

The Academy of Management and Administration in Opole

**SPOŁECZNE I EKONOMICZNE ASPEKTY
ZRÓWNOWAŻONEGO ROZWOJU REGIONÓW**

**SOCIAL AND ECONOMIC ASPECTS
OF SUSTAINABLE DEVELOPMENT OF REGIONS**

**СОЦІАЛЬНО-ЕКОНОМІЧНІ АСПЕКТИ
СТАЛОГО РОЗВИТКУ РЕГІОНІВ**

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3.3. Social activity of agrarian enterprises as a social accounting object

Social issues have been and still remain acute in the countryside. The globalization process, the natural resource provision state and ecological issues, labor discrimination and the critical need for socio-economic development of villages and rural areas are the basis of social activity and social responsibility of agrarian enterprises, which are their social activity. The aforesaid causes the need of appropriate accounting and information provision of such activity for financial reporting users. At the same time, the lack of legislative and methodological substantiation of the highlighted concepts and the relevancy of distinguishing a social component of the agrarian enterprises activity, which is, first of all, a derivative of the village farming peculiarities, increases the urgency and necessity of social accounting studying and scientific substantiation.

Historically, agrarian enterprises appear to be the founders of the rural areas infrastructure, which, accordingly, could not fail to provide themselves a social activity. Social activity of agrarian enterprises, in contrast to other types of activities, is practically inseparable from the main one, which is industrial, or economic activity. At the present stage of state's economy development, special attention is paid to the social component of the enterprises relations, calling these relations socio-economic, the main purpose of which is the revival of the Ukrainian village and its social infrastructure. This particular social component is present in all types of activities at all stages and processes, emphasizing the complexity of the process of accounting and controlling social benefits.

The agrarian enterprises activity is characterized by peculiarities that, in the context of influence among the other internal and external factors, determine the a priori fact of existence, and, therefore, the relevance of separating such a component of their activities as a social one, which, in turn, needs to be recorded and reflected in the reporting to ensure its further development and obtaining a social effect [1, p. 122].

Such component of the economic activity of agrarian enterprises as a social one must be accountable and informationally provided, as well as reflected in financial or social reporting for use by the related parties in order to make effective management decisions in the context of implementing social development programs of the enterprise and promoting the development of village and rural areas, as well as requirements of market processes international integration.

An agrarian enterprise is not only a complex industrial and economic system, but it is also a complex social system, the fundamental of which is the solution of both internal and external social issues.

The peculiarities of the agrarian enterprises functioning contribute to the financing facility of the social sphere in accordance with their concernment and interests, first of all among the location area, taking into account the labor and personnel potentials that are formed and based primarily on the local residents.

The social activity of agrarian formations is an activity that is carried out in order to obtain a social effect. Therefore, this set of relationships between economic activity subjects, mediated by the influence of external and internal factors, which due to the need and motivation as a result of its implementation, should achieve a social effect represented by socio-economic development of the enterprise and the improvement of the social environment of rural areas and villages [2, p. 212].

In consequence of studying the legislative and regulatory framework that regulates the implementation of social activities, its theoretical aspects, practical experience of enterprises and the results of its own research based on a questionnaire survey, we defined the basic concepts of social activity of agrarian enterprises (Tab. 1).

Therefore, the social activity of agrarian enterprise is a synthesis of social policy, including corporate, social security, social responsibility, and social partnership [3]. Such an extensive structure of this activity as many as a simple content require proper management accountancy.

According to the results of studying the financial accounts of agrarian enterprises of Mykolaiv region of Ukraine and due to personal research, in particular, the sociological survey of the principals and heads of village and settlement councils, the social activity of the enterprises under study is represented by the following manifestations: roads repair; streets lighting; repair of treatment facilities; repair of schools and kindergartens; sending holiday greetings to the elderly; charity support of the Mykolayiv Zoo; consolidation within the Collective agreement and the implementation of social benefits to employees (following the birth of a child, following the anniversary, following the professional advancement and professional conversion, etc.), etc.

We divide the social activity of agricultural enterprises for the internal and external, which is impacted by a number of factors: external (state, local governments, rural communities, economic status of the industry, tax policy, etc.) and internal (the enterprise structure, business pattern, employment policy, volume and directions of distribution of profits, etc.).

Table 1

The basic definitions of social activity and its components

Social activity of agrarian enterprise		
Object	The enterprise activity relative to the social security of the employees, members of their families due to the collective agreement as well as the local residents within the charitable cause	Implementation directions
Employees of the enterprise		Ensuring of regulatory social safety of the employees
The family members of the employee of the enterprise		Ensuring of supplemental regulatory social safety of the employees and members of their families
Ex-employees of the enterprise (such as retirees)		Ensuring the socio-economic development of the enterprise activity area
The residents of the enterprise activity area		Provision of an eco-profitable circumstance of the enterprise activity area
Social activity expenses		
The elimination of various economic resources types in accordance with the legislative, socioeconomic as well as moral and psychological safeguards, which are directed at the satisfying the requirements of natural and legal persons.		
Expenses for the main and supplementary remuneration	Supplementary social employees benefits	Supplementary social warrancies, privileges and compensations for the employees
Unified social tax, accrued to the payroll budget	Occupational safety and health expenses	Supplementary social warrancies, privileges and compensations for the local residents

Source: author's development.

External social activity is aimed at interaction with the environment; it is mediated by existing traditions in society and corresponds to the contemporary ideas about social responsibility of business. It includes different activity directions: starting from sponsorship and corporate charity and to the protection of natural resources and the implementation of ecological activities, as well as high-quality production output, which is illustrative of the responsibility towards goods and services consumers. Consequently, the external social activity of the agrarian enterprise is mainly directed at the development of the socio-economic and ecological state of the village and the rural territory in which the enterprise is located.

Internal social activity is aimed at improving the employment policy and social safety of employees. It focuses on all corporate programs that are used to motivate their own staff (various social benefits, privileges, pre-retirement pensions, employee loan systems, compensations, and other similar payments).

The directions of social activity of agrarian organisations are characterized by the accompaniment with certain expenses and income of activity. Considering the implementation of such «social» expenses, the possibility of obtaining «social income (benefits)» and the funding sources nature of such expenses, we consider it necessary to improve their accounting reflection, methodological aspects of analytical and synthetic

Table 2

The Benefits of Social Accounting

At the macro level	At the micro level
Development of socio-economic responsibility at the national level	Prevalence in the accounting system of human ideology, society and the environment over the capital and profit ideology Availability of internal documents confirming the socially responsible activity of the enterprise
Correspondence of state social indicators to the standard model of social balances in the world	Non-financial enterprise reporting is an indicator of informing employees about the financial status of the company's social activity, positive results of staff work and its social significance for the enterprise
Entering the worldclass, improving the country reputation and the competitiveness of its business entities, achieving social justice by increasing social strategies in the market, not financial reporting	Employees encouragement for the quality of products, concernment as to the enterprise commercial benefit by taking into account the staff offers with respect to the solving both industrial and social problems
Possibility of generalization (without accounting difficulties) of necessary social indicators for investors and other interested parties	Inclusion of relevant social indicators into the methodology of accounting in the enterprise
Socially responsible management and control over the country's entrepreneurial structure	Socially responsible management and control over the implementation of collective-agreemental conditions at the enterprise
Transparency, credibility and integrity of enterprises social indicators of all forms of ownership, which gives an open external estimate of the national economy	An open internal estimate of each enterprise that helps to receive support from other socially responsible enterprises in case of bankruptcy or deterioration of the financial state

Source: generated in terms of elaboration [5, 6, 7].

accounting, documentary support, reporting and control [4 , p.295] .This is possible in the event of expanded financial accounting, which in recent times increasingly considered to be a «social accounting».

Certain problems of the social accounting development in Ukraine are due to the peculiarities of the interpretation of a «social accounting» concept by different groups of users and also the lack of its legislative, normative and methodological substantiation. Most scientists compare the aforementioned concept with the accounting of other expenses of enterprises activity.

It is virtually impossible to formulate a document that shows social responsibility and social activity of an enterprise, including an agrarian one, a social report, for example, basing only on the traditional accounting information, taking into account the basic principles of accounting and financial reporting. There is practical expediency to ensure the analytical accounting of the costs of social activities of enterprises by their types and sources of coverage. Such information may be the basis for the internal reporting formation in the social policy directions in terms of types of social costs, as well as uses of enterprise income and profits. The internal reporting of an enterprise is not regulated at the legislative level and has the purpose of information management guidance for making managerial decisions, planning and monitoring. The analytical accounting, the formation of internal reporting of social costs in agrarian enterprises is meant to increase the effectiveness of control of social costs, which is necessary to assess the implementation and provision of primarily state social guarantees, as well as the economic entities compliance of the statutory norms of social security.

Table 3

Classification of social expenses of agrarian enterprises

Classification property	A kind of social expenses of agrarian enterprises
Due to the performance obligation	Obligatory
	Regulatory
	Encouraging
	Trade-union
	Voluntary
Due to the state regulation degree	Regulated
	Non-regulated
Due to socially responsible enterprise activity	Partner
	Ecological
	Staff
	Tax agency
	Social-oriental
	Innovational
	Onformative
	Academic
Motivated	

Source: Supplemented by the authors [8].

Taking into account the determined directions of enterprise social activity, social accounting should include such areas as accounting for social responsibility (good cooperation with partners, adherence to the quality of products, works and services and its improvement), accounting of ecological activities, accounting of social benefits to employees (voluntary and obligatory), accounting for social expenses, accounting for social indicators.

According to our reckoning, the identification of social activity requires the social accounting implementation, which aims to reflect the social activity income and expenses for the formation of social reporting in the context of social responsibility. The main social activity incomes of agrarian enterprises are: income from discounts received on the main goods and

property as a result of compliance with the policy of good cooperation with suppliers; increasing competitiveness and increasing revenues from sales as a result of improving product quality; revenues from the maintenance of objects of socio-cultural purpose and others. The main social activity expenses of agrarian enterprises are: current costs for the good cooperation with suppliers; current cost of product quality; current environmental costs; salary expenses; costs for social package and personnel policy; payment of taxes and fees to the budget; other social costs.

The main benefits of social accounting both at the macro level and at the micro level are rearranged in Tab. 2.

Data from Table 2 confirm that the enterprise as an economic branch of the country economy management acts at the same time as a social institution, which successful activity depends significantly on its employees, and, despite the fact that accounting is an applied economic science, it should be oriented more precisely to meet the specific social needs of society, to strengthen its internal stability and build a socially oriented economy.

One of the important problems within effective social policy formation is to improve the mechanism of social expenditures in the enterprise. The specific list of social expenditures varies widely at various enterprises, reflecting the specifics of the operating process, the contingent of employees, and so on.

Table 4

Social activity of agrarian enterprises of Mykolaiv region

Indicator	The result of the study
Agrarian enterprises located in rural areas	79,6% of the total number of agrarian enterprises
The most common directions of social activities expenses	employee social benefits, social insurance expenses, expenses for social projects financing, arrangements for feeding expenses, etc.
The main supplementary social expenses	charity support represented by food staples and money for burial and birth; charity support represented by food staples for school and kindergartens and retirees; purchase of New Year presents for children of employees; fund-raising dinner for the elderly or on a Village Day
Number of pollees (the quantity of them in the countryside)	98 enterprises (100%)
Availability with the respondents of the approved Collective agreement	67 enterprises (68,4% of respondents)
Social activity implementation oriented to the localities and residents, main types	71 enterprises (72,4% of respondents), roads repair; streets lighting; repair of treatment facilities; repair of schools and kindergartens; sending holiday greetings to the elderly; land cultivation for single people and pensioners; carrying out sports competitions and holidays etc.
Availability of a plan for enterprise social development (rural area)	10 enterprises (10,2% of respondents)
Availability of the internal social report	7 enterprises (7,1% of respondents)

Source: built on the authors' own research.

We widespread the social expenses classification presented by Patsula O. I. (in particular, according to the division for the voluntary and the obligatory), and it is also supplemented by such classification properties as a state regulation degree and a social responsibility of activity (Tab. 3).

This classification will allow to approach the accounting, analysis and planning in more detail in order to implement further social activity and obtain a social effect.

In particular, the main results of our sociological study of the social activity of agrarian enterprises of Mykolaiv region are represented in Table 4.

Therefore, the main extension of accounting within social activity is the improvement of accounting financial reporting, or the preparation of social reporting and the distinction of social activities of agrarian enterprises.

Consequently, the development and widespread introduction to the economic practice of social accounting (on the basis of accounting) should provide all related parties with necessary information about the social activities of agrarian enterprises and the proper process of formation of non-financial (social) reporting.

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Part 3

ACCOUNTING, ANALYSIS AND AUDIT AS AN INFORMATION SYSTEM FOR THE ENTERPRISE'S ECONOMIC SECURITY IN A COMPETITIVE ENVIRONMENT

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Part 4

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