in the consumer of organic produce in Ukraine, it depends, first of all, on the level of income of the population and the level of trust for organic producers.

**Analysis of recent research.** Institutional prerequisites, directions and mechanisms of organic

production activation and development in the agrarian sector are given in the scientific research, N. M. Andreeva [1], N. S. Antonets [2], S. V. Begay [4], L. M. Sokol [25], A. Y. Sokhnic [26]. The ways of development of organic production as a factor of economic security for the strategic development of economic entities are discussed by S.M Makarenko [15], N. V. Zinovchuk, V. V. Zinovchuk [18], V. G. Potapenko [19]. Features of the world market of organic products are formed in materials [3, 13, 16, 22, 23, 24]. At the legislative level, agricultural organic production is regulated by relevant organizations and documents [17, 10, 20, 27]. Socially responsible behavior of organic products' consumers is analyzed in the publications of T. Gagalyuk [6], A. V. Forest [14], V. A. Fostolovich [28].

Numerous scientific publications and studies confirm the high public relevance of the issues regarding the formation of socially responsible behavior of consumers of organic products in the agrarian sector. However, in the context of contemporary social and economic problems, this

issue forms a system of specific points that require further and in-depth research.

**The aim of the study.** The purpose of the article is to highlight the peculiarities of socially responsible behavior in consumers of organic produce and to determine the factors influencing the socially responsible behavior of mentioned consumers.

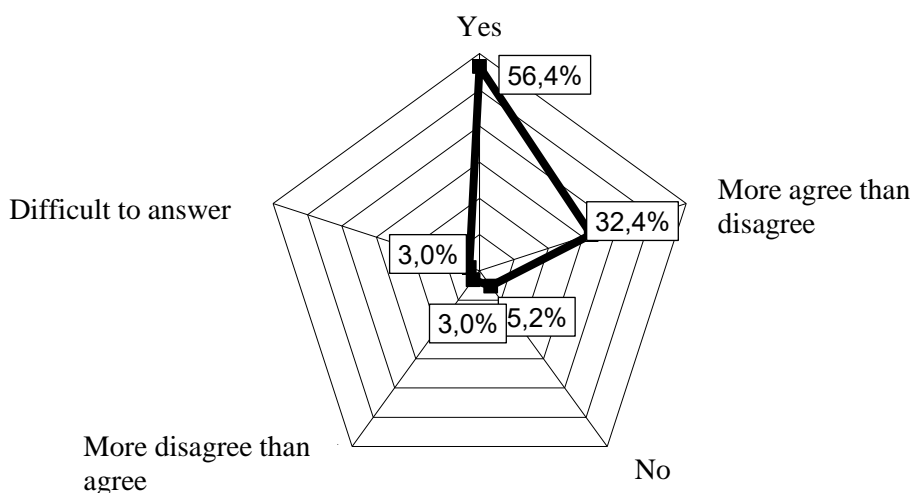
**Materials and methods of research.** In the course of the study the following methods were used: dialectical and abstract-logical (knowledge of the nature, peculiarities of formation of socially responsible behavior of the consumer of organic products of the agricultural sector, formation of conclusions); bibliographic (research and development of scientific works on organic production); SWOT-analysis of socially responsible behavior of Ukrainian consumers of organic produce in the agrarian sector of the economy.

**Results of the research and their discussion.** If an agrarian enterprise positions itself as being socially responsible, its activities should support the preservation of the environment, a responsible

attitude towards employees, an appropriate policy for the quality and safety of agricultural products, etc. To date, the Ukrainian agrarian business has shown only certain non-systemic elements of local social responsibility.

Consumers of agricultural products are important stakeholders who form and change the requirements of the agrarian business through their requests for local social responsibility. These changes will not develop properly if there is no demand for responsible behavior from the consumer.

The position of the domestic consumer of agrarian products is more inclined towards the need for local social responsibility among its producers (Fig. 1). More than 56.4% of respondents surveyed believe that agrarian businesses should carry out local social responsibility. At the same time, 32.4% believe that the agrarian businesses should lead local social responsibility rather than carry it out. Only 5.2% of consumers believe that agrarian enterprises should not exercise local social responsibility.



**Fig. 1. Consumer responses to the question "Should the agrarian business carry out local social responsibility?"**

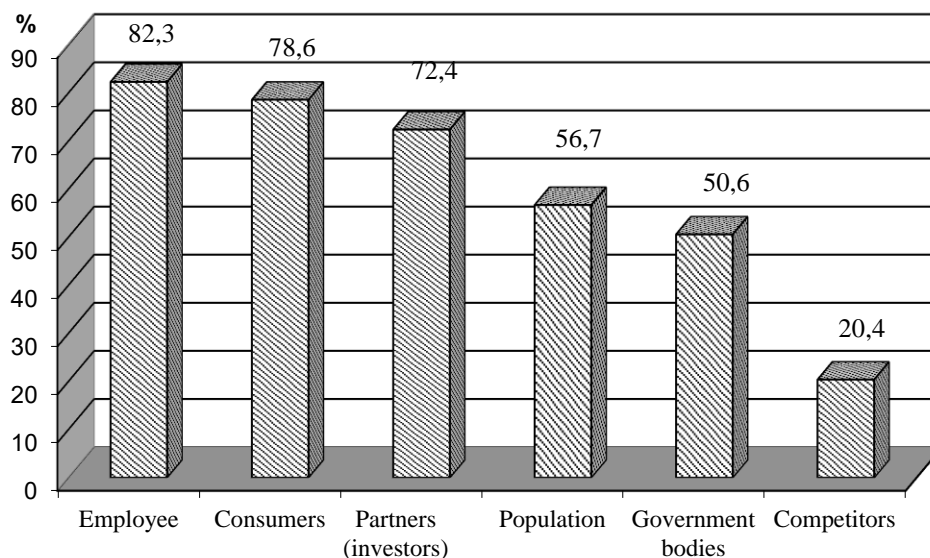
Source: personal questionnaire survey of 460 consumers in the Mykolayiv region, 2018

The benefits of local social responsibility in the agrarian sector are uncontested, in particular: to personnel, who are more committed, to the enterprise, which gains increased competitiveness and an improved image, and to the consumer, who forms the demand for socially responsible agricultural products.

A survey of the leadership of agrarian enterprises of the Mykolayiv region (120 people) regarding the directions of local social responsibility revealed that the most specific answer is "Responsibility to employees," at 82.3%. Second was "Responsibility to

consumers," at 78.6%. Third: "Responsibility towards partners (investors)," 72.4%; and fourth: "Responsibility to state authorities," 50.6%. In the last place was "Responsibility to competitors," at 20.4%. (Fig. 2).

Consequently, the majority of the surveyed respondents believe that a significant component of local social responsibility depends on the consumers, as they form the demand for products and ultimately play a key role in the efficiency of farming enterprises.



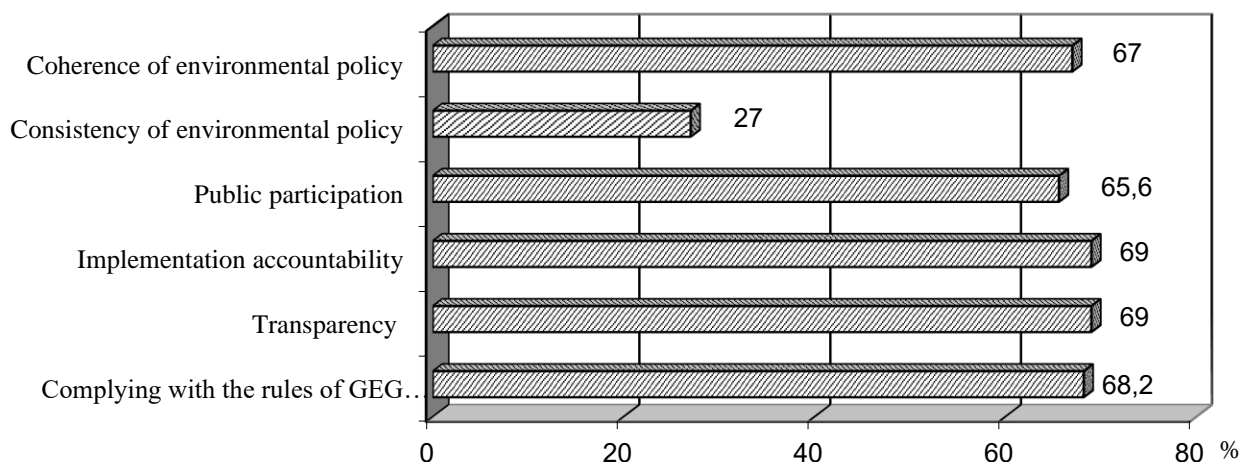
**Fig. 2 Management opinions on the "Directions of local social responsibility of agrarian business"**

Source: personal questionnaire survey of 120 management personnel of agrarian enterprises in the Mykolayiv region, 2018

The formation of socially responsible behavior in the consumer of agrarian products is based on the definition of the following criteria: food safety, taste and qualitative properties, ecologization of production, price policy, etc. Of course, in a developed society, the demand for agricultural products is influenced by the quality and safety of food, and only then by price policy.

As a result of the evaluation of the implementation of the Luxembourg Declaration on Environmental Governance in Ukraine, it was clarified that during 2016-2018 the heads of the Ministry of Ecology and Natural Resources of Ukraine would demonstrate a new model of behavior, an understanding of the public's role in environmental problems (Fig. 3).

With regard to transparency and accountability, the Ministry of Environment and Natural Resources of Ukraine provides fairly good access to open data sets (69%), but there are some registries that have not been updated since 2016. The Ministry reports public participation at the level of 65.6%. The main difficulties are the lack of public awareness in the preparation of reports and the lack of procedures for monitoring and evaluating policy implementation with a certain periodicity. Consistency is 67%, which indicates a fairly low level of environmental production. The effectiveness of environmental policy at an unsatisfactory level is 27%, but it should be central to the implementation of the Luxembourg Declaration.



**Fig. 3 Good Environmental Governance (GEG) in Ukraine in accordance with European Principles 2016-2018**

Source: authors' own elaboration on the basis of materials [9]

Organic agriculture (ecologization of production) aims to harmoniously combine the newest intensive elements of land-resource management, allowing the population of the country to consume high-quality and safe food products, and ultimately will improve human potential and development indicators.

It is worth noting that Ukraine has great potential for the development of organic agriculture. The country's fertile land provides an opportunity to become the main producer of organic products. In recent times more and more areas of Ukrainian land are involved in organic farming, positively affecting the environment and society as a whole.

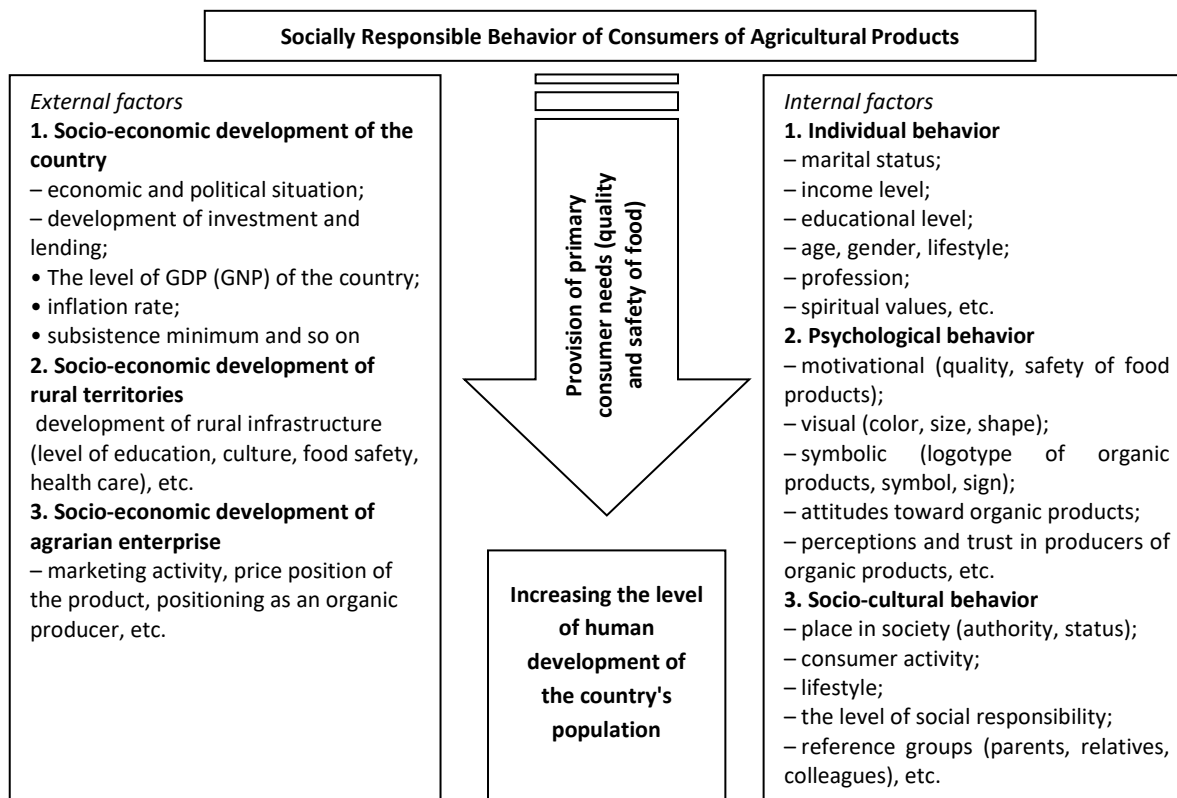
According to the definition of the International Federation of Organic Agricultural Movements (IFOAM) «Organic agriculture is a production system that supports the health of soils, ecosystems and people. It depends on ecological processes, biological diversity and natural cycles that are specific to local conditions, while minimizing the use of harmful resources that cause adverse effects» [27].

Socially responsible behavior is formed in the consumer through the influence of external and internal factors (Fig. 4).

Depending on the levels of income, education, and professional skills of different buyers, there may be different preferences for the organic product. The greatest influence on the formation of socially responsible behavior of the consumer has socio-

cultural and psychological factors: because of the way of life and level of social responsibility, interest is formed in organic products as a way to consume high-quality and safe food. As a result of the influence of various factors, the behavior of the consumer is formed, and whether it will be socially responsible depends on the individual (conditions, opportunities, motivations, etc.). The more consumers will be attracted to the consumption of organic products in the state, the better it will aid their healthy lifestyle and human development (life expectancy, level of education, etc.).

The demand for quality, environmentally friendly agricultural products depends on the standard of living of the population and its financial capabilities. That is, the decisive factor for the consumer may not be the quality of the product, but its price. 2012 and 2017 surveys of consumers in the Mykolayiv region on the topic "Are you ready to buy quality and safe (organic) agricultural products at a higher price?" (number of respondents 460) established that in 2012 about 75% of consumers were ready to buy organic products at a higher price while in 2017 the number had decreased significantly, to about 50% of the respondents surveyed. It should be noted that the average age of the population in the Mykolayiv region is greater than 18 years old (workers, higher education graduates, civil servants, employees of agrarian enterprises, others).



**Fig. 4 Factors Influencing the Socially Responsible Behavior in the Consumers of Organic Agricultural Products**

Source: authors' own elaboration

In Ukraine during 2000-2017 (Table 1), it can be noted that GDP had a tendency to increase. Thus, in 2017, it grew 17.5 times compared to 2000 and amounted to 2982.9 billion UAH.

Data show that in 2017 about 80% of the population of Ukraine was under the poverty line,

which in turn affects the solvency of the population. In view of this, only half of the population has the opportunity to purchase safe and high-quality food products.

Table 1

**Dynamics of the main indicators of socio-economic development of Ukraine**

Years	GDP, billion UAH	Per person GDP (nominal), UAH	Consolidated budget			
			Revenues, billion UAH	Expenditures, billion UAH	% of revenues to GDP	% of expenditures to GDP
2000	170,0	3441,0	49,1	48,1	28,9	28,3
2001	204,2	4174,0	54,9	55,5	26,9	27,2
2002	225,8	4660,0	61,9	60,3	27,4	26,7
2003	267,3	5569,0	75,3	75,8	28,2	28,4
2004	345,1	7247,0	91,5	102,5	29,7	29,7
2005	441,5	9372,0	134,2	142,0	30,4	32,2
2006	544,2	11630,0	171,8	175,5	31,6	32,2
2007	720,7	15496,0	219,9	227,6	30,5	31,6
2008	948,1	20495,0	297,9	312,0	31,4	32,9
2009	913,3	19862,0	272,9	307,4	29,9	33,7
2010	1082,6	24429,0	314,5	377,8	29,1	34,9
2011	1316,7	28206,0	398,6	416,9	30,3	31,7
2012	1408,9	32002,0	445,5	492,5	31,6	35,0
2013	1454,9	33473,0	442,8	505,8	30,4	34,8
2014	1566,7	36904,0	456,1	523,1	19,1	33,4
2015	1979,5	46413,0	652,0	679,9	32,9	34,3
2016	2383,2	55899,0	782,7	835,6	32,8	35,1
2017	2982,9	70210,0	793,6	1056,8	26,6	35,4
In 2017 in % to 2000	1753,9	2040,4	1616,3	2197,1	x	x

Source: authors' own elaboration on the basis of materials [7, 8, 10, 11, 12, 23, 24, 29, 30]

The consolidated budget of Ukraine is characterized by a predominance of expenditures on income (except for the period of 2000 and 2002, respectively), which causes a deficit in the state budget, which in turn leads to an inhibition of the socio-economic development of the country. With respect to the amount of revenues to GDP, fluctuations are observed.

The maximum was in 2015, and the minimum in 2017. The amount of expenditures has increased and makes up one third of Ukraine's GDP (35.4%), which characterizes the negative tendency. Although the income level of the population has increased over the last decade, the impairment of income due to the appreciation of the foreign exchange rate and the inflationary processes in Ukraine had a significant impact on the population's solvent demand.

In the context of the main indicators of negative trends among the countries of the world, Ukraine has the lowest GDP, which is characterized by a low life expectancy (71.9 years) and the lowest index of the Human Development Index among the countries (0.74) (see the Appendix).

The highest level of GDP per capita was observed in the USA in 2017 and amounted to 59,532 US dollars. The lowest level of this indicator in Ukraine was \$ 2,583 in 2017. A high level of GDP provides proper living conditions and leads to an increase in life expectancy (Japan - 83,9 years, France - 82,4 years, England -81.7 years; Germany - 81.2 years) and the Human Development Index (Germany - 0.94, England and the USA - 0.92, Japan - 0.91, France - 0.90).

Of course, environmentally safe products are more costly to produce and more expensive at market and thus take a corresponding niche in and in consumer needs. Ukraine's agrarian business should take into account the opportunities and purchasing power of the population. Therefore, the task of improving the quality of agricultural products includes a social aspect that reflects the poor population in the country. At the same time, agricultural producers can significantly reduce the cost of environmentally safe products by using resource-saving technologies in production. Furthermore, this will significantly affect the correlation of the optimal price to quality of agricultural products.

As a result of our research, we conducted a SWOT-analysis of the socially responsible behavior of consumers of agricultural products (Table 2).

Table 2

**SWOT-analysis of socially responsible behavior of Ukrainian consumers of organic produce in the agrarian sector of the economy**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>– significant potential to develop the domestic consumer organic market in Ukraine;</li> <li>– significant potential opportunities in Ukraine to export organic products;</li> <li>– the existence of public organizations and associations in Ukraine for the development of organic products;</li> <li>– state financial support of producers of organic farms;</li> <li>– participation of Ukraine in international exhibitions, seminars, and conferences devoted to organic products</li> </ul>	<ul style="list-style-type: none"> <li>– low income of the population;</li> <li>– high level of prices for organic products;</li> <li>– a narrow range of products on the consumer market;</li> <li>– low level of consumer awareness of organic products;</li> <li>– consumer uncertainty and distrust regarding responsible producers of organic products;</li> <li>– no progress on organic issues at the state level;</li> <li>– absence of a favorable investment climate for producers of organic products;</li> <li>– absence of current normative regulation for the development of organic production;</li> <li>– lack of workers skilled in organic production;</li> <li>– a large gap between science and organic production, etc.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>– wider use of domestic and international experience in the management and development of organic production;</li> <li>– significant demand from other countries for the production of organic products;</li> <li>– possibilities for using regional capacities and features;</li> <li>– compliance with organic standards by producers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>– financial and economic instability in the country (increase of prices, inflation rate, decrease of GDP);</li> <li>– instability in domestic markets for organic agricultural products;</li> <li>– undermining of trust in organic food as a result of misuse of the labeling;</li> <li>– unfair competition;</li> <li>– Low level of energy efficiency in production and lack of business skills in top managers of organic products;</li> <li>– low attraction of communication resources, etc.</li> </ul>

*Source: authors' own elaboration*

Among development strengths, it is worth noting the considerable potential of the agrarian sector for the development of organic produce: the availability of agricultural land suitable for production; state financial support for organic producers; and the export potential of organic produce. Among the opportunities there is a significant demand from other countries for organic products; and regional capacities and distribution systems could be used for organic produce. At the same time, weaknesses include the high price policy for organic products and the low income of consumers; consumer uncertainty and distrust of producers of organic products; and the absence of effective normative regulation for the development of organic production. Threats include low confidence in organic food as a result of misuse of labeling; unfair competition between producers of organic products; economic, political, and financial imbalance in the country's economy.

**Conclusions and prospects of use.** The organic movement in Ukraine is gradually developing. The main factors influencing the slow development of organic production in Ukraine are the low financial capacity of domestic farmers for the "transition period" to organic production, the state's lack of interest in promoting organic products, low consumer confidence in organic products, and lack of awareness

of the benefits of organic consumption products in comparison with traditional products.

The formation of socially responsible behavior of consumers of organic products of the agrarian sector of the economy depends on the development of the organic market in the country. The necessity of introducing organic agriculture is observed due to the following factors: reproduction of soil fertility and preservation of the environment; development of rural areas and improvement of living standards of rural population; improving the efficiency and profitability of agricultural production; providing the consumer market with healthy quality products; strengthening the export potential of Ukraine; improving the image of Ukraine as a producer and exporter of high quality healthy organic products; ensuring food security in Ukraine; improving the general well-being of Ukrainian citizens, etc.

It has been found out that with the increase of the living standard of the population (increase of wages and subsistence minimum) and stabilization of economic and financial development of Ukraine (reduction of inflation, stabilization of national currency) could have a positive impact on the entire development of society and formation of socially responsible consumer behavior on the basis of organic agricultural products.

Based on the integrated solution of the above-mentioned problems, organic production in Ukraine will become popular and will be able to enter a new stage in the development of organic agriculture in Ukraine, while forming a socially responsible consumer of organic products.

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**Т. І. Лункіна, А. В. Бурковська, А. І. Бурковська. Особливості формування соціально відповідальної поведінки споживача органічної продукції аграрного сектора України**

*У статті досліджено особливості соціально відповідальної поведінки споживача органічної продукції аграрного сектора. З'ясовано, що позиція вітчизняного споживача аграрної продукції більшою мірою схиляється у бік необхідності локальної соціальної відповідальності у її виробників. Визначено основні фактори впливу на формування попиту споживачів органічної продукції аграрного сектора у розрізі зовнішніх та внутрішніх. На основі анкетних опитувань встановлено напрями локальної соціальної відповідальності аграрного бізнесу в Україні, серед яких: «Відповідальність перед працівниками»,*

«Відповідальність перед споживачами», «Відповідальність перед партнерами (інвесторами)», «Відповідальність перед державними органами влади» та «Відповідальність перед конкурентами». Наведено модель поведінки, розуміння ролі громадськості щодо екологічних проблем довкілля в Україні. Проведено SWOT-аналіз соціально відповідальної поведінки українського споживача органічної продукції аграрного сектора економіки й встановлено сильні й слабкі її сторони, загрози та можливості розвитку органічної продукції аграрного сектора економіки. Доведено, що на формування соціально відповідальної поведінки споживача в Україні сьогодні впливають не основні аспекти якості та безпеки споживання сільськогосподарської продукції (органічної), а цінова політика продуктів харчування.

**Ключові слова:** соціальна відповідальність, локальна соціальна відповідальність, органічне виробництво, органічна продукція, споживач, аграрний сектор, соціально відповідальна поведінка.

### **Т. И. Лункина, А. В. Бурковская, А. И. Бурковская. Особенности формирования социально ответственного поведения потребителей органической продукции аграрного сектора Украины**

В статье исследованы особенности социально ответственного поведения потребителя органической продукции аграрного сектора. Выяснено, что позиция отечественного потребителя аграрной продукции в большей степени склоняется в сторону необходимости локальной социальной ответственности у ее производителей. Определены основные факторы влияния на формирование спроса потребителей органической продукции аграрного сектора с внешних и внутренних сторон. На основе анкетных опросов установлены направления локальной социальной ответственности аграрного бизнеса в Украине, среди которых: «Ответственность перед работниками», «Ответственность перед потребителями», «Ответственность перед партнерами (инвесторами)», «Ответственность перед государственными органами власти» и «Ответственность перед конкурентами». Представлена модель поведения, понимание роли общественности об экологических проблемах окружающей среды в Украине. Проведен SWOT-анализ социально ответственного поведения украинского потребителя органической продукции аграрного сектора экономики и установлены сильные и слабые стороны, угрозы и возможности развития органической продукции аграрного сектора экономики. Доказано, что на формирование социально ответственного поведения потребителя в Украине сегодня влияют не основные аспекты качества и безопасности потребления сельскохозяйственной продукции (органической), а ценовая политика продуктов питания.

**Ключевые слова:** социальная ответственность, локальная социальная ответственность, органическое производство, органическая продукция, потребитель, аграрный сектор, социально ответственное поведение.