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**SOCIAL CAPITAL AND SOCIAL
INVESTMENTS IN CONDITIONS OF
HYBRID WAR:
theory, accounting, government regulation**

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CONTENS

INTRODUCTION	5
CHAPTER 1. THE ROLE OF SOCIAL CAPITAL IN THE BUSINESS TRANSFORMATION IN A HYBRID WAR.....	7
1.1. General Approaches To Determining The Value Of Social Capital.....	7
1.2. The Value Of Charitable Assistance For The Creation Of Social Capital.....	14
1.3. The Counterparties' Transparency As A Prerequisite For Social Capital Development.....	28
1.4. Calculating the Value of Social Capital by «The Value Explorer» Method.....	42
CHAPTER 2. DEVELOPMENT OF ACCOUNTING: UKRAINIAN CONTEXT.....	54
2.1. Hybrid War As a Form Of Modern International Conflicts And Its Influence On Accounting Development.....	54
2.2. Development of variability concept in accounting: Ukrainian context..	62
2.3. Information Support Issues Of Risk Management Of Corporate Social Responsibility.....	72
2.4. Protection of accounting information in the conditions of the hybrid war	85
CHAPTER 3. SOCIAL FRANCHISING AND VENTURE FINANCING IN BUSINESS IN THE CONDITIONS OF THE HYBRID WAR.....	93
3.1. Social franchising as modern model of veteran-owned business development.....	93
3.2. The modern mechanism of venture financing of social projects in times of conflict.....	108
3.3. Current development issues of accounting support of innovation venture financing.....	119

CHAPTER 4. ANALYTICAL SUPPORT FOR THE MANAGEMENT OF SOCIALLY RESPONSIBLE ACTIVITIES IN THE CONDITIONS OF THE HYBRID WAR.....	124
4.1. Modern trends in socially responsible investment in terms of sustainable development: issues of efficiency.....	124
4.2. Analytical support for management of venture financing of innovative enterprises.....	135
4.3. Accounting reserves in optimization of risks of innovation activity.....	145
CHAPTER 5. COHERENCE OF SOCIAL AND ECONOMIC POLICY OF THE STATE IN THE CONDITIONS OF HYBRID WAR.....	157
5.1. Problems of realization of the state social policy in the context of overcoming the negative consequences of the hybrid war.....	157
5.2. Metamorphosis of administering VAT in the context of improving the economic instruments of counteracting the hybrid war.....	171
5.3. Stimulation of business and alternative tools of dialogue of intersectoral partnership for the realization of the concept of social responsibility of business in the conditions of hybrid war	182
5.4. Trust as a determinant of social capital.....	190
CONCLUSION	207
REFERENCES.....	218
TEAM OF AUTHORS.....	236

INTRODUCTION

The progressive development of the country's economy at the present stage of formation of economic relations in the world is increasingly dependent on the efficient use of human capital. One of the areas is the development of social capital, social investment, which is especially relevant in the context of military conflict in Ukraine and hybrid warfare by the aggressor country, as it allows to form new ways to implement social policy in the country. In order for the development of social capital to take place within the given parameters and be controlled, it is necessary to have a deep theoretical understanding of the concept of social capital, its implementation and social investment processes, understand their role in the modern economic system, effectively use accounting and analytical support for their management, as well as to apply the most effective means of their regulation (social policy, social franchising, venture financing, venture philanthropy, etc.). Ensuring the development of social capital and the implementation of social investment can be seen as one of the possible ways to overcome the problems for the social policy of states that were caused by the onset of the global financial and economic crisis.

One of the defining characteristics of the development of enterprises in a hybrid war is the level of their social responsibility to internal and external stakeholders. To build an effective system of social responsibility current model of accounting information formation and its disclosure to internal and external users in the form of traditional (financial) and non-traditional (non-financial) forms of reporting require improvement. The study of analytical support for the management of social investment processes as well as the implementation of socially responsible activities of enterprises in a hybrid war, the development of means of regulating social capital and the processes of social investment deserves special attention.

In general Monograph is devoted to identifying the role of social capital in the business transformation in a hybrid war, development of accounting in Ukraine, social franchising and venture financing in business, analytical support for the management of socially responsible activities and coherence of social and economic policy of the state in the conditions of hybrid war, which is currently underway in Ukraine.

The publication is intended for doctoral students, PhD-students, graduate students, research staff, lecturers and students of higher educational institutions, who study the issues of accounting and taxation development in Ukraine and in the world.

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CHAPTER 1

THE ROLE OF SOCIAL CAPITAL IN THE BUSINESS TRANSFORMATION IN A HYBRID WAR

1.1. General Approaches to Determining the Value of Social Capital

A distinctive feature of the modern world economic development is forming in the developed industrial society based on innovative production. This fact fundamentally changes both the position and role of man in production and the very structure of production. The post-industrial world is fundamentally characterized by several developments, including the most important factor of economic progress that serves social capital that finds its expression through intellectual, creative and communication skills.

Economic development is causing an increase in the value of intangible assets for socio-economic development. Sustainable economic growth depends on social capital and its components: the level of trust in society, the existence of informal social groups that form a network and the availability of the rules governing relationships. Evaluation of social capital reserves helps to identify economic development, competitiveness, and quality management.

Social capital is important for human development as closely related to economic growth and strengthening of all other forms of capital. Of labor and business ethics produced in the process of social interaction, enhance productivity, and reduce costs of economic activity. Strengthening social capital can significantly increase the effectiveness of the social and economic policy. Of importance is the strengthening gets in terms of hybrid warfare as increased confidence in society and business environment, the formation of stable social relationships between enterprises is the main factor in the development of all sectors of the state.

In studies of social capital, its measurement problem has always been the key. The existing methodology for assessing advisable to separate the two approaches. First characterized by indicators that reflect the effects of the elements of social capital in society. According to Putnam (2001), Social capital is manifested in social networks, norms, and trust, therefore, that quantitative measurement of these elements determines the quantitative view of social capital. Indexes' second approach reflects the impact of social capital on the economy, not highlighting its components.

As the information and knowledge are essential, a basic resource of the modern economy, and a much narrower range of traditional economic laws by which it is governed. The time to find new levers of influence on the socio-economic development of society and, in our opinion, the most important among them is social capital.

Bourdieu (1986), Coleman (1988), Portes (1995), Fukuyama (1995), Hanifan, (1916) known scientists in their work revealed the issue of identification of social capital and its evaluation.

The problem of social capital assessment remains valid and requires further research and teaching materials.

For construction techniques that would give an accurate and reliable assessment of the social capital necessary to define the level of its administration (Figure 1).

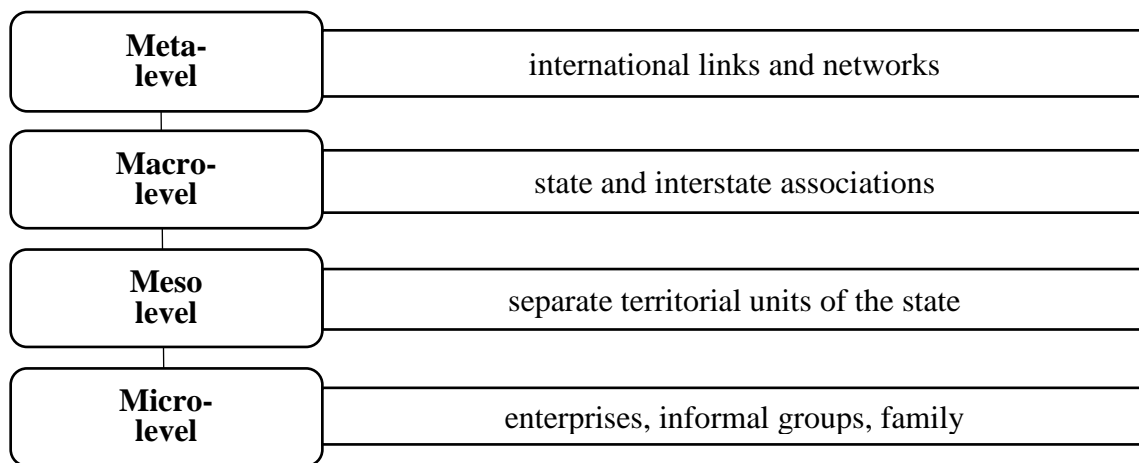


Figure 1. Levels of social capital management

An important contribution to the study of the nature of social capital and implement its evaluation carried Fukuyama F. In his writings, he noted that assess social capital at the macro level is virtually impossible, given many subjective data needed to calculate it.

Empirical study Portela et al. (2013), Helliwell and Putnam (1995), Pereiro and Tortosa (2015) indicates that the level of social capital region or country is positively correlated with its economic indicators. It should be noted that trust is not capable of arising by itself. Society and business must clearly understand that trust is a real investment that requires resources: financial, intellectual, labor, innovation and more. Formation, existence, accumulation of social capital is a prerequisite for the development of a modern business environment.

Zhyhlei & Zakharov (2019) in their research have proved the role of social networks as a source of creation, accumulation and restoration of social capital, and noted the importance of networking that influence the socialization of society and

widening its communicative boundaries in the conditions of development of modern socio-economic relations.

In explaining its approach to measuring the social capital of the state Fukuyama (2000) took as a basis the approach Putnam (2001) That is, the level of social capital depends on the number of social groups in society, which directly affects the formation of social ties and networks. Fukuyama noted that the exact number of groups cannot be determined, as well as to evaluate the level of relations in these groups. Therefore, when assessing must consider external factors as social capital most exposed to their action as compared with other forms of capital. The main external factor scientists call the trust and its quantitative measurement is performed radius of trust. The radius of trust has a maximum value of 6, which means total trust within the group.

The scientists Lee, Jeong & Chae (2011) proposed to determine social capital using the social capital index, which includes four main components: social trust, norms, social networks, and social structure and identified the gap between East Asia and Western Europe in this indicator.

Rudzewicz (2016), lack of trust in the enterprise or between the enterprises destroys social responsibility. The effects of distrust lead to poor product and service quality, diminishing customer and employee satisfaction, as well as company profits, limiting its development prospects.

Among the methodological approaches to determining the value of social capital is particularly important econometric model innovation effect of social capital that is represented in the labor Miguelez (2009) «Promoting social equity technological contributions in the creation of knowledge. Evidence from the Spanish regions» on the basis of the production function that establishes a relationship between the cost of innovation activities (including the costs of R&D, human capital, social and some structural features of certain regions, and the results of innovation, such as the number of patents granted in i region in period t (in the form of a functional model of the Cobb-Douglas). The structure of the model introduced besides, indicator of social capital, the share of employment in productive activities in each region since it is involved in the industry often patented results of their research and development. To consider external factors related to the specialization of labor, placing consumers and suppliers, physical and institutional infrastructures differences in scale, agglomeration effects introduced index specialization variable region and population

areas. To determine the relationship between social capital and the cost of R & D model was also introduced to take account of these expressions' indirect effects.

As an indicator of social capital in the model used complex figure, seen in the paper «Measuring social capital and growth: economic methodology» (Perez et al., 2006). It is based on solving the optimization problem of investment in social capital (the time required to relationships with others and cooperate with them). Productivity certain amount of capital is its usefulness (of services), which provides that in case of its use in this case – to reduce transaction costs in the economy through network ties, shared values, norms and trust. With the conditions of the optimization problem, the production function Cobb-Douglas and conditions for the accumulation of social capital (Perez et al., 2006) The approximate its assessment for each period in the form of the social accumulation index capital (sk_{it}^*) (Formula 1).

$$sk_{it}^* = \beta \left(\frac{1+\lambda(N-1)}{N} \right) \frac{y_t}{w_t C'(Is_{it})} (1 - G) \frac{1 - \left(\frac{\delta}{1+\rho} \right)^{T-t}}{1+\rho-\delta} \quad (1)$$

Source: Miguez E. (2009)

It is directly and positively related to income y_t , approximated GDP; inversely dependent on income inequality G , Gini index of regional approximated because the risk of being relegated to participate in collective consumption by increasing income inequality is increasing; positively related to life expectancy T , as it increases the number of years during which the individual will participate in social networks; negatively depends on wages; negative marginal cost depends on the interaction $C'(Is)$, approximated proportion of people with higher education among people of working age; the level of social capital depreciation d ($\delta = (1 - d)$ - the level of return on investment in social capital), approximated unemployment; and the factor of discount (discount factor) ρ , which is taken at 4%. The parameter β production function Cobb-Douglas per employee can be estimated based on national accounts. This index is a model of the mechanism of formation of social capital. $\bar{(w_i)}$

Whereas previous studies, Rohozhyn, O. (2013) suggested that their approach to the assessment of social capital. Thus, argues that in countries with advanced economies typical special income distribution where there is not full equality, and according to the law «golden section» (Fibonacci number). Estimated total stock of social capital at the macro level based on the deviation from the criteria for the distribution of incomes in the form of a number Fibonacci amount (by decile group) modules relative deviation of the real distribution of natural inequality (Formula 2).

$$SC_r = \left(\sum_i \left| \frac{Y_i - Y_i^*}{Y_i^*} \right| \right)^{-1} \times 10, \quad (2)$$

where: SC_r - supply of positive social capital (macro)

and = 1, 2, 3 ... 10 (Decile income groups of the population);

Y_i - the number of people available to decile group and;

Y_i^* - the number of people in decile group and when there are multiple Fibonacci number.

The proposed approach is simpler than in the calculations econometric model innovation effect of social capital. If the obtained value close to «0», it indicates a favorable social environment for the development of innovative processes.

The impact on the formation of social capital has several factors. At each level of regulation, these factors are special, in fact, for each entity they are affected differently. Despite the considerable attention given to the study of social capital, the problem of determining factors influencing social capital remains unresolved. To assess social capital should be used integral indicator that would consider its specificity. Rating welfare of the world, which consists Legatum Institute offers its quantitative dimension – the social capital index, which is one element of ranking Prosperity Index (2019). The index consists of 10 items: charity, help in solving problems, helping Guest, informal assistance to find other, respect,

Respect and trust in government is perhaps the most important elements of social capital index as having a significant impact on the economy. Respect leads to cooperation and assistance. The most important are the interpersonal respect since it is the basis for building respect in society. In turn, the level of trust in society can be measured by the level of public confidence in the government, because government is elected by the citizens. Thus, there is interdependence, where the decline of respect for the government reduces the respect between citizens. Ukraine has a low position in the ranking of public confidence in government. Thus, the highest level of distrust observed in 2012-2013, that was the cause of the revolution. Despite the positive trend in the changes over the last four years, the level of trust is extremely low.

The low level of confidence provokes destruction of social networks at all levels of society, especially at the enterprise level. In his work «Price, quality and trust: inter-firm relations in Britain and Japan» Sako (1992) classified four types of trust: contractual, competent, fair and trust in the goodwill (goodwill). Contract trust means a reliable, repetitive actions specified in the contract. Competent trust - a trust in the skills, abilities and experience. Fair confidence manifested in the consistent resolution of problems and conflicts, and transparency of the company. The most intangible

element is trust in the goodwill. It depends on the openness of the enterprise, honesty and transparency, the frequency of voluntary and charitable programs.

In our view, separately, in the study of social capital should consider the level of charity care and volunteering in the community. From 2013 level of charity increased threefold compared to all previous years, which is directly connected with the revolution and the military conflict in eastern Ukraine. A similar situation with informal assistance that was significant in 2014 and 2017 respectively. However, the opposite trend of volunteering. Maximum volunteer programs were strong in 2010-2012, due to the holding of the European Football Championship. Since 2014, almost all socially useful activities directed to support the army, so attention is paid to other volunteer projects decreased.

A perfect example of social capital are the Scandinavian countries. Their phenomenon is a special connection between the motivation to succeed, citizens' access to various social opportunities and peculiar religious culture based on values that are not related to the financial and economic well-being (music, literature, painting).

In recent years, the trend can be observed deterioration of social capital, especially in advanced economies (Switzerland, Austria, Italy, USA). The reason for this was the Great Recession that «shaken» public confidence not only in government and the international financial institutions, but also to motivate charity and mutual support. In developing countries, by contrast, increased levels of social capital, because of not only its initial low value, but also the desire of citizens to find new ways to solve social and economic problems without government interference.

It should be noted that in countries with emerging economies, characterized by «paradox of social capital». It is characterized by the need for state regulation of citizens at a low level of confidence in the pre-state and non-state institutions. The effect of this paradox observed, particularly in Ukraine, where appropriate level of public trust is present only in the church and the media opposed to distrust all authority.

Quantitative measurement of social capital is a complex issue because of imperfections in methodology and data quality. Although there have formed an illustrative list of indicators of social capital and its features, such as the level of philanthropy, volunteerism, corruption, the degree of public participation in policy-making, the number of associations of citizens, turnout, the number of recorded crimes, the number of users Internet or mobile services that allow to evaluate environment favorable to the development of social capital, they relate mainly to

external factors influence (public censure for failure to donations for the benefit of the sick and the poor, the threat of sanctions for non-tax and anti-corruption laws)

In our opinion, more important is the problem of measuring social capital at the micro level, particularly at the enterprise level. Among the large number of forms of capital, social matters most signs of public resources, because based on this emerging network of social relations that is used to transmit information resource savings, increased confidence, the formation of individual reputation and turning it into a competitive advantage. Social capital has a positive effect to mobilize resources for the implementation of public projects, dissemination of accurate information among economic agents, mutual learning the rules of conduct.

Enterprise should be considered as a social system, because the man manages resources so that the result is profit. Increased social capital provides several competitive advantages that do not require considerable investments as updating the material and resource base or develop a new product line.

The basic condition for the postindustrial society functioning should be – to ensure a large enough economic potential to enable a faster pace of life, a prosperous society for more than five billion people, all done on the basis of an attraction of matter and energy from the environment tempered by the current situation and based on an enhanced attraction information (Ciobanu, Pana & Davidescu, 2011)

Of importance is the approach Fukuyama (2000), offering assess the social capital of the company in determining the difference in its market value and after the acquisition. Since the market price reflects the value of tangible and intangible assets. Social capital is a component of intangible assets, which also include goodwill, intellectual capital, future economic benefits are expected in the acquisition of the company. Excess of cost over the market value of assets is considered as a premium for expected future economic benefits. The difference is formed, does not reflect the net value of social capital as includes the value of human capital, but it certainly makes a significant share.

Interestingly methodical approach D'yachenko (2015), which indicates that social capital is the sum of the costs of establishing and maintaining a network of economic and investment in human capital exteriorisation network. In turn, the economic network is divided into social (consisting of individuals) and business (consisting of companies). The cost of a network consisting of time (is the economic equivalent of time spent on creating and maintaining a network) and material cost of establishing and maintaining the network. Social capital is calculated as follows (Formula 3):

$$SC = C_n + HC_n = T \cdot c_t + C_{nm} + HC_n, \quad (3)$$

C_n - the costs of establishing and maintaining economic networks;

HC_n - investments in exteriorisation network of human capital;

T - time spent on creating and maintaining the network;

c_t - the cost of time spent;

C_{nm} - material costs of establishing and maintaining the network.

Evaluation of social capital allows it to effectively control that primarily provide a reduction in operating and, most importantly transaction costs.

Ukrainian companies do not consider social capital as an investment object but develop some of its elements in the sustainable development concept. Thus, non-financial and integrated reporting the most transparent companies does not contain information about the formation of social capital. However, virtually every company engaged in charity, volunteering, caring for employees and social work with the community. Considering the formation of social capital at the micro level, and taking into account the structural elements of the index Prosperity Index, we can conclude that it is charity, volunteering, working with community and concern for employees is an essential factor of social capital. Among these features are relevant to the study of the detection and measurement of social capital. Thus, the state socio-economic policy should include specific typical programs of social development, protection, and security to ensure the continuous and effective development of social capital.

1.2. The Value of Charitable Assistance for the Creation of Social Capital

In the conditions of limit nature of resources search of resources, that able to provide the economic growth which, in turn, will result in the increase of welfare of population of country is the major problem facing economists of all times. Such resources were available, but over time one of them sputtered out, conceding to a place to another, and others were effective only for certain conditions. In this connection the idea of search of new sources of increase of efficiency of activity of management subjects becomes more actual.

All more often there is a statement in scientific literature, that social capital is the basis of enterprise's activity and development. Unlike, for example, a human or intellectual capital it is impossible to get a social capital as a return from that or other rational investment. A term «social capital» arose up in a social theory because of

development of conception of human capital. Just as the manufactured capital created by changing materials for the manufacture of tools for production, human capital is created by the development of the individual, that is, giving it ability and skills to act in new ways. A social capital is created in turn when mutual relations change between personalities with the purpose of assisting productive activity. While manufactured capital can be physically felt as it is materialized, human capital is not as obvious as it is embodied in the skills and knowledge.

In 50-ies of XX century, when the deficit of highly skilled shots appeared in the conditions of scientific and technical revolution, direction of researches moved from the processes of the use of present labor force to the processes of creation of its qualitatively new form. Structural changes in the labor force, the interest of economic growth and economic dynamics have resulted in occurrence and development of human capital theory (Bondarenko, 2003, p. 141).

But over time, the economic approach to the definition of human capital was insufficient, since it does not consider one of the most important aspects of activity – the relation of man to labor, his moral and spiritual health, creativity, etc. that resulted in the appearance of social capital. Social capital is less tangible because it is embodied in the relationships.

In addition, the relevance of social capital research is connected to the growth of the share of intangible assets in the structure of capital. Still today the concept of social capital as a problem of scientific research is new and poorly understood. Therefore, currently there is no single definition of «social capital», especially accounting aspect is not disclosed in the scientific literature.

Recently when carrying out researches in the sphere of various sciences, association of objects, loan of methods, terms is traced. It helps to rethink, in a new way to interpret the settled concepts that is caused by rapidly changing conditions of both economic, and public, political life. As the famous American sociologist and futurist, the theorist of the information society Toffler in his book «The Third Wave», «up to now mankind has experienced two huge wave of transformations, and each of them basically destroyed older culture or civilization, so to replace them way of life, which was incomprehensible to the people who lived before. The first wave of reforms due to 10 thousand years ago, the introduction of agriculture, is required thousands of years to get rid of itself. The second wave is the growth of industrial civilization - took only 300 years. Today, history shows, offers even greater acceleration, and it is likely that the third wave will sweep through history, and completed within a few decades» (Miller, 2005, p. 63).

Working with the scientific literature on the political economy, sociology, law, accounting, allows us to conclude that the phenomenon of borrowing concepts is not alien to them. As the professor of the Department of Political Economy of Economic Faculty Radaev, it allows you to «bridge the gap between the related disciplines, without leaving its territory. As a result, the borrowed notion and the whole concepts line up in «their» logical constructions, reinterpreted by a closer type of research tasks» (Radaev, 2002, p. 20).

Such a notion as capital in recent years is widely used not only in the economic, but in political science, sociology, psychology, cultural studies, economics, and other fields. However, this issue is not disclosed in economic terms.

Considering the above, the purpose of the study is to analyze the theoretical content of the concept of social capital in due to economic point of view as well as reflection the expenses on charitable assistance in accounting. In accordance with the purpose of the research, its objectives have been singled out: to allocate financial and non-financial economic aspects of social capital; to determine the place of the charitable assistance expenses in social capital as well as to reveal peculiarities of reflection them in accounting

In the modern world there are tendencies of an active process of awareness of the global financial and non-financial value of capitalization. In order to avoid the lack of logic when using this concept one should clearly define what is meant by capital and what are its properties.

Economists consider capital as a factor of production, the accumulated economic resource that is included in the processes of reproduction and growth of mutual value through the conversion of its various forms. The economic understanding of the basic properties of capital are as follows: 1) limited economic resources; 2) The accumulated economic resources; 3) resource has a certain liquidity, ability to be converted into cash; 4) the cost of reproducing the circuit in continuous forms; 5) the cost, bringing a new, value-added (Radaev, 2002, p. 21).

Economic sociology takes this original definition. However, its difference lies in the fact that here in the first place, vastly increases the range of the analyzed forms of capital used in economic activity, and secondly, due to the completion of the set of forms seriously enriched by the very concept of capital. Highly important is the fact that capital can take not only the material, but also incorporated form, i.e. embodied in individuals and relationships between them, therefore, capital is also considered as non-financial assets (power, prestige, social status, etc.) that can generate income.

There are different forms of capital in the literature on the social economy. Their generalization is conducted by Radaev (2002), he highlighted the following eight forms of capital:

- economic (monetary capital (funds), productive capital (means of production), trading capital (finished products));
- physical (associated with the state of health and level of working capacity of business agents, and their external physical characteristics that can be used to mobilize other resources);
- cultural (socialization skills in a particular social environment);
- human (the totality of the accumulated professional knowledge and skills obtained in the process of education and training, which can then generate revenue - in the form of wages, interest or profits);
- social (the totality of the relations connected with the expectation that other agents to fulfill their obligations without sanctions generating activities);
- administrative (mobilizes vertical linkages and is associated with the ability of some business agents to regulate access to the resources and activities of other agents, using special positions of power and authority);
- political (means the incorporate ability to mobilize collective actions and participation in these activities, involves a person's ability to represent the interests of other agents (individuals and groups) that are delegated to him by right of representation of his interests);
- symbolic (a person's ability to producing opinions).

The study of social capital actively started by sociologists of the twentieth century. And in recent decades the concept of social capital is becoming more popular not only in sociology, but also in economics and accounting

According to International Integrated Reporting Standard (2020), adopted in 2013, there are six types of capital at the enterprise. They are as follows: 1) financial; 2) manufactured; 3) intellectual; 4) human; 5) social and relationship; 6) natural. Thus, social, and reputational capital has such a definition: it is the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and reputational capital includes shared norms, and common values and behaviors and key stakeholder relationships, and the trust and willingness to engage that an organization has developed and strives to build and protect with

external stakeholders as well as intangibles associated with the brand and reputation that an organization has developed.

Comparing the definition given in standard with the previous, it was found out that the important difference is that the social capital from a set of relations has grown into an institution that enables to specify a general idea about this form of capital.

Recently, there is growing evidence that social unity serves as a determinant of sustainable development.

Background of origin of social capital can be traced as far back as classical sociology and political economy. In the works Durkheim (1991) and Weber (1990) laid the foundation for the study of the concept of social capital. The main component of the social capital they considered the trust that under certain conditions may no longer be an individual quality that characterizes a person and can spread to the whole social group or society.

Max Weber in his work «The Protestant Ethic and the Spirit of Capitalism» (1990) has analyzed interaction of economic conditions, social factors, religious beliefs and noted that the radical difference between the traditional and modern at the time capitalism was not in technology, but in human resources, more specifically, in relation to human labor.

Category of social capital has acquired a deeper conceptualization in the works of Borgatti, Jones, Everett (1998), Coleman (2000), Lin (1999), Loury (1992), Knoke (1996), Penning and Lee (1998), Portes and Sensenbrenner (1998).

The term «social capital» first was used by Hanifan (1916) in 1916 to describe the most important circumstances that affect the daily lives of everyone. The author emphasized the need for education of will, fraternal feelings and mutual sympathy, the ability to establish social relationships and communication among people. Since then, the phrase «social capital» came into circulation, it was used at different times by psychologists, sociologists, political scientists, and the last 20 years is used by economists.

Political scientist Putnam's scholar's scientific heritage is of great importance. His book «Creation of democracy. The traditions of civic activity in modern Italy» (1993), which was the transition from a qualitative discussion of the importance of social norms in a more objective study. Comparing the results of the reform of the decentralization of power in Italy in the 1960 s., Putnam paid attention to the fact that the northern regions where people are more socially active (by indicators of attendance in elections, participation in associations, interest in local affairs), better used the transferred powers, in «passive» south, on the contrary, the quality of management has

fallen. He believes that «civil society is characterized by active and oriented on the social goals of the position of citizens and elitist political relations based on trust and cooperation of social relations» (1995). All this together scientist call «social capital».

Considering the different types of social relations Putnam (1995) based on the ideas of social networks of researchers suggested to distinguish «bonding» and «bridging» social capital (Figure 2).

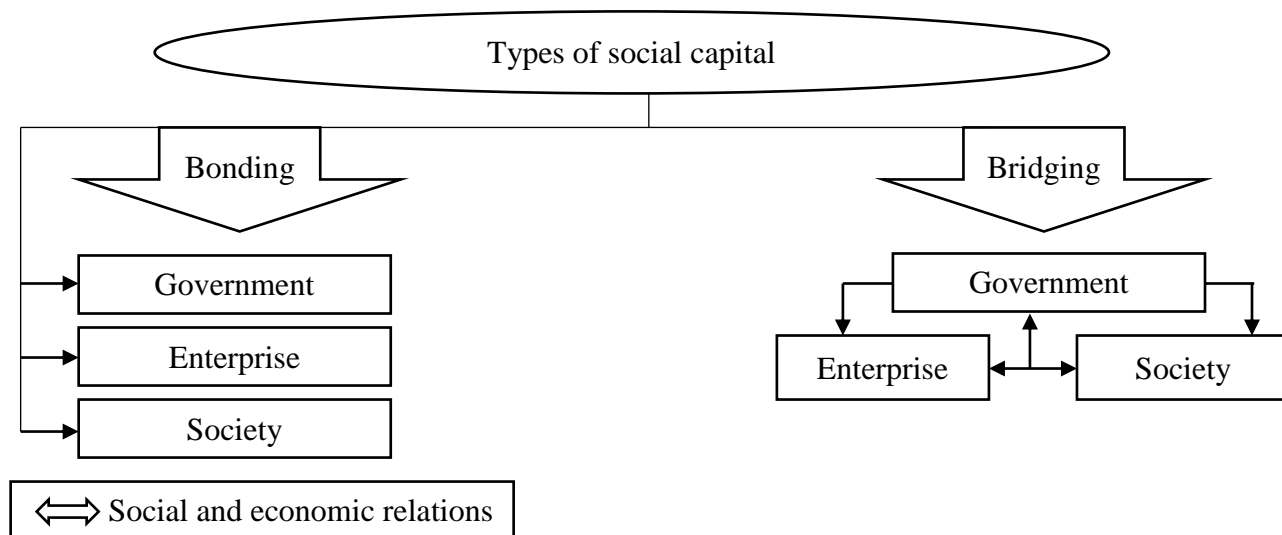


Figure 2. Types of social capital

Source: author's original work

Thus, bonding social capital is formed in a particular social group as social relationships between, for example government agencies, employees, the population of a local community, bridging social capital enables the development of relations between different social groups and networks. The classification is based on the idea of Granovetter about relatively stable and weak links in social networks (1973). In his opinion, the weak links are the largest source of information which can facilitate social mobility of the entity, while in the network of stable relations information that circulates, is the least different from that which every subject has separately. Sustained connections or bonding social capital creates a strong sense of belonging, which can develop the antagonism against non-members. In this sense, bridge social capital helps to consolidate society. Bridge social capital, first of all, is based on public participation, while bonding social capital reveals informal relationships and social network characteristics (e.g. density, frequency of communication).

The place and role of social capital in the functioning of the economy, including the global, is considered in works of Radaev (2002), Diskin (2003). The social capital of trust and the managerial strategies are considered by Blom, Melin,

A. Sarno, I. Sarno (2005). For our study scientific works of Aberg (2000) who considers social capital of post- communist societies are of a great interest. The works of Levi (1996), Jackman & Miller (1998), Araujo & Easton (1999), Uphoff (2000), Cohen & Prusak (2001) are also noteworthy. They considered social capital as a factor of the efficiency of enterprises.

In Ukraine, such a concept as social capital, is almost unexplored. Among examined publications we can identify sociological researches of Demkiv (2004), in which he makes an attempt to systematize the theory of social capital, he offers his vision of the relationship between the different levels of this phenomenon, and the prospects for its research works, the scientific works of Bagnyuk (2008), Bova (2003), Gugin (2001), Lesechko & Sydorchuk (2008), Kolodiy (2002), Stepanenko (2001).

Analyzing the definition of social capital by different scientists, it was revealed that still an unambiguous interpretation of the concept does not exist (Table 1).

Table 1. The main approaches to the definition of «social capital»

<i>№</i>	<i>The approaches to the definition</i>	<i>Authors and sources</i>
1	The totality of resources that are at their disposal thanks to the people in their social relations	Baker (1990), Bourdieu (1993), Coleman (1990), Lin (1986), Sagradov (2006), Fukuyama (1999)
2	Friendly contacts, social interaction, communication between individuals	Burt (1992), Hanifan (1916), Loury (1992), Paldam (2000), Radaev (2002), Busse (2002)
3	The ability of individuals to manage limited resources	Portes (1998), Busse (2002)
4	Economic mega institute	Volchik, Raksha (2013)
5	Expectations concerning social action within the team	Portes, Sensenbrenner (1993)
6	Set of elements of social structures that effect on the relationship between people	Schiff (1995), Radaev (2002)
7	The social and relationship capital are institutions and relationships within and between communities, and between stakeholder groups and other groups, and the ability to share information to improve individual and collective well-being	The International Integrated Reporting Standart (2020)

As can be seen from the table above, most scientists consider social capital as a set of resources that have at their disposal the people because of their social relations, manifested in the form of familiarity contacts, social interaction (affinity, familiarity, membership in associations and unions, belonging to certain social groups).

Another part of the of researchers (see Table 1) defines social capital as the ability to manage resources. Both given positions are not baseless: resources are potentially social capital if based on a system of values and norms that are shared by

members of the group, formed only in the group, and because of it, but these resources can be implemented as a social capital only in an environment where they disposed of separately taken individual or group of people.

All other interpretations (see Table 1) are the individual components of social capital. The existence of such approaches can be explained by the fact that the consideration of a form of social capital is determined by the implementation of the objectives of the study, which are held in different areas. According to Coleman, «Like the physical and human capital, social capital is not subject to the strict definition, but it can have specific features in certain areas» (2001, p. 124).

It is indicative that only in two sources (see Table 1) we are talking about social capital as about economic megainstitute, but only in one of them, this concept is regulated at the legislative level.

According to Fukuyama (1995), social capital differs from other forms of human capital that, as usual, is created and transmitted through cultural mechanisms such as religion, tradition or historical habit that determines the difference in the creation of social capital in different countries, different peoples, people of different faiths. This should be considered when analyzing the level and types of social capital.

Considering the nature of social capital, many researchers point out that it can exist only in the presence of certain social networks (Bourdieu, 1986; Macherinskene, Minkute-Genrikson & Simanavichene, 2006; Coleman, 1990; Flap, 1994; Lin, 1986; Portes, 1988).

A person can change jobs, place of residence, he can change the social status, but the web of relationships with his family, friends and colleagues will remain. Namely these connections are indicated in the sociology concept by «social networks». Person either alone moves in space and according to career ladder, or move the resources either his own or others', but any- how all life can be represented as moving across the network.

Through social networks social capital is implemented as well as economic, cultural, and symbolic capital. From this Bourdieu (1993) introduces the concept of social field as a multidimensional space of positions «in which any current position can be determined on the basis of a multi-dimensional coordinate system, the values of which are correlated with the corresponding different variables.

Thus, agents are distributed in the first dimension – in terms of total capital they possess, while the second – on a combination of their capital, that is, by a relative weight of the different types of capital in the total of ownership» (1993, p. 58). Most

stringent conceptualization of social capital is suggested by Coleman, who calls it a resource, moving from donors to recipients. Social capital is equal to the sum of individual relationships with other individuals and is the intermediary for the mobilization of other resources. In a such way the transfer of social capital in other types of capital (economic, cultural etc.) is conducted (1990).

Furthermore, in EVS/WVS studies (2009), as well as in ESS the networks that consists of formal and informal networks have been considered. From the economic point of view, in our study especially formal networks are of a great interest for research, as these relations are characterized by participation in social organizations and charities. To identify these relations concerning the enterprises author considers singling out one of the components of social capital at the enterprise. These are charitable assistance expenses.

Trust. The relationship between individuals can create social capital only through the existence of trust between them (Volchik and Raksha, 2013; Macherinskene, Minkute-Genrikson & Simanavichene, 2006; Coleman, 1990; Paldam, 2000; Portes, 1998), the creation of various associations (Putnam, Leonardi & Nanetti, 1993), compliance with the general norms and rules (Macherinskene, Minkute-Genrikson & Simanavichene, 2006; Coleman, 1990; Putnam, Leonardi & Nanetti, 1993), fulfillment of mutual obligations (Volchik and Raksha, 2013), note also the use of certain sanctions for breach of obligations. We believe that the application of any sanctions and trust in the team are incompatible, and therefore cannot be part of the social capital.

Trust is initial, it motivates each party in a favorable light to interpret the intentions and actions of the other. Trust is important because it expands access to the resources of organizations and reinforces their ability to adapt to unforeseen problems, opening the way unattainable in the context of casual relationships.

A high level of interpersonal trust is an important prerequisite for the formation of social capital.

Lack of trust leads to such relations as «vertical contract». In this occasion A. Auzan said: «If we are talking about a vertical contract, let us understand from what foundations arises vertical contract. When you believe that any problem can be solved only from the top and you cannot solve it with the person who is close to you – that is the deepest foundation of vertical contract (2005).

Transferring of reliable information. An important component of social capital is the opportunity to obtain information that is peculiar to social relations. The

information is important in the decision-making process. Information exchange has a more personalized nature than impersonal relations. It allows you to gain the knowledge that will increase the effectiveness of the economic entity, allow for a more quickly respond to changes in the environment. One of the top managers of American companies explained in the following way the role of exchange of information: «We have a factory where we manufacture our products, they know what, and how everything should look like. They know the style. It is not always possible to make clothes just by mold, especially if we are in a hurry and did not identify all the details. But the factory, with which we already have a good relationship, noticed a problem at the stage of cutting clothes. They will figure out what to do with the material to get a result we planned. The new factory will simply do a work. They will not even think of it» (2007, p. 40). This statement demonstrates the role of permanent links and problems in selecting various suppliers arising in market relations.

Internal norms. The unwritten law within the team is the norm, encouraging everyone to sacrifice their interests and act in the interests of the collective, which is an extremely important component of social capital. The norms of this kind, strengthening by social support, status, dignity and other qualities should be the basis for bringing up the younger generation, for strengthen the family through the selfless actions of its members in «the interests of the family», they ensure the development of newly appeared social movements, small groups focused on mutual help and mutual support . Norms of this kind focuses on activities in the public interest. In some cases, the norms are well known, while others are mainly practiced in the selfless actions that deny selfish. They are important in overcoming the problem of public goods, existing in collectives.

Social capital is formed through a joint problem-solving mechanism, allowing actors to co-ordinate the functions and solve problems. These mechanisms provide faster response than the market mechanisms; they allow business entities to overcome difficulties easier and faster and resolve problems. Subjects united by the rooted ties, dealt with the problems immediately, without delay. Within the random links business entities, on the other hand, do not get a direct response and, when customers refused from previous agreements, forced to guess only about the reasons for such behavior. Thus, the joint solution replaces a simplified alternative to exit from the game and enables counterparties together to overcome the problems that arise, finding innovative solutions. Thus, they bring new solutions to the network and the combination of ideas.

Abstraction of the term «social capital» and the numerous ways to measure social

capital influences the conclusions about its role in the social and economic development. There are several reasons that cause the lack of a single unified indicator for measuring social capital. First, despite many theoretical conceptualization of the concept, definitions of social capital are multidimensional, includes different levels and units of analysis. Secondly, none of the available international comparative studies have been designed to measure «social capital», so that modern scholars tend to use aggregated indexes in accordance with the goals and objectives or analyze individual components of social capital (e.g., social trust, trust in institutions, participation in elections, participating in protest actions, charity). In our research to measure social capital we will analyze such a component of social capital as a charity. Regarding to the company research will focus on the charitable assistance expenses.

A significant part of representatives large, medium, and even small businesses when making decisions to assist the local population does not have enough information and confidence that the money actually find their destination. That is, there is no trust business to the economic system prevailing in the country. In this matter, macro and microlevel research are closely intertwined as in response to this situation society demonstrates minimum confidence to business. According to Govorukhin: «To break this cycle only the business is capable by giving the part of financial capital for social capital» (2007).

More often in the scientific literature we meet statement that social capital is the basis of the enterprise's activity and development.

Considering the social capital in the accounting system, it is necessary to focus on the so-called theory of social capital institutions, which explains how social structures and their interactions are associated with the results of certain entity. It analyzes how the communication of social structures and the subjects may affect the achievement of the main goals of the company. However, not all scientists support this theory. Knoke states that social capital of organizations does not exist, as a matter of fact it is a social capital based on social relations of individuals (1996).

Several scientists say that to evaluate this type of capital is impossible (Macherinskene, Minkute-Henrikson and Simanavichene, 2006).

But there are those who say about the materialization of social capital of both individuals and businesses.

We hold the position that the enterprises have their own social capital and it is productive, i.e. it affects the increase in productivity and the decrease in the cost of doing business. In this case, the question arises: how can it be assessed?

Coleman, for example, argues that «individuals have the opportunity to make a tangible social capital. But due to the fact that the benefits of actions that make the social capital of the material, in most cases received by anyone, but not actors, are often not in their interest to exercise their materialization» (2001, p. 138).

In the opinion of Shyhyrev (2005): «Social capital is not just» facilitates» productive activities. He is decisive, and foremost has a much greater potential compared to the physical and human capital. At first sight, the complexity of the proof of this assertion lies in the intangibility of social capital, but what is said about human capital compared with physical no appropriate systems of assessments have been developed.

However, it is possible to calculate the economic damage that is defined in monetary terms, caused by the deficit of social capital of organization: for example, conflict or atmosphere of suspicion, lack of trust managers to the subordinates and vice versa. These figures may be greater than those which express the magnitude of physical or human capital».

In the research «Growth Strategy of social capital» Murgulets (2006) explains the role of social capital in the enterprise and its economic importance: «Trust and confidence significantly reduce transaction costs. Business transparency and the confidence that you can trust partners, employees, and government officials are always cheaper and more profitable.

How to convince them that you can be trusted? It is not only what is, but also what kind of impression you make. So, it is necessary to create the social capital, work on it and invest in it time and money.

Trust as the installation has three components: information (knowledge of you, openness, feedback etc.), emotional (feelings, emotions), behavior (experience of cooperation, work, communication).

Trust can be controlled using its transparency, openness, networking, i.e. by investing in social capital, which in turn makes your business attractive.

The book «Business by Referrals» by Misner and Davis is dedicated to this issue. The technology of business development through the usage of communications, recommendations, and links to those who know you is represented in this book. As a result, it is much easier and cheaper than investing in advertising, phone calls for offering its services.

Social capital has certain qualities that are measurable by market value (price). In addition, it could increase or lose value depending on its position in the system of

market relations between the subjects of the social process. Shihirev said: «Today, competent management is becoming more important to the organization. And it is not just about managing physical and human capital, but also about managing social capital. It has long been estimated that 70- 80 % of the price when sale the company is its reputation» (1996). And the reputation of the firm is nothing more than its social capital. When selling the social capital of the company is shown as positive or negative goodwill on the accounts.

Social capital is also the difference between market and nominal value shares, which are sold on the stock market. To reflect these amounts national regulations (standards) of accounting have already developed and established a certain method of calculation.

Expenses that arise in the process of creating and implementing the social capital of the enterprise, also have a place in the accounting system, but today they are included in a part of the representation expenses. Unfortunately, they are not valued and reflected in the accounting (expenditure of time, the physical, mental, and emotional efforts). This direction will be the task of our further research. The examples previously considered determine what component of the accounting object social capital is. It means that part which may have a monetary value.

As previously observed, social capital can be expressed both in economic and non-economic terms what assist the improvement of the economic activity of the enterprise.

The quality of financial statements is concerned to the economic indicators. Transparent, reliable statements based on which it is possible to draw conclusions about the actual results and future economic relations with it, effects on the social capital of a business entity.

Place of social capital in the accounting system can be seen not only in terms of objects and elements of the method, but also from the standpoint of the subjects of accounting, in particular, the position of the chief accountant (CFO) and its relationship with the head (owner) of the enterprise. If between the two add up a relationship of trust, a certain system of internal rules, the exchange of timely and accurate information, than under condition of highly qualified accountant and desire of director to use all possible measures not only to improve the activity of the enterprise, but also to improve the living standards of their workers, the subject of accounting acts as active participant of management process. In this case, a man with economic education, can affect not only the economic but also the social processes taking place at the enterprise.

Thus, analyzing the number of definitions, it is established that social capital is everything that helps people move beyond individual orientation and participate in solving some common tasks.

Charity is also social capital, no doubt. First, charity can promote enterprise advertising, create a favorable image, good name, which is especially important for companies that work with mass consumer. The entrepreneur, who is engaged in charity, is regarded as one that creates good, and is trustworthy. This, in turn, creates a positive reputation, and therefore increases the demand for products that contributes to profits. In addition, the charity can help to strengthen the reputation of the partners. If the company provides charitable assistance, so it has money, it develops, it is a conscious, so it worth dealing with.

An example of the research of charitable practices in the context of social capital serves work of Brooks (2005), who, based on analysis of Social Capital Community Benchmark Survey, conducted in the US in 2000 (sample – 30 thousand people) suggested hypothesize and empirical model of the relationship of charity and social capital. According to his data, the various types of social capital have not the same effect: one (for example, the inclusion of social groups) affect a large amount of donations, others (e.g., participation in politics), by contrast, lead to small amounts of donations. He notes that the charity itself does not serve as social capital. In the capital it turns being organized relatively by constant interaction of who gives and takes.

So, because of the study, we found that the costs incurred in the establishment and implementation of social capital of the enterprises have a place in the accounting system. They are expenses on charitable assistance, but today they are included only in other operating expenses (Account 949 in the amount not exceeding 4% of the taxable income of the previous year). These costs are not shown fully and not reliably characterize the process of creation and implementation of social capital.

As noted by Murgulets, «business transparency and confidence in the fact that you can trust partners, employees, and government officials are always cheaper and more profitable» (2006). In turn, the greater the social capital of the company has, the greater the credibility and performance of its activities.

The analysis of the theoretical content of the concept of social capital, taking into account the economic point of view showed that the total amount of social capital cannot be estimated in monetary indicators, moreover, exact definition of its value, considering the complexity of such a process in a changing economic environment is impractical, since most assessment methods are sensitive to changes

in macroeconomic indicators or the choice of comparison base. Therefore, in the domestic conditions it is appropriate to recommend accounting for social capital hold in monetary terms by the expenses on its formation, which can be carried out based on the existing financial statements. Thus, the singling out of the financial elements of social capital have been suggested in research. That is, those costs which arise while formation as well as implementation of social capital and are reflected in the accounting system as part of other operating costs, including the charity assistance expenses. The peculiarities of reflection of this type of capital in the accounting and reporting are as follows: the expenses incurred are not shown entirely and do not present fairly the third level of implementing socially responsible activities of the enterprise, namely responsibility before society in the form of charity.

The prospect of our further research is improvement of accounting reflection and reporting of charitable assistance expenses as one of the elements of social capital. These suggestions provide an opportunity to form the basis for expansion of reporting indicators in the part of charitable assistance expenses that in a computerized form of accounting does not increase the complexity of accounting process.

1.3. The Counterparties' Transparency as a Prerequisite for Social Capital Development

Over the past thirty years, the terms «social capital» and «trust» have become increasingly popular in economic and accounting literature (Putnam, 1993, p. 280; 2000, p. 217; Knack and Keefer, 1997, pp. 1251-1288; La Porta et al., 1997, pp.333-338; Guiso, Sapienza, and Zingales, 2004, pp. 526-556).

For example, Putnam (Putnam, 2000, p. 217) considers social capital as «the predisposition of people in society to collaborate to produce socially effective results» (La Porta, et al., 1997, pp.333-338) and covers «reciprocity and reliability norms» that arise in the connection between individuals.

Adam and Podmenik (2010, pp. 35-48), Coleman (1988, pp. 95-120), studied various aspects of social capital, the influence of social networks on enterprise development and its interaction with counterparties.

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to

membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a «credential» which entitles them to credit, in the various senses of the word (Bourdieu, 1986, p. 21)

Unfortunately, the concept of social capital was complicated by the existence of many-sided abstract definitions distinguished by theoretical views and inconsistent operationalization (Payne, Moore, Griffis, & Autry, 2011, p. 492). As a rule, it seems that the concept of social capital cannot be empirically differentiated from the point of view of resources and the nature of relations that constitute resources that are likely to exist, since social capital is not open to self-measurement (Gedajlovic, Honig, Moore, Payne, & Wright, 2013, p. 459). Lin (1999, p. 30) defines social capital as an investment in social relations with expected revenues in the market, insisting that social capital is created through social relations and the expectation of future social resources that they can generate. Nahapiet and Ghoshal (1998, p. 243) considered social capital as the sum of actual and potential resources embedded, available and derived from the network of relationships that a physical or social unit possesses. Thus, social capital relations, understood as benevolence, can be organized to create resources that enable them to carry on their activities (Adler & Kwon, 2002, p. 17).

Fukuyama (1995, pp. 457) investigated trust as an element of social capital, the main factor in its formation and as a criterion for creating a network of enterprises. However, the empirical identification of the impact of trust and, in general, social capital on the firm's performance is a complex task. First, social capital is a broadly defined concept that often covers trust and cooperative norms, and therefore measurement is not straightforward. Hilary and Huang (2018, p. 47) note that companies operating in regions where trust is more widespread (using a general social trust survey), are less afflicted with agency problems, are more profitable and have higher rates, while Hasan et al. (2018, pp. 1017–1047) found that firms operating in regions with a higher level of social capital have moderately better conditions in private lending transactions. Social networks as an element of social capital are the subject of individual research. Networks with more trust than other types of networks tend to share and exchange more complete and confidential information through solidarity (Adler & Kwon, 2002, pp. 17-40). The process of reproducing new and creative high value added products is rated as important in the value chain (Hartley, 2004, pp. 323-333). On the other hand, in particular, the strategic combination of knowledge and the exchange of information and additional resources allows the group to gain competitive advantage (Dyer & Singh, 1998, pp.

660-679). When specific assets accumulate, for example, an increase in the length of relationships or trade between organizations, the competitive advantage between enterprises rises (Perry, 1989, pp. 183-255).

Castells (2001, p. 304) stresses that the merger of enterprises that form a network is a new organizational form. The network can exist only if there are established relationships between enterprises that arise as a result of the implementation of joint projects.

Despite the research of the above-mentioned authors, the issues of the degree of influence of social capital on enterprise development and the assessment of social capital remains open.

Social capital as an object of research in economic science is important to investigate not only at the macro level, but also at the enterprise level. First of all, the high level of social capital of an enterprise guarantees employees, management, counterparties and society access to qualitative information, which allows to reduce transaction costs.

The research investigates the influence of the level of transparency of the enterprise, the degree of its corporate social responsibility on its relationship with counterparties as well as the social networks formation.

The research uses scientific methods: systematization, comparison, generalization, analysis, synthesis, distance method. The information base of the study consists of researches of Ukrainian and foreign scholars, materials of international organizations.

For the evaluation of partnership interaction, the level of trust between enterprises, the following indicators are used: the ratio of total liquidity, the ratio of rapid liquidity, the ratio of absolute liquidity, the ratio of receivables and payables, the coefficient of autonomy, the coefficient of financial stability. Based on the indicators, it is suggested to form a company rating using the distance method in order to determine the relationship between the transparency of the enterprise and their ability to partner interaction.

This study uses data from the international organization Transparency International (Transparency International Ukraine, 2018). In their report for 2018, 50 private Ukrainian companies and holdings and 50 state-owned enterprises were considered. The list of private companies was taken from the Forbes' rating «The largest companies of Ukraine», in 2018 the list of state-owned enterprises was taken from announced by the Ministry of Economic Development and Trade information.

The top 5 companies were selected from this list (SE NNEGC «Energoatom», PJSC «Ukrtelecom», PJSC «ArcelorMittal Kryviy Rih», PJSC «Mykolayivoblenergo», PrJSC «Philip Morris»), 5 enterprises in the rating from 6 to 15 place (PJSC «Ukrhydroenergo», PJSC «Khmelnyskoblenenergo», PJSC «Ternopiloblenergo», LCC «Ferrexpo», NJSC «Naftogaz of Ukraine»), and 5 enterprises in the rating from 40 to 50 places (PJSC «Tsentrenergo», PJSC «Sumykhimprom», PJSC «Konti», PJSC «Ukrzaliznytsia», PJSC «Interpipe NTRP»).

In general, the algorithm for determining the rating of business units of the corporation based on the distance method has the following sequence:

Step 1. The output data is presented in the form of a matrix (a_{ij}) , in which vertically the numbers (names) of business units are written ($j = 1, \dots, m$), and horizontally are numbers (names) of indicators ($i = 1, 2, \dots, n$).

Step 2. For each indicator is its best value (a_{ij}^{etalon}), which is the maximum or minimum (depending on the economic essence of the indicator) among the investigated enterprises.

Step 3. Output data of matrix a_{ij} are standardized in relation to the corresponding indicator of the reference object by the following formula 4:

$$x_{ij} = \frac{a_{ij}}{a_{ij}^{etalon}} \quad (4)$$

where x_{ij} – standardized indicators of the state of the j -th object.

Step 4. For each analyzed object the value of its rating assessment is determined (Formula 5):

$$R_j = \sqrt{(1 - x_{1j})^2 + (1 - x_{2j})^2 + (1 - x_{nj})^2} \quad (5)$$

R_j – rating for j -th object;

$x_{1j}, x_{2j}, \dots, x_{nj}$ – standardized indicators of j -th analyzed object,

n – number of indicators.

The formation of social capital is affected by the relationship with various stakeholders, in particular counterparties. The company's rating reflects its credit reputation as well as is an indicator of the trust of counterparties, in turn, high confidence increases the availability of loan capital and allows it to reduce its value.

Thus, trust in an enterprise depends on the level of management of accounts payable and accounts receivable. The balance between them and the absence of delinquencies in their repayment testifies to effective financial management (Yevtuh, 2010). For Ukrainian business, we consider it necessary to additionally reveal the role

of anti-corruption policy and anti-fraud policies in the reporting to build trust in the business and improve management efficiency.

Step 1. The output table is formed. Based on the above six analytical indicators characterizing liquidity, financial stability reference values are defined (Table 2).

Below the process of building a business unit ranking based on their reliability as a counterparty for 2018-2019 is presented.

Table 2. Output matrix of indicators for 2018-2019

N_o	<i>Enterprise</i>	<i>OLR</i>	<i>QLR</i>	<i>ALR</i>	<i>ARAPR</i>	<i>FSR</i>	<i>AR</i>
2019							
1	SE NNEGC «Energoatom»	1.61	0.93	0.02	2.31	3.06	0.75
2	PJSC «Ukrtelecom»	0.71	0.67	0.09	1.88	2.35	0.70
3	PJSC «ArcelorMittal Kryviy Rih»	1.99	1.46	0.10	2.13	2.74	0.73
4	PJSC «Mykolayivoblenergo»	0.36	0.28	0.01	0.40	0.39	0.28
5	PJSC «Philip Morris»	0.84	0.71	0.0040	1.32	0.07	0.03
6	PJSC «Ukrhydroenergo»	1.55	1.47	0.52	0.53	3.49	0.78
7	PJSC «Khmelnyskoblenenergo»	1.00	0.79	0.17	0.68	3.33	0.77
8	PJSC «Ternopiloblenergo»	2.31	2.14	0.02	0.64	7.05	0.73
9	LCC «Ferrexpo»	0.66	0.30	0.01	0.28	0.17	0.14
10	NJSC «Naftogaz of Ukraine»	1.15	0.66	0.15	0.80	2.95	0.75
11	PJSC «Tsentrenergo»	1.62	0.77	0.41	0.54	2.16	0.68
12	PJSC «Sumykhimprom»	0.24	0.12	0.0014	1.36	-0.44	-0.78
13	PJSC «Konti»	0.80	0.70	0.01	3.26	0.53	0.35
14	PJSC «Ukrzaliznytsia»	0.84	0.58	0.29	0.19	6.22	0.86
15	PJSC «Interpipe NTRP»	1.15	0.95	0.03	3.37	0.37	0.27
2018							
1	SE NNEGC «Energoatom»	1.74	1.09	0.01	1.95	0.88	0.77
2	PJSC «Ukrtelecom»	0.68	0.63	0.05	1.011	2.49	0.71
3	PJSC «ArcelorMittal Kryviy Rih»	1.95	1.44	0.20	1.91	2.90	0.74
4	PJSC «Mykolayivoblenergo»	0.43	0.33	0.01	0.38	0.40	0.29
5	PrJSC «Philip Morris»	0.73	0.58	0.0008	1.10	-0.03	-0.04
6	PJSC «Ukrhydroenergo»	1.75	1.70	0.49	1.012	3.90	0.80
7	PJSC «Khmelnyskoblenenergo»	0.87	0.72	0.07	0.72	3.02	0.75
8	PJSC «Ternopiloblenergo»	0.69	0.64	0.06	0.69	2.66	0.73
9	LCC «Ferrexpo»	0.53	0.30	0.05	0.25	-0.04	-0.04
10	NJSC «Naftogaz of Ukraine»	1.15	0.66	0.15	0.81	2.95	0.75
11	PJSC «Tsentrenergo»	0.97	0.50	0.18	0.38	1.56	0.61
12	PJSC «Sumykhimprom»	0.20	0.08	0.002	0.58	-0.42	-0.72
13	PJSC «Konti»	1.15	0.97	0.02	2.21	0.63	0.39
14	PJSC «Ukrzaliznytsia»	0.63	0.45	0.19	0.23	6.26	0.86
15	PJSC «Interpipe NTRP»	1.21	1.11	0.002	3.04	0.42	0.29

OLR - Overall Liquidity Ratio; *QLR* - Quick liquidity ratio; *ALR* - Absolute liquidity ratio; *ARAPR* - Receivable to Accounts Payable Ratio; *FSR* - Financial stability ratio; *AR* - Autonomy ratio

Source: own calculation based on data from public reporting: <https://smida.gov.ua/> (accessed: 13.03.2020); <http://www.ferrexpo.ua/shareholders-and-investors/information-disclosure/> (accessed: 13.03.2020)

Step 2. In 2019 PJSC «Ternopiloblenergo» is the leader by following indicators: liquidity and financial stability, in 2018 PJSC «Ukrhydroenergo» is the leader by liquidity ratio and PJSC «Ukrzaliznytsya» is the leader by financial stability ratio. Table 3 and Figure 3 show the reference values of indicators.

Table 3. Reference values of liquidity and financial stability indicators

Year	Overall Liquidity Ratio	Quick liquidity ratio	Absolute liquidity ratio	Accounts Receivable to Accounts Payable Ratio	Financial stability ratio	Autonomy ratio
2019	2.31	2.14	0.52	1.32	7.05	0.86
2018	1.95	1.70	0.49	1.011	6.26	0.86

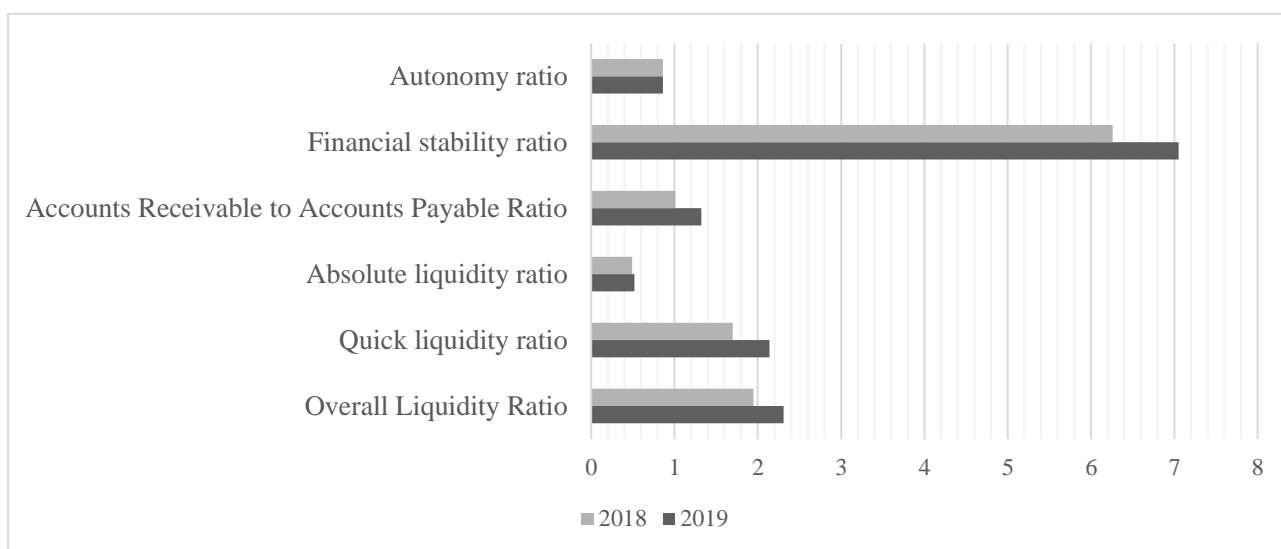


Figure 3. Dynamics of reference values of liquidity and financial stability indicators for 2018-2019

Source: own calculation based on data from the public reporting as table 2

Analyzing the change in the indicators of liquidity and financial stability of the selected enterprises during the 2018-2019 period, there is a positive trend. Such dynamics indicate improvement of the economic condition of enterprises and improvement of resource management. Thus, enterprises are weakly dependent on external sources of funding and are fully financially sustainable. As for the indicators of liquidity, they all exceed the normative values, which indicates the availability of highly liquid assets.

Step 3. The standardization of the output indicators carried out by dividing each indicator into the corresponding standard is presented in Table 4.

Table 4. Matrix of standardized ratios (according to the reference value)

N_o	Enterprise	OLR	QLR	ALR	ARAPR	FSR	AR
2019							
1	SE NNEGC «Energoatom»	0.70	0.43	0.04	1.75	0.43	0.87
2	PJSC «Ukrtelecom»	0.31	0.31	0.17	1.42	0.33	0.81
3	PJSC «ArcelorMittal Kryviy Rih»	0.86	0.68	0.19	1.61	0.39	0.85
4	PJSC «Mykolayivoblenergo»	0.16	0.13	0.02	0.30	0.06	0.33
5	PrJSC «Philip Morris»	0.36	0.33	0.01	1.00	0.01	0.03
6	PJSC «Ukrhydroenergo»	0.67	0.69	1.00	0.40	0.50	0.91
7	PJSC «Khmelnyskoblenenergo»	0.43	0.37	0.33	0.52	0.47	0.90
8	PJSC «Ternopiloblenergo»	1.00	1.00	0.04	0.48	1.00	0.85
9	LCC «Ferrexpo»	0.29	0.14	0.02	0.21	0.02	0.16
10	NJSC «Naftogaz of Ukraine»	0.50	0.31	0.29	0.61	0.42	0.87
11	PJSC «Tsentrenergo»	0.70	0.36	0.79	0.41	0.31	0.79
12	PJSC «Sumykhimprom»	0.10	0.06	0.001	1.03	-0.06	-0.91
13	PJSC «Konti»	0.35	0.33	0.02	2.47	0.08	0.41
14	PJSC «Ukrzaliznytsia»	0.36	0.27	0.56	0.14	0.88	1.00
15	PJSC «Interpipe NTRP»	0.50	0.44	0.06	2.55	0.05	0.31
2018							
1	SE NNEGC «Energoatom»	0.89	0.64	0.02	1.93	0.14	0.90
2	PJSC «Ukrtelecom»	0.35	0.37	0.10	1.00	0.40	0.83
3	PJSC «ArcelorMittal Kryviy Rih»	1.00	0.85	0.41	1.89	0.46	0.86
4	PJSC «Mykolayivoblenergo»	0.22	0.19	0.02	0.38	0.06	0.34
5	PrJSC «Philip Morris»	0.37	0.34	0.002	1.09	0.001	-0.05
6	PJSC «Ukrhydroenergo»	0.90	1.00	1.00	1.00	0.62	0.93
7	PJSC «Khmelnyskoblenenergo»	0.45	0.42	0.14	0.71	0.48	0.87
8	PJSC «Ternopiloblenergo»	0.35	0.38	0.12	0.68	0.42	0.85
9	LCC «Ferrexpo»	0.27	0.18	0.10	0.25	-0.01	-0.05
10	NJSC «Naftogaz of Ukraine»	0.59	0.39	0.31	0.80	0.47	0.87
11	PJSC «Tsentrenergo»	0.50	0.29	0.37	0.38	0.25	0.71
12	PJSC «Sumykhimprom»	0.10	0.05	0.004	0.57	-0.07	-0.84
13	PJSC «Konti»	0.59	0.57	0.04	2.19	0.10	0.45
14	PJSC «Ukrzaliznytsia»	0.32	0.26	0.39	0.23	1.00	1.00
15	PJSC «Interpipe NTRP»	0.62	0.65	0.004	3.01	0.07	0.34

OLR - Overall Liquidity Ratio; QLR - Quick liquidity ratio; ALR - Absolute liquidity ratio; ARAPR - Receivable to Accounts Payable Ratio; FSR - Financial stability ratio; AR - Autonomy ratio
Source: own calculation based on data from the public reporting as table 2

Step 4. Determination of the rating of enterprises based on the distance method allows obtaining a generalized rating that characterizes the state and dynamics of financial and economic activity of the comparable enterprises.

The value of its rating is determined for each business unit (see Table 4).

For example, for SE NNEGC «Energoatom» the value of the rating indicator is determined as follows:

for 2019:

$$R_1 = \sqrt{(1 - 0.7)^2 + (1 - 0.43)^2 + (1 - 0.04)^2 + (1 - 1.75)^2 + (1 - 0.43)^2 + (1 - 0.87)^2} = 1.238$$

for 2018:

$$R_1 = \sqrt{(1 - 0.89)^2 + (1 - 0.64)^2 + (1 - 0.02)^2 + (1 - 1.93)^2 + (1 - 0.14)^2 + (1 - 0.90)^2} = 1.322$$

By the value of a complex rating index (from min to max), the rating of business units based on the reliability of counterparties is built (Table 5).

Table 5. The rating of business units on the basis of their reliability as counterparties for 2018-2019

<i>N_o in TIU Rating</i>	<i>Enterprise</i>	<i>Complex Rating Index</i>		<i>Business Units Rating</i>		
			2019	2018	2019	2018
1	SE NNEGC «Energoatom»	R ₁	1.238	1.322	8	9
2	PJSC «Ukrtelecom»	R ₂	1.323	1.287	9	8
3	PJSC «ArcelorMittal Kryviy Rih»	R ₃	0.968	0.788	3	2
4	PJSC «Mykolayivoblenergo»	R ₄	1.822	1.731	11	12
5	PrJSC «Philip Morris»	R ₅	1.664	1.710	10	11
6	PJSC «Ukrhydroenergo»	R ₆	0.553	0.124	1	1
7	PJSC «Khmelnyskoblenenergo»	R ₇	1.118	1.188	6	5
10	PJSC «Ternopiloblenergo»	R ₈	0.973	1.278	4	7
11	LCC «Ferrexpo»	R ₉	1.872	1.919	12	13
14	NJSC «Naftogaz of Ukraine»	R ₁₀	1.143	1.025	7	3
45	PJSC «Tsentrenergo»	R ₁₁	0.869	1.206	2	6
46	PJSC «Sumykhimprom»	R ₁₂	2.515	2.508	15	15
47	PJSC «Konti»	R ₁₃	2.010	1.646	13	10
48	PJSC «Ukrzaliznytsia»	R ₁₄	1.069	1.172	5	4
50	PJSC «Interpipe NTRP»	R ₁₅	2.021	2.281	14	14

Source: own calculation based on data from the table 4

Comparison of ratings and dynamics of change for 2018-2019 period is presented in Figure 4.

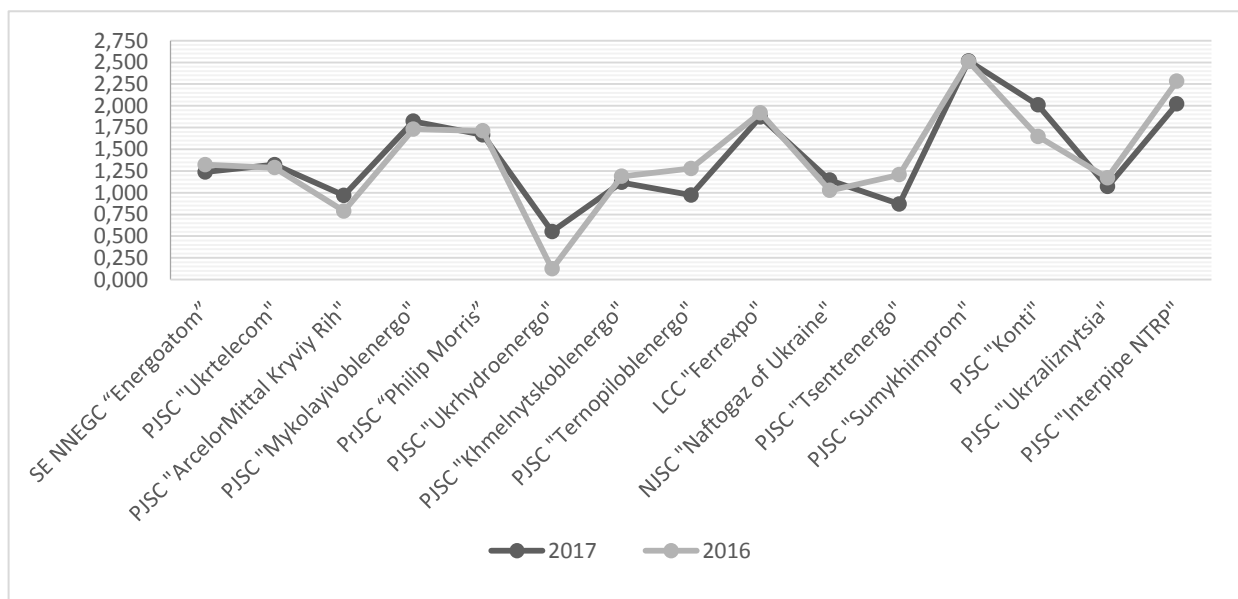


Figure 4. The rating of business units on the basis of their reliability as a counterparty for 2018-2019 period

By the level of liquidity and financial stability both in 2019 and in 2018 the leader is PJSC «Ukrhydroenergo». In general, in 2019, the following business units, such as SE NNEGC «Energoatom», PJSC «Mykolayivoblenergo», PrJSC «Philip Morris», PJSC «Ternopiloblenergo», LCC «Ferrexpo» and PJSC «Tsentrenergo», improved their rating. The rating of other companies in 2019 got worse or remained unchanged compared to 2018.

Thus, the activities of business units that got worse the rating should be aimed at identifying strategic opportunities, ways to improve liquidity, financial stability and reserves of resource potential that can increase their competitiveness.

It is worth paying attention to the fact that PJSC «Mykolayivoblenergo» and PJSC «Philip Morris» are among the top 5 most transparent enterprises (4th and 5th place in the TIU rating), while simultaneously occupying 11th and 10th place of the formed business units rating on the basis of their reliability as a counterparty respectively. This is primarily due to the fact that the enterprise for the analyzed periods has low financial sustainability indicators (PJSC «Philip Morris» owner's equity is only 3% in the total assets) or liquidity (the ratio of overall liquidity of PJSC «Mykolaivoblenergo» is only 0.36 (at the normative value of the indicator 2)). However, these enterprises have good organizational transparency, present relevant and complete information about their activities, present to the society their own development programs, socially responsible projects and have qualitative anticorruption programs that enhances public trust and business to them and provides them additional competitive advantages in the long run.

The reverse situation refers to PJSC «Tsentrenergo» and PJSC «Ukrzaliznytsia». The data of enterprises for the analyzed periods showed high indicators of liquidity and financial stability, as a result they occupy 2 and 5 place in the formed rating. However, in the TIU transparency rating, they do not rank at the highest positions (45 and 48 respectively). We associate this asymmetry with the fact that these enterprises have a state ownership, they can be considered as monopolists of the market, they have sufficient resources, but the level of transparency of such enterprises still remains at a rather low level.

The formed rating of business units characterizes the degree of influence of the indicators of liquidity and financial stability of the counterparty on the formation of social network and trust from counterparty as elements of social capital. In order to assess the social capital, it is necessary to analyze the relationship of the enterprise with all stakeholders, to determine the dependence of the activity on their influence

and interest. Thus, the situation as a whole indicates that according to the formed rating, the direct dependence between the TIU transparency rating and the business unit rating, due to their reliability as a counterparty, is not observed. Taken into consideration the above-mentioned peculiarities of rating formation and factors that objectively influenced the final result of the analysis, we can assert that only the influence of the financial stability and liquidity indicators is essential for the formation of the social network as a criterion for the relationship between counterparties under conditions that: counterparties should be key stakeholders, with high influence as well as high interest; the enterprise should not be a monopolist; an enterprise should disclose information not only about its financial performance, but also about its organizational transparency.

The analysis carried out is important in the course of the formation of social networks, since they are formed as a result of a stable partnership interaction. Partner interaction in a hybrid war has a significant impact on the stabilization of the economy and contributes to the growth of investment attractiveness. Such networks are characterized by associations of enterprises pursuing common goals and working to solve common problems, but do not necessarily have joint activities or belong to one industry.

Castells (2001, p. 304) emphasizes: Sustained partnership interaction with counterparties is a prerequisite for building and maintaining a network. Network structures are a new organizational form of interaction between enterprises in the current conditions of economic development. Network enterprises are created around business projects that were the result of the interaction between the structural elements of different companies, demanded the establishment of a network between them during this business project and each time reconfigure their networks to implement each individual project.

Enterprises that are united by the network do not lose their independence, but the network itself expands the boundaries of interaction. Considering the peculiarities of cooperation between enterprises in the network, it should be understood that «cooperation is seen as a by-product of trust, not a source of trust, and, moreover, lack of cooperation can be the result of other factors (such as lack of sufficient information) than lack of trust» (Miształ, 1996, p. 17).

Such a social network is one of the three components of social capital at the level of trust and social norms. Despite the research in terms of reflecting social capital in accounting, at the present stage, it is not qualified as an accounting object.

The reasons for non-recognition are the non-compliance with the requirements of both the International Financial Reporting Standards and the Ukrainian Accounting Standards (UAS) because of the inability to accurately determine the value.

Today, in the study of networks, two approaches are used: content and structural. Thus, the content is aimed at analyzing the quality of relations between the participants in the network: the formation of trust, common values, norms, identities (Granovetter, 1973, pp. 1360-1380). In turn, in the structural approach, the network is considered in terms of its configuration, structural characteristics (network size, density, centralization, etc.), i.e., through the exchange of information and the ability to control such an exchange (Burt, 1992).

The structural approach is the most widely used. According to it, the priority in the study is to consider the categorization of links between nodes of the network, which allows to assess the significance of what is happening in the network to achieve certain goals, for example, to improve the efficiency of employees. Such bonds may be direct or indirect, strong or weak, one-sided, or two-sided. Determining the characteristics of bonds in the network allows you to evaluate the network as a whole, which uses the following parameters: network size, network density, centralization, bond strength, network rank.

When conducting research on the content aspects of network interactions, it is necessary to take into account their features. Firstly, the blurriness of self-identification of network participants. This problem is due to the following factors: uncertainty, complexity and constant change in the membership of the networks which are common for the networks. Even network organizers cannot accurately determine the boundaries of such communities, due to the multi-layered networks and frequent cross-membership.

The structure of business networks is constantly changing. The composition of the network is largely influenced by personal relationships between individual participants, therefore, together with one of the members of the network several others may leave the network. However, the community can be sustained after the project's goal has been achieved, and further new goals are being formed. In business networks, a lot of attention should be paid to effective interaction, which strengthens the trust among the participants, which in turn leads to more and more stabilization of the network.

Secondly, there is the ambiguity of the role of various networks in the formation of social capital. It is worth noting that not all networks contribute to the fact of entering new participants to them. However, only such networking that promotes

development (i.e., confidence building, identity formation, access to previously inaccessible resources) can be considered as significant for the formation and development of social capital.

Social bonds also affect the personality of the firm and the trust between firms. The identity of the firm is largely determined by its colleagues, which in turn means that individuality will be treated differently in different firms (Bäckström & Lind, 2005, p. 38).

In the post-industrial economy, the expansion of network activity between the interacting groups that is based on trust is of great importance. The virtual economy produces, distributes, exchanges and consumes not real objects, but their models. Thus, a special area of information penetration into the economy is created: e-commerce, creation of new business forms, banking, advertising, investment. However, despite the dynamic development of the virtual economy, it has a small share of buyers who prefer network trading. We can assume that the dynamics of the electronic market is affected by security and trust issues that are not regulated by the norms of national legislation. Especially this problem is getting worse during the hybrid war.

The extent and structure of individuals' social networks affects the magnitude of transaction costs they face, the possibility of implementing innovative (but risky) ideas in cooperation with others, and hence the individuals' overall cooperativeness and thrift (Inglehart and Baker, 2000, pp. 19-51; Klapwijk and van Lange, 2009, pp. 83-103).

As due to the expansion of the sphere of network activity the dependence of the participants increases, the virtual financial markets' influence on the stability of the economic system becomes particularly important. The purpose of such financial markets is to generate profits out of real production processes. If formal institutions, such as the state do not fulfill their role, then the degree of trust grows in the main social groups that are built and exist only in internal interaction.

Lins Karl V. et al. (2015, p.52) as a result of the study identified: during the 2008-2009 financial crisis, firms with high social capital, as measured by corporate social responsibility (CSR) intensity, had stock returns that were four to seven percentage points higher than firms with low social capital. High CSR firms also experienced higher profitability, growth, and sales per employee relative to low CSR firms, and they raised more debt. This evidence suggests that the trust between a firm and both its stakeholders and investors, built through investments in social capital, pays off when the overall level of trust in corporations and markets suffers a negative shock.

Thus, they protect themselves from the influence of the state. Sometimes the «density» of trust in groups grows to such an extent that they harm society, transforming into a secret conspiracy (the growth of the shadow economy, the action of criminal groups).

Social networks as a structural element of social capital are a means of obtaining access to certain, including material, resources. Hence, networks can be considered at the enterprise level and as a goal, and as a means of social interaction in the process of using social capital. Individual expectations and interests of network participants at the level of the network structure, on the one hand, reproduce the total systemic effects of social capital of the community / society, such as norms and trust, but, on the other hand, the participation of individuals in the process of their reproduction involves regulating their expectations, positions and interests based on already legitimated system of norms and a certain level of trust. Thus, using existing norms, accepted expectation models and a certain level of trust in society, individuals thereby reproduce, reinforce and legitimize them.

Trust as a qualitative criterion for the state of social capital is a prerequisite for the development of economic co-operation. Increasing the level of trust and, ultimately, the formation of conditions for successful public and corporate cooperation may be facilitated by various factors. In particular, the development of structural social capital, i.e. the formation and functioning of branched social networks, groups and associations, in which confidence and reciprocity appear and extends, which in turn contributes to the improvement of the ability of various networks to self-organization, has a significant impact. The formation between individual enterprises or enterprises of the network system, which has a trusting relationship, consists in transferring the high level of internal corporate trust to cooperation partners, with which there was no experience of reciprocity and trust. Thus, a high level of intra corporate confidence can be transferred from the outside and spread to trust between the enterprise and suppliers, consumers. Formation of a kind of «trust culture» in the network system helps to minimize the risks in the situation of economic cooperation, at the expense of formal and informal value-normative consolidation of observance of values, norms and standards of mutual trust, which minimizes the risks caused by hybrid warfare. The experience of mutual trust between the parties of social interaction gives grounds to rely on fulfillment of the rules of mutual obligations in the future as «strategies of response», to accumulate trust and to provide credibility both employees and business partners.

Stukalo and Simakhova (2018, pp. 11-18) pay attention to: thus, in the post-crisis period, the social economy will have a positive effect on the social and economic growth of Ukraine. Social economy facilitates the acceleration of the process of material and non-material goods production, and also, in some way, restricts access to traditionally accessible social benefits. First of all, such benefits are education and health. The development of the social economy affects, on the one hand, their commercialization, and on the other hand, the increase of consumers.

The formation of social capital is directly related to the influence that the enterprise has on its stakeholders and how much they trust it. One of the key stakeholder groups for companies that are not monopolists in the market are counterparties.

In determining the relationship between the position of the enterprise in the TIU rating and the position of the enterprise in the rating of business units on the basis of their reliability as a counterparty, the method of calculation of which was proposed in the research, it was determined:

1) the TIU rating includes both non-state and state-owned enterprises, including monopolists in their market;

2) liquidity and financial stability indicators may be selected to form a business unit rating based on their reliability as a counterparty;

3) the made rating of business units on the basis of their reliability as a counterparty characterizes the influence of liquidity and financial stability indicators on the formation of its social network and the trust of counterparties, which is a component of social capital;

4) the direct relationship between the TIU's rating level and the rating of business units on the basis of their reliability as a counterparty is not observed due to the fact that the reliability of the company as a counterparty is not a determinative factor in determining the stability of the social network; counterparties must be key stakeholders with high influence and high interest; the enterprise should not be a monopolist; an enterprise should disclose information not only about its financial performance, but also about its organizational transparency.

After all, it is much more difficult to analyze and evaluate social capital if comparing to other types of capital, but its significance to create value exceeds the value of material capital, since it is considered as a reserve of growth in the value of the enterprise in the long run. This predetermines the development of appropriate methods for its evaluation.

The study determined that when selecting a counterparty as a social networking entity, the following components are important: financial stability and liquidity indicators and the level of social capital. Counterparties are just one group of stakeholders the relationship with which forms social capital. Therefore, for the comprehensive assessment of the stability of the social network, its ability to generate economic benefits, it is necessary to analyze the relationship with all stakeholders. It is important that during the analysis of factors that forms social capital relations with personnel, shareholders, investors, public organizations and state bodies, society were taken into consideration. It will be the prospect of further research and the basis for social capital assessing.

1.4. Calculating the Value of Social Capital by «The Value Explorer» Method

Successful and effective management of an enterprise's resources is possible only if the objects of management are subject to measurement, that is, not only qualitatively but also quantitatively. Intangible assets in the value of enterprises significantly exceed the value of tangible assets. An example of this is the deal where Google bought YouTube for \$ 1.65 billion in 2006, with assets owned by YouTube amounting to only \$ 0.55 billion, in 67% of the amount paid was for intangible assets (Report CNBC, 2014). Today, social network, trust, and social norms are the constituent elements of social capital, which in turn is an important source of value creation for an enterprise. These elements, which have proven their ability to generate additional income and other value, are advisable to calculate, designating them as a category of socio-economic intangible assets of the enterprise. It should be noted that the calculation is subject to what, in a certain way, appears as a value, in any other case, any attempt to quantify the economic phenomenon is inappropriate.

Despite the importance of social capital for the value creation of an enterprise, there is still no definitive expression of social capital and the definition of its limits. This term also defines the relationships between subjects and their occurrence through networks, norms of interaction and trust Putnam, (2001), and the potential of mutual trust and mutual assistance, rationally formed in interpersonal relationships Coleman, (2000), and the benefits that the subject receives from managing resources based on their affiliation with a particular social network Woolcock & Narayan, (2000).

Scientists have different interpretations of the process of formation of social capital; there is no unambiguous interpretation of its attribution to one entity or group of enterprises. Moreover, some authors question the existence of «social capital» as a concept (Knoke, 1990). It should be noted that this point of view is atypical since most studies nevertheless state the presence of this form of capital and consider it as one of the important factors of the activity of the enterprise (Cohen & Prusak (2001). According to the interpretation of Saukani & Ismail (2019) «Social capital is a promising concept widely used by social scientists in analyzing the factors contributing to the persistence of various economic issues». Bhandari & Yasunobu (2009) state that social capital is defined as a collective asset in the form of shared norms, values, beliefs, trust, networks, social relations and institutions that foster cooperation and collective action for mutual benefit. Portela, Neira & Salinas-Jiménez (2013) the relationship between different dimensions of social capital and subjective well-being has been analyzed in their work, and proved that social networks, social trust, and institutional trust are components that show a high correlation with subjective well-being. The influence of hybrid war on the formation of social capital under conditions of public confidence in business structures in Ukraine has been determine. (Cherchata et al., 2020) offer a methodology of analysis and evaluation of business processes of enterprises, which provides for the definition of «problem» areas of certain business processes of the enterprise. The research (Andrusiv et al., 2020) emphasis has been placed on the fact that venture capital is a way of targeted investment in innovative development and can become a catalyst for the introduction of innovative technologies, which will have a positive impact on the development of the enterprise.

Łopaciuk-Gonczaryk (2019) have proved the importance of participating in informal and formal social networks in enhancing social trust and respect for others. Garrigos-Simon, Botella-Carrubi, & Gonzalez-Cruz (2018) have proved that academic interest in social and human capital is growing significantly, their relationship with sustainability, especially when compared to the relationship between sustainability and natural capital, as well as financial and economic capital. Roslinda (2018) considers in its work «Social Community Capital» in the management of the Danau National Park running National Park Management Center, and proved that government and the community need to cooperate and pay greater attention to resistance to changes.

In a study by Swiss scientists (Guillén, Wallin, & Brukas, 2015) it is highlighted how trust influences social relations in the local forestry context and reveals

differences in the activities of similar farms. Afandi, Kermani & Mammadov, 2017) consider the relationship between social capital and people's entrepreneurial participation in 35 countries in Europe and Asia and examine the impact of the three-dimensional concept of social capital – trust, networks and norms – on the three stages of the entrepreneurial process – preference, trial and success. Lee (2016) analyzed the relationship between social capital and task performance. The results showed that social capital had a statistically significant effect on task performance, task performance improved when perceived social capital was high. Hu (2011) proposed a model of macro-social capital measure, comprising three dimensions: network, trust and institutions, thus providing policy proposals for prioritizing investment in different areas.

Lins Karl V. et al. (2016) as a result of the study identified: during the 2008-2009 financial crisis, firms with high social capital, as measured by corporate social responsibility (CSR) intensity, had stock returns that were four to seven percentage points higher than firms with low social capital.

Thus, based on previous research, we propose the following definition: the social capital of an enterprise is a resource as formed, permanent, established forms of highly effective socio-economic interactions that are of economic value and are used in the economic activity to obtain economic benefits in the future.

Hilary and Huang (2015) note that companies operating in regions where trust is more widespread, are less afflicted with agency problems, are more profitable and have higher rates. Besides, Hasan et al. (2016) found out that firms operating in regions with a higher level of social capital have moderately better conditions in private lending transactions.

Non-financial reporting is essential for raising the level of social capital (Szadziwska A. et al., 2016). Effective non-financial reporting should communicate a comprehensive account of an organization's environmental and social impacts and performance, by providing information about its strategies, the progress and the contributions in this respect (Van Staden and Hooks, 2007).

The impact of social capital during the enterprise can most often occur through: the sustainable functioning of open network socio-economic interactions at all levels and a high level of corporate trust, from employees to management, and vice versa. In the process of economic activity, the «activators» of social capital are three of its key elements: social network (ties with stakeholders), trust (inter-company trust, image, and reputation as a reliable business partner), social norms (high level of social responsibility). The above items are a value proposition, which makes them objects to calculate a value.

There are different methods for calculating the value of intangible assets. To assess social capital, we believe that one of the most detailed and proper techniques is «The Value explorer» method developed by «KPMG» (Andriessen, 2005). The primary purpose of this methodology was to assess the potential of the intellectual assets of the enterprise. One of the key reasons for the «effectiveness» of this methodology is the system of expert evaluations of various forms and methods of activity, as well as some implicit but realistically expected results. For traditional economic methods of economics, expert estimates are considered non-standard, but such estimates are quite acceptable for the modern economy, where intangible assets and other objects resulting from an intellectual activity are the main objects of research and accounting. We suggest applying «The Value explorer» method to calculate the value of an entity's social capital.

The approximate logic of management activities for valuation of intangible assets of the enterprise is as follows: first, a rational choice of the product that the enterprise plans to produce is made; secondly, generation of new ideas and production of innovations are made within the product strategy; thirdly, the areas of key competitive advantages associated with social capital are identified in the context of products of market novelty (matrix formation); fourthly, the role of the sphere of competitive advantage in the production and sale of products is determined; fifthly, the gross profit distribution is made by the areas of competitive advantage of the industrial enterprise; sixthly, a calculation of the potential of the sphere of competitive advantages as a percentage of the expected growth of profits of the enterprise for the year is made; seventhly, the durability and sustainability of the firm's competitive advantage are evaluated; eighthly, the value of the enterprise is calculated taking into account its intangible (in this case, social) assets (Andriessen, 2005).

1. In the process of the most rational choice concerning the creation of a new product one should be guided by the following algorithm: a) conducting an analysis of the innovative capacity of an industrial enterprise, that is, to answer the question: what product innovations and product modifications can an enterprise produce? b) determination of market niches and dynamics of current and future demand for products (marketing system); c) identification of the system of real and intangible factors that provide the company with current and strategic competitive advantages; d) making a final decision on the production of a new product.

2. Generation of new ideas and the production of innovations within the framework of product realization strategy includes a system of internal and external

innovations. Internal innovations include: setting new goals in the development, in this case, of the social capital of the enterprise; decisions on the purposeful use of this capital; search and definition of new forms of use of intangible social assets; qualitative updating of management of internal company knowledge. External innovations may include new forms of exploration of the client and, in general, of the social external capital of an industrial enterprise; in the creation of benefits, including added value for consumers; more substantive study of competitors and their creative capabilities; development of management in the sphere of building trust relations with counterparties, etc.

The management of internal social capital should promote the qualitative updating of productive capital, designed to create marketable novelty goods based on intangible factors of production. Social and institutional entrepreneurship, in turn, are designed to create appropriate innovations that reduce «internal company's bureaucracy» and increase the external «bargaining power» and business reputation of the enterprise. It is also necessary to identify their socio-economic competitive advantages and to develop a system of measures for their effective use.

3. Identification of areas of key competitive advantages related to social capital in the context of specific products of market novelty. Suppose company «X», with a book value of \$ 30 million, plans to manufacture two types of products (A and B). First, we calculate the profit that the enterprise receives as a result of production (hypothetical data are given in the table 6). Profit is calculated by deducting direct costs from income derived from the market sales of the products. Direct costs are material and financial costs that can be directly attributed to the goods produced.

Table 6. Enterprise's financial indicators

<i>Indicator</i>	<i>Product A</i>	<i>Product B</i>	<i>Total</i>
Revenue, mln.	21	24	45
Direct costs, mln.	-15	-14	-29
Gross profit, mln.	6	10	16

All types of resources owned by the enterprise are used to create A and B products. It is assumed that it has certain competitive advantages, which include the following intangible social assets: high-performance networking (providing the necessary level of contact with partners and the client base of the market); high level of trust (synergy of creativity and labor potential and minimization of transaction costs is ensured); high level of business reputation of the firm (loyal consumer attitude and stable partnership with counterparties).

Next, we need to form a matrix of «competitive advantage» of the company, which is expected to receive new products. The criteria for determining the product's ability to increase social capital, generate economic benefits and enhance the innovative component of the enterprise is given in Table 7. It is worth noting that compliance with social criteria is compulsory because they are essential in calculating the usefulness of an intangible social asset. That is, in order to calculate the value of social capital, a product must meet 5 criteria that characterize its ability to generate social capital. Other criteria are additional and increase the enterprise competitiveness.

Next, it is necessary to expertly determine how competitive a product is, is it capable to generate social capital, and what level of resource provision is needed to create such a social intangible asset. In the Table 8 the characteristics of the level of social intangible assets and the resources needed to create such assets to form a «competitive advantage» matrix is presented.

Expert evaluation of the role of intangible social assets of an enterprise in generating profit is given (see Table 9).

Sectors AE, BE, AD illustrate the high level of imbalance in the level of development and resource support for the development of intangible social assets of the enterprise. Despite the high level of development of intangible social assets, the lack of sufficient resources makes it difficult to maintain the level achieved in the future and impedes the use of the potential of such assets in the enterprise innovation process.

The EA, EB, DA sectors also indicate an imbalance in the level of development and resource support for the development of intangible social assets of the enterprise. However, their low level of development, given the high level of resource support for the development of intangible social assets, characterizes the availability of many opportunities to increase the level of development of intangible social assets of the enterprise under the conditions of efficient use of available resources.

In general, the excess of the level of resource provision over the level of development of intangible social assets of the enterprise indicates the existence of prospects for their development by the enterprise. Exceeding the level of development of intangible social assets over the level of the enterprise's resource provision of the intangible social assets development is an indicator of problems of innovative development of the enterprise in the long-run period. In such circumstances, it is important to make appropriate management decisions in order to overcome the imbalance in the system of providing innovative development of the enterprise.

Table 7. Criteria for a product's ability to generate social capital

<i>No</i>	<i>Category</i>	<i>The name of the criterion</i>	<i>Description of the criterion</i>
1	Social	Increased trust	Inclusive presentation of financial and non-financial indicators of the enterprise, business model, risks and strategy. A synergy of creativity and labor potential and minimization of transaction costs is ensured
2		Social network development	Involvement of partners in the development and implementation of a product that promotes the development of partner networks. The necessary level of contact with partners and the client base of the market is ensured
3		Social norms, reputation	Compliance with regulatory, tax and other requirements in the field of accounting and reporting. The purpose is to prevent possible sanctions and other actions against the enterprise that is capable of influencing the enterprise's reputation as a socially responsible person. Consumer loyalty and sustainable partnership with counterparties
4		Internal control	Designed systems, processes and procedures of risk management, which enable to increase the efficiency of units that generate social capital
5		Internal audit	There is a continuous process of auditing the activity of the company, which confirms the effective work on risk management, management processes and internal control of the enterprise
6	Economic	Cost management	An analysis of the opportunity to reduce costs while maintaining or increasing the current level of value. Continuously identification and reduction of the costs of the enterprise are envisaged, with the simultaneous release of resources to invest in innovative intangible social products that are able to create value for stakeholders
7		Investment efficiency	Assessment of the feasibility of investing in a specific product, taking into account the enterprise strategy, priority options, cost-effectiveness, as well as the ratio between acceptable profits and unacceptable risks. Investing in a product is in line with a sustainable development strategy
8		Financial management	Transparent corporate governance of all financial matters, the provision of external and internal sources of business financing, including currency and interest rate risk management, interaction with banking institutions, financial and cash flow management. Stakeholders of all levels have access to management information
9	Technological	Project management	Develop a project to promote a product on the market to ensure that new knowledge and resources are available at the right time and place, in order to achieve timely, cost-effective and quality results
10		Resource management	Set priorities in the provision of resources when making decisions in the company. It allows the enterprise to effectively manage the transformation or continuous improvement of products and processes. It provides adaptation of resources, systems, and employees, taking into account the strategic goals and priorities of the enterprise
11		Creating innovative products	Increase in the share of new technologies and an increase in the number of scientific and technical products that ensure the creation of an intangible social asset

Table 8. Levels of social intangible assets

<i>Level</i>	<i>Characterization of the level of social intangible assets</i>	<i>Characterization of the level of resource support for the social intangible assets development</i>
High (A - 5)	The enterprise has a high level of competitive advantages, holds the highest positions in the market; the development of intangible social assets is aimed at maintaining market leadership	High level of resource support for the development of intangible social assets; the uniqueness and complexity of copying resources
Sufficient (B - 4)	The enterprise has a sufficient level of competitive advantage; the quality level of intangible social assets above the industry average; the further development of intangible social assets is needed to maintain competitiveness	The enterprise is provided with resources for the development of intangible social assets; competitiveness is provided with rather unique resources
Medium (C - 3)	The enterprise has a minimum level of competitive advantage and generally suitable quality of intangible social assets; which provide an industry-wide level of competitiveness; the company needs new sources of social capital formation	The enterprise is provided with a minimum level of resources for the creation of intangible social assets; competitiveness of the enterprise at the mid-industry level
Low (D - 2)	Poor quality of use of intangible social assets; low competitiveness; the company needs sources of intangible social assets	The company does not have sufficient resources to create quality intangible social assets; low rates of innovative development of the enterprise
Crisis (E - 1)	Critically poor quality of intangible social assets; social capital does not generate a competitive advantage	The enterprise does not have the resources to support the development of intangible social assets; the need to find sources of resources for the formation of social capital

Table 9. Matrix of enterprise's social assets levels

Indicators	<i>Resources for intangible social assets creation</i>					
	Levels	Crisis	Low	Average	Sufficient	High
<i>Intangible social assets level</i>	Crisis	EE - 2	ED - 3	EC - 4	EB - 5	EA - 6
	Low	DE - 3	DD - 4	DC - 5	DB - 6	YES - 7
	Average	CE - 4	CD - 5	CC - 6	CB - 7	CA - 8
	Sufficient	BE - 5	BD - 6	BC - 7	BB - 8	BA - 9
	High	AE - 6	AD - 7	AC - 8	AB - 9	AA - 10

Suppose that the overall results of the work look are as shown in Table 10.

Table 10. The results of competitive advantages assessment

<i>Competitive advantages</i>	<i>Product A</i>	<i>Product B</i>
Social network	DD - 4	AB - 9
Trust	CC - 6	CD - 5
Social norms	DD - 4	DE - 3
Total	14	17

According to the results of the formed matrix, we have the answers to the following interrelated questions: a) the extent to which each competitive advantage of the enterprise affects the profitability of each of the products created; b) the profitability of which product (A or B) is more determined by the intangible social assets of an industrial enterprise? In our case, for example, the profitability of commodity B is much more dependent on the intangible assets of the enterprise than the profitability of commodity A.

4. Determining the role of the sphere of competitive advantages in the production and sale of products. This stage of work can be called «intermediate» because here the data of the previous table is estimated as a percentage. That is, the proportion of each product's competitive advantage is calculated. It is assumed that the identified percentages and is the role of one or another factor of competitive advantage in the formation of profitability from a particular product (Table 11).

Table 11. Share of competitive advantages in products «A» and «B»

<i>Competitive advantages</i>	<i>Product A</i>	<i>Product B</i>
Social network	28	53
Trust	44	30
Social norms	28	17
Total	100	100

5. Gross profit distribution by key competitive advantage, bearing in mind that the profitability of product A was \$ 6 million and the profitability of product B, respectively, \$ 10 million (see Table 6). The distribution will be as follows (Table 12).

Table 12. Profit sharing for competitive advantage

<i>Competitive advantages</i>	<i>Product A, \$ mln</i>	<i>Product B, \$ mln</i>	<i>Share of competitive advantage in profit, %</i>
Social network	$(6.0 * 28\%) = 1.7$	$(10.0 * 53\%) = 5.3$	43.7
Trust	$(6.0 * 44\%) = 2.6$	$(10.0 * 30\%) = 3.0$	35.0
Social norms	$(6.0 * 28\%) = 1.7$	$(10.0 * 17\%) = 1.7$	21.3
Total	6.0	10,0	100

The analysis of the table data allows us to conclude the following. The most profitable competitive advantage for product A is a high level of trust (2.6); the most profitable competitive advantage for product B is network connections (5.3). From intangible social assets, the profit of the enterprise is to a greater extent provided by the efficiency of the social network (43.7%) and a high level of trust (35.0%). The development of goodwill (21.3%) requires significant additional efforts of all management entities.

6. Next, the potential of the competitive advantage sphere should be calculated as a percentage of the expected profit growth of the enterprise for the year. The calculation of the potential of the key competitive advantages of the enterprise is to determine the percentage of the expected growth of gross profit for the year, at the expense of the considered intangible assets. Annual growth and growth rates of production are calculated based on current internal company's information. The results of the calculations are presented in Table 13.

Table 13. Competitive advantage potential

	2018			2017			Annual growth rate		Dynamic s	Potentia l
	Product A	Product B	Total	Product A	Product B	Total	Product A	Product B		
Gross profit	5.4	13.0	18.4	6	10	16.0	-10%	+30%	-	-
Social network	1.5	6.9	8.4	1.7	5.3	7.0	-10%	+30%	1.4	20%
Trust	2.4	3.9	6.3	2.6	3.0	5.6	-10%	+30%	0.7	12.5%
Social norms	1.5	2.2	3.7	1.7	1.7	3.4	-10%	+30%	0.3	8,8%
Total	5.4	13,0	18,4	6.0	10,0	16.0	X	X	2.4	15%

In the example, the integral percentage is equal to 15%, as evidenced by the data in the table, in the system of intangible social assets of the enterprise a key role in the economic strategy, all things being equal, will be played by its highly effective social networks. Strategically, the trust system and social norms require the additional mobilization of the managerial innovation capital of managers and all staff.

7. An assessment of the longevity and sustainability of an enterprise's competitive advantage is based on internal and external information. Considering the «matrix of competitive advantages» of the enterprise (Tables 2-4), which are expected to be obtained from the release of new products, the expected periods of effective use of intangible social assets are calculated. Exemplary parameters and indicators of this assessment are shown in the Table 14.

According to the table, the least durable for an enterprise is its intangible asset as a business reputation, which appears as a fairly unstable element for its prospects. The obtained average results serve as the next key indicators for calculating the economic value of the enterprise. Based on these indicators, we can reasonably believe that given the other things being equal, the company can confidently enjoy its competitive advantages in the form of social assets for 3 years.

Table 14. Assessing the sustainability of competitive advantages

<i>Competitive advantages, years</i>	<i>Durability (demand estimation)</i>	<i>Sustainability (resource in a specific area of competitive advantage)</i>	<i>Priority over competitors</i>	<i>The average result</i>
Social network,	3	4	4	4
Trust	3	5	6	5
Social norms	2	2	3	2

8. Calculation of the present value of all elements of the social capital of the enterprise, considering that they will be active within the enterprise within three years. The prospective cost of the elements of the social capital of the enterprise, taking into account a hypothetical bank interest equal to 17%, are presented, respectively, in Tables 15-17.

Table 15. Discounted cost of social networks

<i>Year</i>	<i>Gross profit, \$ mln</i>	<i>Discount rate</i>	<i>Discounted value, \$ mln</i>
2018	8.40	$1 / (1 + 0.17)^1 = 0.85$	7.14
2019	10.08	$1 / (1 + 0.17)^2 = 0.73$	7.36
2020	12.10	$1 / (1 + 0.17)^3 = 0.62$	7.50
Total	30.58		22.00

According to the table, we can see that the value of effective enterprise networks within 3 years is estimated at \$ 22.00 million, and this amount should be added first to the balanced sheet value of the enterprise.

Table 16. Discounted trust value

<i>Year</i>	<i>Gross profit, \$ mln</i>	<i>Discount rate</i>	<i>Discounted value, \$ mln</i>
2018	6.30	$1 / (1 + 0.17)^1 = 0.85$	5.35
2019	7.09	$1 / (1 + 0.17)^2 = 0.73$	5.18
2020	7.98	$1 / (1 + 0.17)^3 = 0.62$	4.95
Total	21.37		15.48

It can be seen that the estimated three-year value of trust held and used by both managers and staff of the enterprise is \$ 15.48 million, which should also be added to the balanced sheet value of the enterprise.

Table 17. Discounted value of social norms

<i>Year</i>	<i>Gross profit, \$ mln</i>	<i>Discount rate</i>	<i>Discounted value, \$ mln</i>
2018	3.70	$1 / (1 + 0.17)^1 = 0.85$	3.15
2019	4.03	$1 / (1 + 0.17)^2 = 0.73$	2.94
2020	4.38	$1 / (1 + 0.17)^3 = 0.62$	2.72
Total	12.11		8.81

In this case, the value of the company will increase by another \$ 8.81 million. The total discounted value of the elements of the social capital of the enterprise is shown in Table 18.

Table 18. The total present value of the enterprise's social capital elements

<i>Competitive advantages</i>	<i>Present value, \$ mln</i>	<i>Specific weight, %</i>
Social network	22,00	48
Trust	15,48	33
Social norms	8.81	19
Total	46,29	100

Thus, the total present value of the social capital elements of the enterprise is \$ 46.29 million. Taking into account the previously stated book value of the enterprise (\$ 30.0 million), the total market value of the firm is \$ 76.29 million. It is worth noting that the value of social capital in our case is almost twice the value of the material and cash resources available in this enterprise. It can be stated that \$ 76.29 million is the real economic value of the enterprise, which is almost three times higher than its accounting value.

Social capital should be considered and presented as a limited real or potential resource for social interaction. It has the ability to reproduction, collective accumulation and transformation into other forms of capital. The resource aspect of the dual nature of social capital has some specific features: firstly, individual accumulation of social capital is impossible (only use) because it is a consequence of collective action and collective accumulation. Secondly, the benefits of investing in the social capital of an enterprise (or society) are only a likely result of influencing the social interaction system. Social capital has liquidity, but it is expressed in an indirect form (minimizing transaction costs or reducing the time to seek necessary information). Thirdly, social capital is the result of communication and cooperation between enterprises, maximizing collective benefit by increasing internal and external investment in their reproduction and development. Fourthly, social capital is capable of converting to other forms of capital.

The suggested methodology for calculating the value of social capital is an advanced version of «The Value Explorer» method. The novelty of this technique is that the key elements of a company's social capital are clearly presented here; in addition, the emphasis is placed on the binding management decisions, at the same time, in the field of internal company's as well as between company's socio-economic relations.

CHAPTER 2

DEVELOPMENT OF ACCOUNTING: UKRAINIAN CONTEXT

2.1. Hybrid War as a Form of Modern International Conflicts and its Influence on Accounting

Wars and conflicts are indispensable companions of human history. It has been estimated that over the past five and a half millennia, humanity has gone through 15,000 wars and armed conflicts that claimed lives of more than three billion people (Hedges, 2007, p. 176). Starting from 3600 BC and to this day only 292 years were peaceful, which is 5% of this chronological interval. Other 95% of the time mankind fought. Centuries pass, and security and stability are still the most important components of sovereign development of the states. Deployment of a military and political conflict in the East of Ukraine, which began in 2014 and continues to this day, has determined the need to investigate contemporary forms of international conflicts.

At the same time, modern conflicts do not paralyze, but considerably complicate the business activity, all indicators of which are formed in the accounting system. The development of accounting as a separate functional science and as a practical activity depends directly on the actions and events that arise in its external environment. One of these factors that should be considered is the hostilities that affect most of the processes occurring in society, in particular, as a result of which there is a violation of traditional approaches to business activities, which significantly affects both the objects of accounting and the order of accounting organization at the enterprises as well. Conducting a hybrid war on the territory of Ukraine by the Russian Federation, predetermines the need for analysis of the trends in the development of accounting in the course of hostilities based on the study of existing historical experience and the rethinking of the importance of accounting as a means of ensuring the level of national security. After all, if in general to consider war as a separate factor of the external environment of the national accounting system, then we can state that in such complex for the country periods of time, scientists do not pay proper attention to the development of accounting, so the accounting system whether remains in the existing state without progressive changes, or vice versa, is partially degraded by its gradual simplification in order to fulfill the tasks put forward by users and dictated by conditions of wartime.

The most conflict-related regions of the world are the Middle and Middle East countries, as well as the African continent. It is worth noticing that all armed conflicts are related to the 4th generation of wars: a conflict characterized by erasing the differences between war and politics directly between the military and civilian population (Wikipedia, 2018). More than half of the existing conflicts are linked to the struggle for the territory, in all armed conflicts unconstitutional armed formations are engaged.

The American Centre for Peace Studies (CPS) has counted 36 wars since the beginning of 2017, with 28 states directly involved (including Afghanistan (36 years), Colombia (39 years), the Democratic Republic of the Congo (22 years), India (62 years), Iraq (34 years), Myanmar (66 years), Nigeria (17 years), Pakistan (17 years), Philippines (42 years), Somalia (26 years), Sudan (31 years) and Turkey (30 years) (Homon 2017). The peculiarity of modern armed conflicts is the «erosion» of the outlines of the military conflict and the involvement of non-military means (political, economic and humanitarian) that, in their usual state, are not directly related to the classical military confrontation. In fact, there is a world war in an «oppressive» regime characterized by extreme cruelty towards the civilian population.

Defining the international conflicts, its nature and main features has numerous variants within the limits of modern scientific approaches and is carried out on the basis of their classification. The provisions of the UN Charter make it possible to distinguish between two categories of international conflicts: 1) those that threaten international peace and security and 2) those that are not threatened (Statut, 2005), but the UN has not formulated general criteria for this classification. In the course of the analysis of scientific sources (Boulding, 1962; Doronina, 1981; Dougherty & Pfaltzgraff, 2000; Wright, 1955), the main components of international conflicts were identified (Table 19).

Table 19. Components of modern international conflicts by the sphere of action

<i>Sphere of influence</i>	<i>Components of conflicts</i>
Economic	control over resources; ownership of exclusive rights and values; support and change of the existing economic order
Political	possession or control of a certain territory; providing status and place in the hierarchy of international relations
Information	measures of propaganda influence on human consciousness; disinformation, intimidation (terror), initiation of aggressive emotional states, manipulation
Ideological, ethical, religious	incompatibility of values and ideas; ethnic discrimination; struggle for self-determination; religious contradictions

The blurriness and uncertainty of the nature of modern conflicts leads to the uncertainty of the relevant terminology: gray wars, unrestricted conflicts, asymmetric warfare, unconventional warfare, irregular warfare, compound warfare or hybrid warfare, etc. Moreover, it is not clear whether these types of conflicts are related to the fourth generation of wars or should we talk about the fifth generation.

In the XX-beginning of the XXI century the dynamics of a radical rethinking of the nature of the war, forms, methods, tools to achieve its goals has sharply accelerated. A special place among them belongs to the concept of hybrid war. This concept should be considered in the context of modern international conflicts. In fact, the «hybrid war» is defined as incompatible concurrence, namely: a fragmentary and situational combination of different methods and theories of war, their integration into different spheres, especially political, religious, ideological, ethical, economic and informational. Today hybrid conflicts and hybrid threats are considered as an important feature of the internationally safe environment that is in a state of systemic crisis. At the same time, military and analytical communities lack unity in understanding the phenomenon of hybrid warfare.

The concept of «hybrid warfare» appeared in 2005 in Western scientific thought, but still this military-political phenomenon has many concepts and definitions. Discussions on hybrid threats and a hybrid method of military action arose on the wave of first generalizations of Hezbollah's effective work during the second Lebanese war in 2006. For the first time, the mention of this term was highlighted in the speech of Lieutenant General James Mattis in 2005 (McCulloh & Richard, 2013, p. 55). Together with F. Hoffman, analyzing the challenges of globalization of military science and technology, they came to the conclusion that future wars will be determined by hybrid methods and strategies (Mattis & Hoffman, 2005).

But the turning point in recognizing the hybrid threat should be considered the release of defense review «Quadrennial Defense Review Report» (Report, 2006) in the United States in 2006. Its authors convincingly proved the effectiveness of the hybrid war, and soon the entire Western military establishment, mainly in the United States, Britain and Israel, recognized this fact at the conceptual level, although without the appropriate consensus among politicians, academics and military experts in understanding this phenomenon.

Although it should be noted that the separate components of the hybrid war were observed at the end of the 20th century: in military campaigns against Iraq, in the Balkans, in Afghanistan, in Libya and in Syria. The leaders of the Russian Federation

fully demonstrated openly the methods and technologies used in the hybrid war at various geographical destinations – during the conflict between Armenia and Azerbaijan over Nagorno-Karabakh, aggression (two wars) and the occupation of the Republic of Ichkeria (Chechnya), the military conflict in Moldova Transnistria, aggression against Georgia with the occupation of North Ossetia and Abkhazia, during the Russo-Georgian war. In fact, Ukraine is now in a state of war, the feature of which is its so-called «hybrid» nature (Radkovets', 2014; Horbulin, 2017; Smola, 2015).

The search for answers to the challenges that Ukraine faces due to the hybrid war should begin with the study of the nature of the hybrid threat itself. After all, understanding the features and logic of the hybrid war will give the key to find out the weaknesses of this strategy.

The military-political phenomenon that has taken place in Ukraine since 2014, to date has many definitions and characteristics in the scientific and special literature: «hybrid war», «hybrid warfare», «information warfare», «Ukrainian and Russian war», «kremlin aggression», «information and psychological warfare». During the analysis of the scientific literature it was discovered that the concept of «hybrid war» is interpreted from different points of view: 1) the main method in the asymmetric warfare, which is conducted on three conditional fronts – among the population of the conflict zone, the rear population and the international community; 2) a modern type of partisan war that combines modern technologies and methods of mobilization; 3) measures of a political, economic, informational nature without declaring a war to achieve foreign policy goals; 4) a military strategy that combines conventional warfare, small warfare and cyberwar; 5) an attack using nuclear, biological, chemical weapons, improvised weapons for terrorist attacks and information pressure.

At the moment, researchers note that the meaning of the concept of «hybrid war» is changing compared to the initial use. In the case of Russia and Ukraine, every specific element of this «hybrid war» is not new in nature and used in almost all the wars of the past, but the coherence and interconnection of these elements, the dynamism and flexibility of their application, as well as the increasing weight of the information factor, are unique. Moreover, the information factor in some cases becomes an independent component and is no less important than the military one. Each particular hybrid war has its own peculiarities and geopolitical context.

Actually, the hybrid war can be defined in the most general terms as a set of prepared in advance and operationally implemented actions of military, diplomatic, economic, informational character, aimed at achieving strategic goals. The

components of the hybrid war include traditional and non-traditional threats, terrorism, and subversive actions when using the latest non-template technologies to counteract the superiority of the enemy in the armed forces. It is worth noting that the idea of a hybrid war is not new. Military history knows a lot of examples of asymmetric wars using nonlinear tactics and irregular armed formations that are more ancient counterparts of the modern hybrid war. The ratio and extent of the influence of these components on the overall result, their role and place in a particular confrontation is determined by the level of development of society.

A typical hybrid war consists of three main stages: preparatory, active and final. In Ukraine preparatory stage (beg. 2000-2013) was characterized by: 1) strengthening of Russian influence on the leaders of Ukraine; 2) the refusal of the Ukrainian authorities on the course for joining NATO and the EU; 3) the deepening of the split in Ukrainian society for supporters of the West and Russia; 4) reduction of trade and economic relations with the Russian Federation; 5) use of the energy factor as a tool of pressure on Ukraine; 6) refusal to sign the Association Agreement with the EU; 7) reorientation to Russia and Customs Union. During the active stage of hybrid war (end 2013-end 2014) the following events took place: 1) seizure of Crimea and further disintegration of Ukraine; 2) entering the Crimea by Russian troops; 3) destabilization of the eastern and southern regions of Ukraine; 4) an increase in the number of troops near Ukrainian borders and in the occupied territories; 5) a large-scale information campaign of anti-Ukrainian orientation.

Final stage has been in progress since October 2014 and is still being observed: 1) Russian Federation support the new government in the occupied territories; 2) legalization of self-proclaimed state formations in case the country-aggressor does not recognize itself as a party of the conflict; 3) creation of conditions for ensuring the military presence of the aggressor in the country-object of aggression at a long-term / permanent basis.

The main features of the hybrid war in Ukraine are the destabilization of the country through the intensification of the internal conflict, attempts to destroy the state through a catastrophic destruction of economy and infrastructure.

In the report of Calha, «Hybrid Warfare: NATO's new Strategic Challenge?» (Calha, 2015), when assessing the peculiarities of Russia's actions, it is emphasized that the Government of the Russian Federation is using the internal weakness of Ukraine due to, first of all, non-military methods (such as political, informational,

economic intimidation and manipulation), which are supported by the threat of the use of regular troops.

The results of the analysis of contemporary international conflicts give grounds for asserting that they have the following features: 1) rising the role of political, economic, informational means during preparation and in the course of the conflict; 2) increasing the role of information-psychological operations in achieving the objectives of conflicts; 3) the creation of coalitions and multinational forces; 4) the dependence of the political decision on participation in the conflict on public opinion at the domestic and international levels; 5) continuous improvement of forms and methods of conducting armed struggle, in particular, asymmetric actions. Taking into account the above-mentioned, we agree with the position of representatives of the military sciences who use the English equivalent of the «hybrid war» to translate the term rather than «warfare», since the latter means «methods of warfare» (biological, chemical, etc.). Accordingly, the «hybrid war in Ukraine» is a kind of modern military conflict, which involves actions carried out by combining political, economic, informational, international-legal and military conflict scenarios in order to achieve military-strategic goals. It should also be noted that military force in this type of conflict is not decisive.

An analysis of the above-mentioned peculiarities of conducting modern «military-political conflicts» of the «hybrid type» provides grounds for confirmation of the presence of their influence on the safety of life of the civilian population and doing business. The consequences of modern «hybrid wars» include: direct losses among the civilian population, a large number of injured people; increasing the intensity of migration processes, increasing the number of refugees, internally displaced people and evacuated people; a decline in the economy, and, as a result, a decline in living standards and social protection; damage and destruction of infrastructure objects; violation of the life support systems, the emergence of centers of defeat from secondary factors of the use of weapons (destruction of nuclear power plants, chemically hazardous objects, hydraulic structures), causing damage to the environment.

It is also worth noting the factors that may contribute to the development of the hybrid conflict. The example of Ukraine is, first of all, the existence of common borders with the aggressor and military bases located in its territory, the large number of national minorities that have close ties with the aggressor state, the economic dependence of the country on an aggressor state, as well as the administrative, political and military weakness of the country as a whole.

In the context of European integration processes, uncertainties and conflicts, and in the context of financial and economic crises, the international community is aware that further economic development must be based on a fundamentally different basis. It should be linked to increased control over risks, balancing financial and non-financial interests and should be geared towards sustainable development of the economy and society. One of the ways of solving the current situation in Ukraine is the implementation of the concept of social responsibility of business taking into account the risks that may arise during conflict times. At the same time, changes in doing business can not but affect the accounting system, as will be discussed below.

The analysis of scientific publications allowed to distinguish 4 directions of development of accounting in the conditions of hostilities: 1) accounting at the subjects of the implementation of military operations (military units and elements); 2) accounting at the enterprises that perform a providing function during military conflicts; 3) accounting of property of enterprises, whose activities were directly influenced by military actions (lost or conquered); 4) accounting as a political tool in the conduct of military conflicts. In the conditions of hybrid war, the accounting of property of enterprises, whose activity was exposed to direct influence of military actions, which will be highlighted in detail, is especially relevant.

The conduct of hostilities between the armed forces of certain countries or political entities in most cases has economic preconditions, which is justified by the limited resources and unlimited needs of people. In some cases, the desire of war participants to seize the necessary resources or entire economic areas determined the nature of combat operations and the direction of the deployment of military aggression.

The most typical example of expropriation of property in the captured territories is the actions of Germany during the Second World War. Thus, during the years of occupation, the German troops looted and destroyed 38% of the national property of Poland, from France they took 63 million tons of coal, about 2 million tons of oil, from Belgium, the Netherlands, Denmark and Norway, and other occupied countries, all stocks of strategic raw materials, industrial goods and foodstuffs, 80 million dollars of gold were exported from Austria, and 25 million dollars from the Czechoslovakia (Shifman, 1964, pp. 131-132). The expropriated property was exported from the occupied countries to Germany, where it was included in the assets of powerful German monopolies or public financial institutions.

A similar situation at the end of the Second World War was also found in the former Soviet territories, which were freed from the German occupation by the Soviet troops, as well as in the territories that were released but were not previously part of the USSR. In order to ensure the proper control and unification of this process, in April 1943, the Council of National Commissioners of the USSR issued Resolution No. 404 regulating the issues of accounting and use of nationalized, confiscated, depreciable and non-secure property (Postanovleniye, 1943).

When setting the new government on the territory captured by the war, as the result of the annexation of such a territory into another country or the creation of a new country by way of the unification of several territories, available enterprises and institutions normally it would be subject to nationalization. As a result of nationalization, these objects should be included in the assets of enterprises and institutions. The main problem with their accounting is the establishment of their real value, taking into account their real value, and the costs incurred for their delivery and transfer to their place of their further use.

Other participants of a military conflict who lose it on a temporary or permanent basis, also lose certain types of property, enterprises or territories, which should also be reflected in the accounting system of the appropriate level. In order to keep track of lost property during the Second World War at soviet enterprises, a separate section of the Chart of Accounts «Accounts defined in connection with wartime conditions» (in particular, the accounts «Fixed Assets Not Evacuated»; «Inventories Not Evacuated»; «Inventories Evacuated, But Not Arrived To The Destination»; «Expenses caused by evacuation») was introduced (Mazdorov, 1972, p. 157).

Today, in the conditions of temporary occupation of certain territories in the Donetsk and Luhansk region and the annexation of the Crimea, at domestic enterprises whose structural units stayed in these territories and over which management was stopped, such a method of accounting for lost property used during World War II in the Soviet accounting system is not used. For example, all nationalized property of DTEK ENERGY B.V., located in the occupied part of the Donetsk and Luhansk Regions and in the annexed Crimea, is included in the assets of this company, as evidenced by the published unaudited consolidated financial statement for the six months of 2018 (1H, 2018). However, as stated in the Auditor's report on financial statements of PJSC «DTEK KRYMENERGO» (Audytors'kyy vysnovok, 2017), on the value of non-current assets located in the temporarily occupied territory of Ukraine in 2015 a 100% impairment provision guided by the prudence principle and IAS 36 «Impairment of

Assets» was accrued. As a result, as at 31.12.2016, net assets of PJSC «DTEK KRYMENERGO» made up a negative value of -1025951 thousand UAH. Already in September 2018, the media reported that «DTEK ENERGY B.V.» was being sued at international courts in the Russian Federation for expropriated property located on the territory of the annexed Crimea (DTEK, 2018), indicating that the company was seeking reimbursement of incurred losses. Accordingly, for the assets of «DTEK ENERGY B.V.», which stayed in the occupied part of the Donetsk and Luhansk Regions and in the annexed Crimea, separate special accounts for their accounting are not used, and their value is adjusted on the basis of their level of depreciation.

The peculiarity of modern international relations is the steady tendency to strengthen the conflict-related potential due to the complexity and increase in the number of international, local and regional conflicts. A special place among them belongs to the so-called hybrid wars. Each particular «hybrid war» has its own peculiarities and geopolitical context. In the case of Russia and Ukraine, each specific component of this hybrid war is not new in nature and has been used in almost all the wars of the past, but the coherence and interconnection of these components, the dynamism and flexibility of their application, as well as the increasing weight of the information factor, are unique. Moreover, the information factor in some cases becomes an independent component and turns out to be no less important than the military. The correlation and extent of the influence of these components on the overall result, their role and place in a particular confrontation is determined by the level of development of society.

2.2. Development of variability concept in accounting: Ukrainian context

The need to regulate the accounting system arose as a result of the current imperfection of financial markets and incomplete information about the activities of enterprises, which is provided to their participants for decision-making. Accounting is a means to eliminate various negative phenomena that accompany the functioning of financial markets (incomplete information, information noise, information asymmetry). In order to improve the efficiency of accounting as a separate socioeconomic institute that solves market imperfections, there is a need for its regulation based on the application of different kinds and types of models. The introduction of a multivariate accounting model in IAS/IFRS and GAAP US systems,

although it is a significant step forward in improving the efficiency of their regulation, in itself this process does not eliminate all the disadvantages inherent in accounting systems built on the basis of a consistent accounting methodology. One of the ways to solve such problems is to develop a concept of variability in accounting, which allows the formation of further directions for the development of the regulation of the national accounting system (hereinafter – NAS), taking into account the advantages and disadvantages of various forms of methodological variability and accounting choice, which the agents of accounting organization in the enterprise have the right to make. The issue of multivariability in accounting in the context of the application of enterprises' accounting policy was given attention by the following domestic scientists: Baranovska, Bondar, Valuiev, Holov, Yevdokymov, Zhytnyi, Zhuk, Kostyrko, Kuzina, Lokhanova, Ozeran, Petruk, Suprunova, Chyzhevskya.

Each NAS can be considered in the light of the concept of the variability of accounting methodology, which allows analysing it at an angle of availability/absence of accounting choices in the process of accounting in the enterprise. An analysis of the historical development of accounting in the Tsarist Russia, the USSR, Ukraine, and the USA (until 1934 and after), the peculiarities of the development of the system of IFRS allowed to identify that there are different types of concepts of variability, on the basis of which NAS can be constructed (Table 20).

Table 20. Types and characteristics of variability concepts in accounting

<i>Concept type</i>		<i>Extended univariability (imperatives, sometimes alternatives, from which the relevant authorities of a higher level than the enterprise choose)</i>	<i>Limited multivariability (imperatives and limited alternatives (by qualitative characteristics or principles))</i>	<i>Partially limited multivariability (only alternatives limited by principles)</i>	<i>Full unlimited multivariability (only alternatives)</i>
<i>Characteristics</i>					
<i>Concept formula</i>	I	I, Aopr	I, OA	OA	A
<i>A form of implementation of the concept at the level of the accounting system</i>	Regulations, guidelines for accounting	Regulations, guidelines for accounting, the accounting policy of bodies higher in relation to the enterprise	Accounting standards, accounting policy of the enterprise	Accounting policy of the enterprise	Accounting policy of the enterprise

Continuation of Table 20

An example of a concept implementation	–	The accounting system in the USSR after the 1930s.	National P(S)A, IAS/IFRS, GAAP UK, GAAP US	L. Pacioli's system of accounting	The accounting system that existed before the emergence of principles
				NAS in the USA until 1934	«Theory of multi-purpose accounting»

Notes: I – imperatives; A – alternatives; Aopz – alternatives, from which the relevant body of higher level than the enterprise chooses; OA – alternatives, the process of selection among which has certain restrictions.

The basic concepts that are used in any of the variants of the concept of variability in accounting are imperatives, alternatives, imperative behaviour, and accounting choice, the relationship between which is presented in Figure 5.

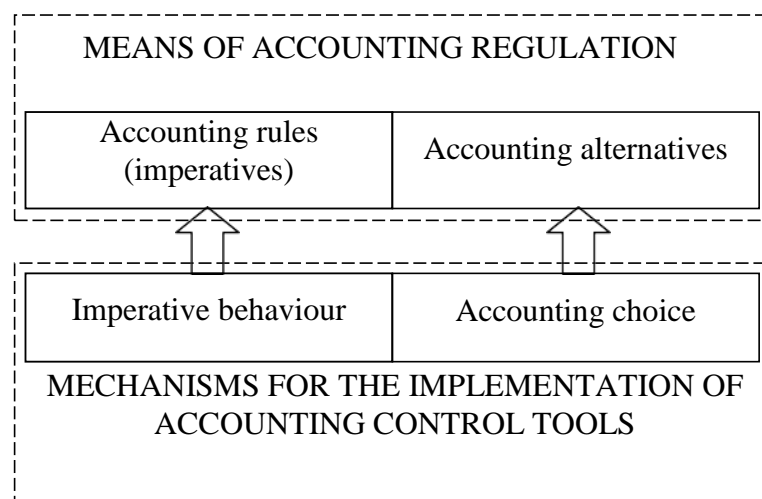


Figure 5. The interconnection between the basic concepts of the concept of variability in accounting

Accounting rules (imperatives) are such means of its regulation, which clearly and unambiguously establish an exhaustive list of the accounting reflection of consequences of business operation items of the enterprise and do not allow any deviations. The implementation of actions clearly defined in the accounting regulation documents by the accounting entity is called imperative behaviour. Accounting alternatives are a set of (two or more) equivalent accounting imperatives, the availability of which implies that for the accounting reflection of consequences of business operation items, it is necessary to choose one of them. The choice by the subject of accounting of one of the alternatives presented is called the accounting choice.

The concept of complete univariability suggests that accounting is governed by regulatory documents, in which there are no alternative options for accounting. The accountant must strictly observe the requirements stated in the documents (regulations, instructions) of the imperatives during the accounting reflection of the consequences of business operation items. We cannot give examples of the application of this concept today, but its allocation has important economic value, similar to Robinson Crusoe's economic model, which allows representing the economy of one agent. So the concept of complete univariability allows theoretically considering the existence of an accounting system, in which there are only imperatives and there is no possibility of an accounting choice both at the enterprise level and at the level of bodies of higher than the enterprise level.

The concept of extended univariability envisages that in the vast majority of cases, accounting is governed by the establishment of clear rules of conduct, but in some cases, the relevant documents provide for alternative versions of the accounting reflection of business operation items. The choice of alternatives presented in the documents is carried out by the appropriate authorities of higher than the enterprise level. The right to make a choice from the submitted alternatives entrusted to the subject of accounting. A typical example of this concept's practical implementation is the system of accounting in the USSR after the 1930s and before its collapse, the basis of which was built on the need to ensure the uniformity of accounting indicators to the indicators of the plan, which led to the elimination of most accounting alternatives used in the Soviet accounting methodology during the NEP.

Today, for example, the construction of a model of accounting regulation based on the concept of extended univariability, according to C. Sottoriva et al. (Sottoriva, 2013) is the development of a system of Iranian rule-based accounting standards based on the instructions and take into account the specific conditions of the political and economic structure of Iran.

The concept of limited multivariability is based on a mixed approach to NAS regulation, which involves the simultaneous application of accounting imperatives and a set of alternatives to the accounting of the consequences of business operation items. In comparison with two previous concepts, it provides a greater flexibility for subjects when choosing accounting methods. The form of implementation of the concept at the level of accounting system is often the accounting standards. The right to choose alternatives presented in standards is entrusted to the entity of accounting or management of the enterprise. When making accounting choices, a set of restrictions

(principles or qualitative characteristics of accounting (financial) information) must be taken into account, which is recorded in the reference document of accounting standards (law or conceptual basis). To date, the concept of limited multivariability is realized in the vast majority of national and international accounting systems.

The concept of partially unlimited multivariability implies that accounting is governed only by the use of sets of alternative variants of accounting for the consequences of business operation items. When an accounting entity conducts accounting choice, which involves the choice of one appropriate alternative from each set, limitations in the form of accounting principles are taken into account. An example of implementing this concept in practice is the accounting system described by Pacioli or the accounting system in the USA, which existed before its reform in 1934 as a result of aggravation of crisis phenomena in the field of corporate governance and economics, one of the reasons for which was the imperfect regulation of the accounting system.

The concept of full unlimited multivariability assumes that accounting is regulated only through the use of sets of alternative variants of accounting reflection of the consequences of business operation items, in the choice of which there are no restrictions. That is, accounting choice by accounting subjects is carried out without taking into account any formal (normative) and informal (historically formed principles or postulates of accounting) recommendations. An example of the implementation of such a concept is the accounting systems that existed prior to the emergence of principles or postulates in them or do not foresee the need for their allocation.

Each enterprise has its micro and macro external environment, which, even at the level of theoretical developments, are not yet fully included in the objects of accounting monitoring. As enterprises are different, they also have different external environments, which is explained by the impact of different economic realities on their operation. The existence of these differences leads to the use of accounting entities different methods of accounting for the same objects.

In addition, the information needs of internal and external users in relation to the same objects of accounting can vary considerably, which also affects the choice of different accounting methods. Thus, for all enterprises, it is rather difficult to choose the only best method. It is also impossible to do even for a particular type of operations, not to mention all the objects of accounting monitoring. At each enterprise, the entity that implements accounting policies chooses those accounting methods that are most useful for decision-making by users of accounting information

and in most relevant and adequate manner reflect the information about the enterprise and the external environment, in which it operates.

Professor Solomons highlights four arguments against the complete freedom to choose accounting methods:

- the market cannot be dependent on the decisions of corporations regarding how and what they should report;

- the need to ensure the comparability of information disclosed by enterprises;

- the user of the accounting information must have the ability to understand and use it;

- increasing public confidence in financial reporting (Solomons, 1983).

The above arguments convincingly indicate the need to move from the concept of partially unlimited variability to the concept of limited variability regarding the application of accounting methods, which was implemented in practice in the USA by creating a system of GAAP US standards.

The freedom to choose accounting methods for researchers-accountants from English-speaking countries actually reduces to the question of the need for accounting regulation through its standardization.

Apart from the fact that accounting standards restrict the freedom to choose accounting methods and ensure better comparability of reporting indicators, which has become very relevant in the context of globalization of economic systems and relations, there are other reasons for their application, which in general justify the need for accounting regulation. One of the main reasons for the application of accounting standards is the cost savings for the development of individual accounting rules for each enterprise. This reason justifies the expediency of using accounting standards even for those enterprises that are not participants in international capital markets.

Despite the worldwide standardization of accounting under the slogan of international harmonization of accounting systems, some researchers oppose the regulation of accounting by standardizing it (Hendriksen & van Breda, 2000; Sunder, 2005; Watts, 2008). The existence of such views confirms the thesis that the practical implementation of accounting standardization generates a significant number of problems related to the process of developing the standards themselves, the imperfection of their theoretical basis, the obsolete methodology used in scientific research, the effectiveness of their implementation as a means of regulating the accounting system. In order to improve the overall efficiency of accounting standardization, these problems require the fastest solution. However, in the vast

majority of cases, the above problems are not related to the reduced freedom to choose accounting methods, which was one of the main tasks, assigned to the relevant accounting standards development agencies in the USA.

Currently, the choice of accounting methods presented in the accounting standards, along with strictly prescribed univariable rules, is an integral part of modern national and international accounting systems (e.g., NAS, GAAP US, IAS/IFRS), whose structural model is presented in Figure 6.

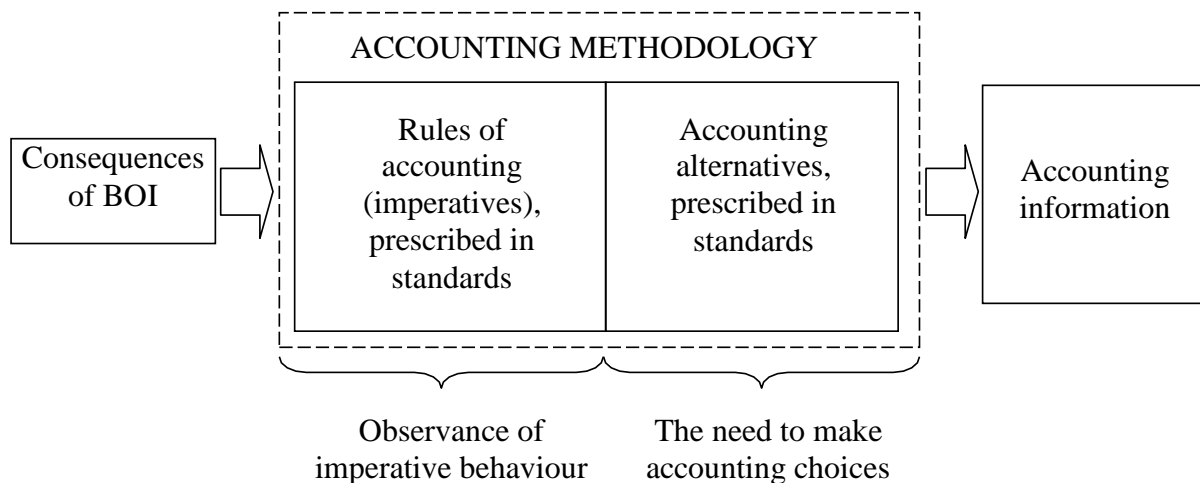


Figure 6. The structural model of the accounting system based on the concept of limited variability

The presented model (see Figure 6) shows that the accounting system, in particular, in the part of its methodological apparatus, acts as a means of transforming the data on the effects of business operation items on the accounting information, which is the basis for making management decisions by users. A part of transformation means are fixed in the standards (imperatives), and other means of transformation (alternatives) are chosen by the subject of accounting under the mechanism established in the higher that standards accounting documents (laws, conceptual foundations, etc.).

It should be considered that the movement towards such a model of the accounting system in the developed capitalist and post-Soviet countries took place in different ways, which can be represented as follows (see Figure 7).

The transition to the concept of limited multivariability in the post-Soviet countries was carried out with the implementation of accounting harmonization with the requirements of IFRS through the introduction of national standards. In most post-Soviet countries, these processes began in the second half of the 1990s and continue to this day.

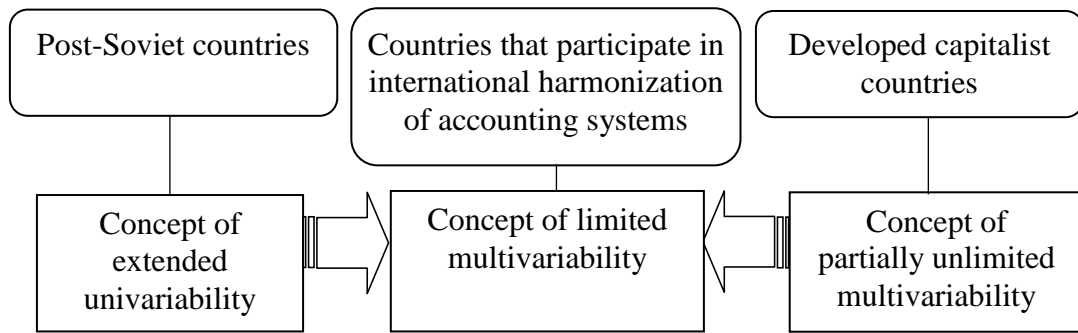


Figure 7. Accounting system development in capitalist and post-Soviet countries

In the developed capitalist countries, the transition to the concept of limited multivariability began somewhat earlier – in the 70s and 80s of the XX century, along with the process of developing national and international accounting standards (for example, the United Kingdom – 1971, the USA – 1974, the IFRS – 1975, Australia – 1984, etc.) and the development of conceptual foundations to standards that revealed the limitations that should have been taken into account when making accounting choices.

Taking into account the fact that capitalist and post-Soviet countries have come to the use of the concept of limited multivariability in the accounting system (see Fig. 7) in other ways, one can explain some misunderstandings that arise among scholars-accountants during scholarly disputes and discussions about accounting standardization issues. In particular, the fact that improving the quality of accounting information can be achieved by expanding the number of options for accounting display in the documents that govern the accounting process.

So, according to Prof. Sokolov and Piatov, refusal from excessive imperative statutory regulation of the accounting system makes it possible to expand the limits of the truthfulness of financial reporting (as it smooths the issue of financial statements' compliance with the regulatory requirements for its formation) and, accordingly, to increase its realism (since it creates conditions for ensuring compliance with the actual state of affairs in the organization) (Sokolov & Piatov, 2007).

In addition, the distinction found in the development of post-Soviet and capitalist accounting systems makes it possible to explain the views incomprehensible for some scholars of the Soviet school, in particular, similar to the thesis of Nikolaieva that professional judgment of the accountant in terms of developed market relations is a means of ensuring the reliability of information (Nikolaieva, 2000) that coincides with the general thesis about the need for accounting standardization. From the standpoint of Anglo-American scholars, accounting standardization ensures a better comparability of financial reporting

indicators, as capitalist countries have switched to the concept of limited multivariability from the concept of partially unlimited multivariability. In this case, when disclosing arguments in favour of standards, their advantages are given in relation to the situation when there are no rules for the regulation of accounting. However, in this case, the advantages of accounting standardization are not considered in comparison with their complete monotonous regulation, when accounting is fully unified.

At the same time, this thesis is unacceptable for representatives of the Soviet accounting school, as they compare the concept of limited multivariability to the concept of extended univariability, which was used in the Soviet accounting system. The Soviet system of accounting, in turn, was focused on ensuring maximum approximation to univariable accounting methodology in order to implement a planned approach to economic management. Therefore, from the point of view of the representatives of the Soviet school, the standardization of the accounting system and the ability to make accounting choices based on the alternatives presented in the standards does not improve but worsens the comparability of financial reporting indicators and does not ensure the reliability of accounting information.

Figure 8 presents the hierarchical structure of accounting methodology in terms of reducing the number of alternatives to accounting.

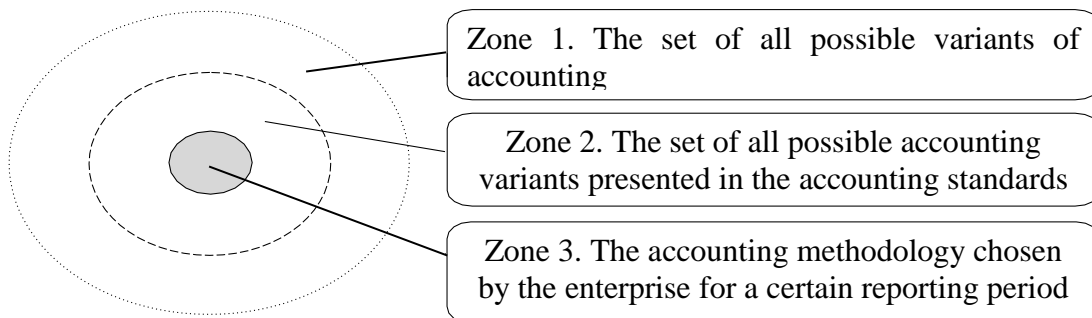


Figure 8. The hierarchical structure of accounting methodology

Each of the highlighted zones (Zone 1 and Zone 2) includes all possible options for an accounting of zones of the lower levels. R. Watts and J. Zimmermann call Zone 2 «permissible set», that is, a set of accounting procedures, when choosing from which managers have the freedom to act (Watts, 1990). Proceeding from the theory of agency relations, this set of procedures (methods) is voluntarily determined by contract parties. Considering Zone 2 from the position of the NAS structure, it can be established that its boundaries are determined by the national regulator of the

accounting system of the country, in which the enterprise or the international regulator (IASB) operates.

It should be noted that there is a different degree of influence of zones on each other. The emergence of new accounting variants in Zone 1 may remain unobserved by regulators (such as R. Chambers's Continuously Contemporary Accounting (COCOA) or T. Limperg's Deprival Value), which, as a result, will never be included in the accounting standards. This is associated both with the lack of a global «chart of accounting information models,» as well as to the monopoly of regulators for the inclusion of new accounting methods in the system of accounting standards, which in most countries is conducted under the close supervision of ideologues and developers of GAAP US and IAS/IFRS.

The emergence of new accounting variants in Zone 2 expands the space for variation in accounting methods at the enterprise. And the exclusion of existing accounting variants in Zone 2 (for example, LIFO) is a direct indication of the need to change the accounting methodology of the enterprise (Zone 1).

Taking into account the proposed hierarchical structure of accounting methodology, it is possible to present the following changes in the structure of accounting methodology at the enterprise in different reporting periods (Figure 9).

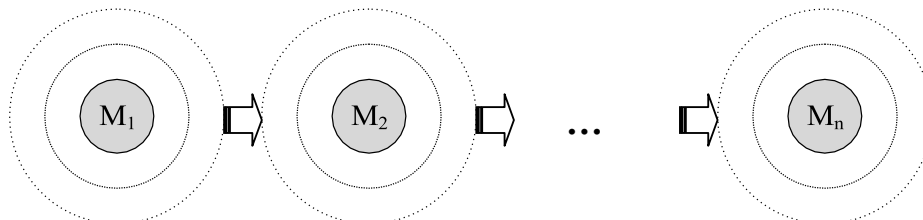


Figure 9. Change in the structure of accounting methodology at the enterprise in different reporting periods

Note: $M_1, M_2 \dots M_n$ – the methodology of enterprise accounting in the 1st, 2nd, and n-th reporting periods

Such changes take place subject to changes in the order of the accounting policy of the enterprise in terms of accounting methods and the invariability of the set of alternatives in the national accounting standards. When changing the latter, the structure of accounting methodology involves making changes not only in Zone 3 but also in Zone 2.

The presented hierarchical structure (see Figure 8) illustrates two basic provisions of the modern model of the accounting system, built on the basis of the concept of limited multivariability:

- the methodology chosen and consolidated in the accounting standards (Zone 2) is only a certain set of alternatives that are chosen by the regulator from all possible options (Zone 1) and among which the accountants or managers of the enterprise can choose;

- the accounting methodology, which is chosen by the enterprise, is fixed by the order on the accounting policy (Zone 3), is only one of the possible variants of accounting, accepted at the enterprise.

After analysing the basic provisions of the concept of accounting variability, we believe that further development of the NAS should be considered in the context of the following aspects: at the enterprise level, one of the most relevant areas of accounting research is the theoretical justification of the place and role of accounting choice in the functioning of the accounting system, the search for analytical models that would allow users to take into account the possibility of influence of accounting choices on financial reporting indicators, the development of recommendations for improving the procedure for making accounting choices with the aim of eliminating abuses from the side of subjects of its implementation and increasing the relevance and fair presentation of financial statements; at the level of normative regulation, the improvement of accepted imperatives and alternatives (Zone 2) by excluding certain components from them (for example, as happened with the LIFO method) in case of changing the needs of users of accounting information, or vice versa – by expanding them, through the inclusion of new components from Zone 3.

One of the present-day examples that confirms this thesis is the request made in early 2018 by the European Commission of High-Level Expert Group on Sustainable Finance to enable EU representatives to make changes to IFRS before they are introduced (GAAP.RU, 2018) because, in their present form, they do not always ensure that sustainability and objectives of long-term investments are taken into account.

2.3. Information Support Issues of Risk Management of Corporate Social Responsibility

Any business activity is aimed at making a profit, but making a profit is not the ultimate goal of a socially responsible business. Businesses are aware of the importance

of having a positive impact on their country, region and city, as well as creating favorable conditions for improving the well-being of society, ending negative demographic processes and environmental disasters. Considering that a significant amount of risks are inherent in a socially responsible business, there is a need for enhanced monitoring and risk management of the company's activities and finding directions for development and improving the efficiency of the risk management system.

Imperfection and inconsistency of risk management of companies, as well as the contradiction of the risk management system with the modern needs of stakeholders lead to the problem of completeness and significance of disclosure of aspects of socially responsible business in conditions of risk and uncertainty, on the decision of which our research is directed.

The research of problematic issues regarding risk management of the activity of economic entities was carried out by such scientists as: A. P. Algin, P. Y. Atamas, I. T. Balabanov, I. A. Blank, V. V. Vitlinskyy, L. V. Hnylytska, B. A. Zasadnyi, A. B. Kaminsky, T. M. Korolyuk, G. V. Savitska, A. E. Shevelev, O. V. Sheveleva, A. D. Sheremet, O. I. Yastremskii. However, the problem of the effectiveness of the risk management system and the results of its operation in providing stakeholders with information about risks, their consequences and management actions remains urgently insufficiently studied.

To reduce or avoid the negative impact of risks and related other phenomena and processes, it is necessary to implement measures and procedures of the risk management system that allow to effectively manage the risks of companies and minimize threats to the entity. If analyze the enterprises engaged in business activities for the production and/or sale of certain goods, it is possible to summarize the risks of such entities into several groups that affect the main processes of economic activity: purchase of raw materials, production of finished products and its sale. Such enterprises have well-known risks that can be avoided by implementing the necessary control and management measures.

The entrepreneurial risk is understood as the probability (threat) of loss of part of its resources, to receive less of income, the occurrence of additional costs as a result of activities.

Entrepreneurial risks (for an entity that is a for-profit organization) should be allocated to the following activities:

- 1) risks of operational activity:

1.1) risks of the supply process (purchase risk, transport, leasing, currency, legal);

1.2) production risks (venture, technical, environmental, innovation and technological);

1.3) risks of the sales process (commodity, commercial, transport, legal, trade, currency, marketing, insolvency risk);

2) risks of financial activity (credit, inflation, currency, interest rate and deposit risks, risk of insolvency and disturbance of financial balance and development, etc.);

3) risks of investment activity include risks:

3.1) real investment (capital risk, portfolio risk and building);

3.2) financial investment (risk of reduced profitability, portfolio risk, etc.).

Given the uncertainty of the economic conditions of large companies (corporations), they are characterized by high risk in all areas and aspects of activity. At the same time, in the successful case, they are guaranteed great benefits, including huge profits. Taking into account the fact that large companies in accordance with their structure and purpose are specific entities, this raises the mandatory question of implementing and regulating the risk management system, considering the peculiarities of the operation of such companies in the market.

Summarizing and refining the above, we can identify the following main risks inherent in corporations (Table 21). According to Table 21 the risks may not always have a negative impact on economic activity. In order to improve the company's systems and processes, it is necessary to implement measures to identify risks in a timely manner, which will help to make an effective risk management system in the enterprise. If analyze all threats in time and determine the possibility of their occurrence, it is possible to reduce the cost of eliminating the negative consequences and phenomena, which provides a kind of security in certain aspects of activities, i.e. protects against unforeseen factors, external influences and third parties.

Table 21. The main risk groups of socially responsible business and their impact on business processes and company systems

<i>№</i>	<i>Risk</i>	<i>Entities, processes and systems that are associated with risk or are most exposed to threats</i>
<i>1</i>	<i>2</i>	<i>3</i>
1	Lots of small threats and uncertainties	All groups of subjects, processes and systems of the company. Minor issues are not taken into account in time. Problem solving occurs in each individual case when the situation becomes critical. Influence consists in disclosure of unresolved issues, tasks, missed and not taken into account aspects of activity, not detected in time crisis phenomena and other negative management processes

Continuation of Table 20

1	2	3
2	Problems with intellectual property rights	Subjects: owner, government agencies, competitors. Systems: accounting, control, management. All processes of economic activity. The presence of permits and registration documents to conduct activities with own developments reduces the likelihood of theft of intellectual property products. Patents and other documents, as well as intangible assets must be reflected in the accounting system and be evidence in disagreements and lawsuits
3	Lack of proper funding	Subjects: founders, investors, financial institutions, government agencies. Systems: accounting, analysis, control, planning, management. The threat of non-receipt or underreception of investments, financing directly affects the company's entry into the market and its further operation and development
4	Significant probability of non-return of investment	Subjects – founder, investors, financial institutions. Systems – planning, analysis, management. Processes – purchase of raw materials, production, calculations and other current operating activities. Threat of non-receipt or underreception of investments
5	Low profitability and the possibility of losing profits	Subjects – founders, investors, financial institutions, government agencies. Systems – accounting, analysis, control, planning, budgeting, management. Processes – purchase of equipment, development of innovative products, technologies, production, sales. The inconsistency of the actual financial and economic results to the activity plans causes negative sentiments of the owners and other internal and external parties, including that it may lead to a loss of investors. Influences the further development strategy of the company, its economic, technological, innovative, personnel, environmental policy and other management decisions
6	Lack of highly qualified staff	Subjects – founders (owners). Systems – accounting, analysis, control, planning, budgeting, management. Processes – production, sales. The threat of improving production technologies and product sales
7	Fulfillment of obligations by counterparties	Subjects – founders, investors, financial institutions. Systems – accounting, analysis, control, planning, budgeting, management. Processes – purchase of raw materials, production, calculations and other current operating activities. The threat of non-receipt or underreception of material values, timely performance of works, provision of services by contractors, which directly affects the fulfillment of the company's obligations to other entities and its further operation and development

Source: authors' own development

Therefore, let's consider in more detail the essence and importance of implementing a risk management system in the management of companies.

Lytjuga Ju. V. defines risk management as «aimed at finding the optimal balance between the high level of risk, that can lead to the collapse of the enterprise, and the complete abandonment of it, which leads to loss of competitiveness» (Lytjuga, 2012).

Risk management means the implementation of the company's development objectives. A significant part of the necessary information support for risk management is provided by the accounting system (Mostenska & Skopenko, 2010).

According to T. L. Mostenska and N. S. Skopenko, risk management is «a set of principles, methods and forms of management of the organization and its behavior in the external environment in conditions of uncertainty and conflict» (Vyhivska, Hryhorevska, Lyakhovich & Khomenko, 2019, p. 74). The authors note that within the framework of risk management three main tasks are solved: risk prevention; minimization of damage caused by risks; maximizing the additional profit that the company receives as a result of risk management. The main purpose of risk management is to reduce or eliminate possible losses from risk, so the definition of principles and functions of risk management are essential for the application of risk management in the enterprise (Vyhivska, Hryhorevska, Lyakhovich & Khomenko, 2019).

Risk management is a mandatory element of the social and economic component of the company's product, which allows to generate its social capital through highly effective socio-economic interaction (Ievdokymov et al., 2020, p. 1164).

Thus, the risk management system is identified through its components, including: subjects, purpose, direction, means and methods of effective risk management. Let's consider them below.

First, risk management is a system that unites decision makers and executors, and establishes the order of their interaction (communication). Secondly, it is really management, i.e. the activity in the process of which management decisions are made and implemented. Third, the purpose of the risk management system is to reduce the impact of unforeseen events on the activities of the organization. That is, risk management is not an end in itself, but is auxiliary in relation to the main activities of the organization (activities for which this organization was created). It is only one of the tools that help the organization achieve its goals. Risk management aims to reduce the impact of consequences, not necessarily the consequences themselves. Undoubtedly, the best way of such minimization is to eliminate or maximum reduction of probability and (or) consequences of the risk (the fewer the consequences, the less the impact) (Ievdokymov et al., 2020).

Thus, risk management is an auxiliary set of principles, methods, procedures that eliminate risks or reduce their negative impact on all business processes (purchase, production, sales) and systems (accounting, internal control and audit, planning, investing and financing, management in general).

In order to establish the process of risk management and its minimization in corporations, we consider it is necessary to implement a centralized risk management system. The best organizational form in this case is the creation of a separate structural

unit – risk management services. The main purpose of creating a risk management service is to ensure effective risk management and control to achieve current and strategic goals of the company.

The regulatory framework and documentary support for risk management should be developed, based on the provisions of international standards ISO/IEC and best practices in the field of risk management, with the involvement of international consultants and experts (Naftogaz grupa).

For companies that plan to develop, enter international markets or those that already operate in them, it is important to comply with international standards ISO (International Organization for Standardization) (see Figure 10).

ISO international standards are designed to help enterprises, organizations (regardless of type and form of ownership) for implementation and operation of effective risk management systems. The main standard that regulates issues related to risk management is ISO 31000:2018 «Risk management – Guidelines», as well as supporting standards ISO/TR 31004:2013 Risk management – Guidance for the implementation of ISO 31000» and IEC/ISO 31010:2009 «Risk management – Risk assessment techniques». The last two standards contribute to the effective implementation of ISO 31000 and complement the provisions of the basic standard.

As risks arise in different areas of business management, standards have now been developed to address such issues in different fields. Thus, ISO 45001:2018 «Occupational health and safety management systems – Requirements with guidance for use» and DSTU OHSAS 18001:2010 «Hygiene and labor protection management systems» provide for the implementation of risk-oriented measures for hazard identification, risk assessment and identification of management and control tools.

Effective risk management and the implementation of a culture of risk management is achieved by actively involving not only the top management of the company, management staff, but also other groups of employees of various departments of the innovative enterprise. Equally important in risk management is their identification and information support, which is an important aspect for the company's stakeholders. Currently, the most optimal information resource for stakeholder purposes is the management report and integrated reporting, the concept of which provides for the mandatory disclosure of risks of the entity.



Figure 10. ISO standards in the risk management system of companies

Source: systematized by the authors on the basis of (DSTU ISO 14001:2015, 2015; Mizhnarodna standartyzacija, 2018; Serija standartov ISO 31000, 2020)

Therefore, according to the International Standard «Integrated Reporting» (hereinafter – the concept of IR) accounting system and risk management system through reporting should answer the question: «what specific opportunities and risks affect the company's ability to create value in the short, medium and long term, and how an enterprise uses such opportunities and manages such risks?» (Mezhdunarodnyj standart «Integrirovannaja otchjotnost'«, 2015).

Thus, according to the concept of IR, the main criteria for presenting information about the risks of companies in integrated reporting should include the source of risks and opportunities, risk assessment (probability of occurrence) and its consequences, risk management, i.e. measures, actions (Table 22).

Table 22. Criteria for presenting information about the company's risks in integrated reporting according to the IR concept

<i>№</i>	<i>Determination criterion</i>	<i>Characteristics of the risk criterion and its significance for the stakeholder</i>	<i>Significance criteria for reporting information about risks*</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
1	Source of risks and opportunities	Indicate the specific source of risks and opportunities, which may be internal (related to the company's commercial activity), external (occurring in the external environment) or have a mixed nature. Coverage of risks of activity in reporting indicates the openness of the company and its focus on meeting the needs of stakeholders, as well as its social responsibility to society	<ul style="list-style-type: none"> - explanation of the factor and its impact on the strategy of the organization, its business model or capital; - significant interaction and interdependence, which allows to understand the causes and consequences; - the company's position to this factor;
2	Assessment of risk (probability of its occurrence) and its consequences	An assessment of the probability of the risk or the possibility and extent of the impact of its consequences in the event of an occurrence is declared. Specific circumstances that may lead to risks or opportunities are indicated. Assessing the probability of risk allows stakeholders to correctly place emphasis on the feasibility of investing and cooperation with the company, the disposal of their capital	<ul style="list-style-type: none"> - management actions on this factor and their effectiveness (including the actions of the risk management system); - the degree of control of the company over this factor; - disclosure of quantitative and qualitative information, comparative data for previous periods, targets for future periods.
3	Risk management (measures, actions)	Specific actions are given to reduce and manage key risks, as well as actions to create value through the use of key opportunities, including the definition of relevant strategic goals, strategies, policies, targets and key performance indicators. This allows stakeholders to assess the effectiveness of the company's management system (including risk management systems), the scope and scale of actions and measures, their economic feasibility	<p>If there is uncertainty about any factor, the information about the following uncertainty shall be disclosed:</p> <ul style="list-style-type: none"> - explanation of uncertainty; - the range of possible outcomes and related assumptions and possible changes in information if the assumptions described do not occur; - variability, confidence or level of trust associated with the information provided

* If it is impossible to determine the most important information about the factor, it is necessary to indicate this and name the reason.

Source: systematized on the basis of (Mezhdunarodnyj standart «Integrirovannaja otchjotnost'», 2015, par. 4.25, par. 4.50), supplemented by the authors

It should also be noted that a significant number of corporations in Ukraine compile final annual reports taking into account the Global Reporting Initiative (GRI) (Standard GRI), which also defines a number of requirements for companies to disclose information about the risks of activities. According to GRI standards, reporting information is presented in the form of a sustainable development report, which is important for building a reputation as an open and trustworthy company.

Therefore, let's compare the degree of disclosure of information about the risks of activity (for example, agricultural companies), the assessment of their degree and the risk management measures provided in their annual reports for 2018 (Table 23).

It should be noted that for the analysis has been used the reports of companies prepared according to both IR and GRI standards, as well as management reports (according to the Law of Ukraine «On Accounting and Financial Reporting in Ukraine») and annual reports of issuers of securities (according to the Provision of NSSMC on disclosure of information by issuers of securities). This is due to the fact that information on risks is partly of a financial nature and is disclosed in non-financial statements of enterprises

The analysis revealed that the issues of business risks, their consequences, risk management and capabilities of domestic agricultural enterprises are disclosed in the most complete and transparent way in the reports on sustainable development of Agro-Industrial Holding Mironivsky Hliboproduct, Astarta-Kyiv Agro-Industrial Holding, PrJSC Carlsberg Ukraine and in the report on the management of PJSC Obolon (Table 23).

The study showed that socially responsible companies in their activities are most affected by:

- 1) credit risk – 9 companies out of 11 surveyed;
- 2) liquidity risk – 8;
- 3) the risk of volatility of world prices, production risk and personnel risk – 7;
- 4) the risk of changes in interest rates and currency risk – 6;
- 5) political risk and country risk – 5 companies. Other risks are specific, have a low frequency of information about them in the reports, particular only to individual companies, which may indicate their dependence on the specifics of the business, its geographical location etc.

Table 23. Presentation of information on risks, their assessment and risk management in the annual reporting of enterprises of the agro-industrial complex of Ukraine

№	Risk	The impact of risk (its consequence) on business	Astarta-Kyiv Agro-Industrial Holding			PrJSC Carlsberg Ukraine		
			R	RM	QE	R	RM	QE
<i>A</i>	<i>B</i>	<i>C</i>	<i>1</i>			<i>2</i>		
1	Country risk	Political instability has a negative impact on the country's economic situation, reduces the country's investment attractiveness, complicates doing business and may have an unfavorable impact on the company's activities	+	+	-	+	+	-
2	Legal risk	Lack of legal regulation, changes, unpredictable application of legal provisions that lead to losses	-	-	-	-	-	-
3	Political risk	Business may be affected by changes in fiscal, tax and other restrictive mechanisms	+	+	-	+	-	-
4	Climatic risk	Unfavorable weather conditions can have a negative impact on yields and the efficiency of agricultural production	+	+	-	-	-	-
5	Personnel risk	Lack of qualified staff, failure to ensure normal working conditions, lack of supervision of staff (performance of their duties)	+	+	-	+	+	-
6	Production risk	Deterioration of product quality have a negative impact on the company's activities, reputation and relations with customers, decrease in volumes	+	+	-	+	-	-
7	Logistics risk (supplies, purchase)	Impossibility of rhythmic deliveries and deliveries of products in full – has a negative impact on customer relations and disrupts the normal functioning of business processes	+	+	-	-	-	-
8	IT risk	Data loss, data dissemination and breach of the integrity of IT systems can have a negative impact on the financial condition and reputation of companies	+	+	-	-	-	-
9	Technical risk	The use of outdated technologies carries the risk of reduced productivity	+	+	-	-	-	-
10	Volatility of world prices	World price volatility can affect performance and profitability (price risk)	+	+	-	+	+	-
11	Changes in gas and fuel prices	Fluctuations in gas, fuel, and energy prices can affect performance and profitability	+	+	-			

Continuation of Table 23

12	Credit risk	Non-fulfillment of financial obligations by counterparties may have a negative impact on the company's financial condition	+	+	-	+	+	+
13	Liquidity risk	The company's inability to meet its financial obligations on time may negatively affect its financial results	+	+	-	+	+	+
14	Changes in interest rates	Changes in interest rates can affect financial performance	+	+	-	+	+	
15	Currency risk	The devaluation of the Ukrainian hryvnia and exchange rate fluctuations can negatively affect business	+	+	-	+	+	+
16	Environmental risk	Probability of adverse effects of changes in natural objects (resources) and factors of activity on the environment and health	-	-	-	+	+	-
17	Social risk	Human-type events regarding the danger of loss of material resources to meet the priority needs necessary to preserve and reproduce a full life as a member of human society	-	-	-	+	+	-
18	The risk of business expansion failure	Losses caused by failures of geographical development of the company, acquisition of new productions, integration of new enterprises	-	-	-	-	-	-
19	Investment risk	Inefficiency of real/financial investments, losses	-	-	-	-	-	-
20	Public risk (municipal)	Negative impact on human rights, community, stakeholders, which has negative reputational consequences	-	-	-	-	-	-
21	Risk of corruption	Offenses related to corrupt practices	-	-	-	-	-	-
Total			14	14	0	11	9	3

Continuation of Table 23

№	Risk	Agro-Industrial Holding Mironivsky Hliboproduct			PrJSC Vetropack Gostomel Glass Factory			PJSC Obolon			PrJSC Kyiv Confectionery Factory «Roshen»			The Coca-Cola System			
		R	RM	QE	R	RM	QE	R	RM	QE	R	RM	QE	R	RM	QE	
A	B	3			4			5			6			7			
1	Country risk	-	-	-	+	+	-	+	-	-	-	-	-	-	-	-	-
2	Legal risk	+	+	-	+	+	-	+	-	-	-	-	-	-	-	-	-
3	Political risk	-	-	-	+	+	-	+	-	-	-	-	-	-	-	-	-
4	Climatic risk	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Personnel risk	+	+	-	+	+	-	-	-	-	-	-	-	+	+	-	-
6	Production risk	+	+	-	+	+	-	+	-	-	-	-	-	+	+	-	-
7	Logistics risk (supplies, purchase)	+	+	-	-	-	-	-	-	-	-	-	-	+	+	-	-
8	IT risk	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Technical risk	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Volatility of world prices	+	+	-	-	-	-	+	-	-	-	-	-	-	-	-	-
11	Changes in gas and fuel prices	+	+	-	-	-	-	+	-	-	-	-	-	-	-	-	-
12	Credit risk	+	+	-	+	+	-	+	+	+	+	+		-	-	-	-
13	Liquidity risk	+	+	-	+	+	-	+	+	+	+	+		-	-	-	-
14	Changes in interest rates	-	-	-	-	-	-	+	+	+	+	-		-	-	-	-
15	Currency risk	-	-	-	+	+	-	+	+	+	+	-		-	-	-	-
16	Environmental risk	+	+	-	-	-	-	-	-	-	-	-	-	+	+	-	-
17	Social risk	-	-	-	-	-	-	-	-	-	-	-	-	+	+	-	-
18	The risk of business expansion failure	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Investment risk	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Public risk (municipal)	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Risk of corruption	+	+	-	-	-	-	-	-	-	-	-	-	+	+	-	-
Total		16	16	0	8	8	0	10	4	4	4	2	0	6	6	0	0

Continuation of Table 23

№	Risk	PJSC Lebedyn Seed Plant			Goodvalley CSR			PrJSC Lantmannen Axa			The group of companies ATK			Total
		R	RM	QE	R	RM	QE	R	RM	QE	R	RM	QE	
A	B	8			9			10			11			D
1	Country risk	-	-	-	+	+	-	-	-	-	-	-	-	5
2	Legal risk	-	-	-	-	-	-	-	-	-	+	+	-	4
3	Political risk	-	-	-	+	+	-	-	-	-	-	-	-	5
4	Climatic risk	-	-	-	-	-	-	-	-	-	+	+	-	3
5	Personnel risk	-	-	-	+	+	-	-	-	-	+	+	-	7
6	Production risk	-	-	-	+	+	-	-	-	-	-	-	-	7
7	Logistics risk (supplies, purchase)	-	-	-	-	-	-	-	-	-	+	+	-	4
8	IT risk	-	-	-	+	+	-	-	-	-	-	-	-	3
9	Technical risk	-	-	-	-	-	-	-	-	-	-	-	-	2
10	Volatility of world prices	+	-	-	+	+	-	-	-	-	+	+	-	7
11	Changes in gas and fuel prices	+	-	-	-	-	-	-	-	-	-	-	-	4
12	Credit risk	+	-	-	-	-	-	+	+	-	+	+	-	9
13	Liquidity risk	-	-	-	-	-	-	+	+	-	+	+	-	8
14	Changes in interest rates	-	-	-	-	-	-	+	+	-	+	+	-	6
15	Currency risk	-	-	-	+	+	-	-	-	-	-	-	-	6
16	Environmental risk	-	-	-	+	+	-	-	-	-	-	-	-	4
17	Social risk	-	-	-	-	-	-	-	-	-	-	-	-	2
18	The risk of business expansion failure	-	-	-	-	-	-	-	-	-	-	-	-	1
19	Investment risk	-	-	-	-	-	-	-	-	-	-	-	-	1
20	Public risk (municipal)	-	-	-	-	-	-	-	-	-	+	+	-	2
21	Risk of corruption	-	-	-	+	+	-	-	-	-	-	-	-	3
Total		3	0	0	9	9	0	3	3	0	8	8	0	X

Notes: R – risk; RM – risk management; QE – quantitative expression (measurement, evaluation).

Source: developed by the authors according to (Zvit zi stalogo rozvytku, ASTARTA-KYIV, 2018; Zvit zi stalogo rozvytku, PrAT «KARLSBERG Ukrain'a, 2018; Annual report and accounts, 2018; Zvit pro upravlinnja, PrAT «Vetropak Gostomel's'kyj sklozavod», 2018; Sustainability Report, 2018; Richna informacija emitenta cinnyh paperiv, PrAT «Kyi'vs'ka kondyters'ka fabryka «Roshen», 2018; Zvit zi stalogo rozvytku systemy kompanij Koka-Kola v Ukraini, 2018; Richna zvitnist' emitenta cinnyh paperiv (richnyj zvit), PAT «Lebedyn's'kyj nasinnjevyj zavod», 2018; Annual report, Goodvalley CSR, 2018; Zvit pro upravlinnja PrAT «Lantmannen Aksa», 2018; Richnyj zvit. Zvit pro upravlinnja ta finansova zvitnist', 2018)

Nowadays, as always, the issue of quantitative measurement of the degree of risk and value assessment of its consequences and opportunities is critical. The analysis of companies' annual reports has been showed that those responsible for compiling these reports continue to ignore this issue. Only two of the eleven surveyed companies (PrJSC Carlsberg Ukraine and PJSC Obolon) provided quantitative values for several risks of their activities; the validity of the choice of these risks for the quantitative analysis of the enterprise is not given.

2.4. Protection of accounting information in the conditions of the hybrid war

Wars can take many forms, close and distant from the concept of classical war. Hybrid war along with the use of military forces also involves cyberattacks and propaganda. Different concepts are used to characterize illegal behavior in cyberspace, such as hacktivism, cybercrime and cyber terrorism.

One of the most famous cases of electronic manipulation with serious economic consequences is the hacking by a group of hackers «Syrian Electronic Army» on the Associated Press on Twitter, when they posted a false message about the bombings in the White House in which Barack Obama suffered. Before the agency denied this message, the Dow Jones index managed to fall by 128 points, in monetary terms, reduced the market value of shares by 136 billion dollars.

Unlike classic war, the «center of gravity» in a hybrid war is the population of the target country. Although military experts have been discussing hybrid warfare methods for several years, Russian aggression against Ukraine in 2014 emphasized the importance of information war in a new generation of wars (Kudors, 2015).

In the context of the hybrid war that continues in Ukraine, measures are being taken at the state level to ensure information security (in particular, restricting access to harmful Internet resources, prohibiting cooperation with business entities that pose a threat to Ukraine's security).

However, enterprises should also take measures to protect information that, if leaked, could harm them. A significant part of such information is generated precisely in the accounting system, and taking into account the peculiarities of its organization in modern conditions, this happens using information and computer technologies.

The main objectives of organizing the protection of accounting information in a hybrid war are:

- ensuring the stable functioning of the enterprise (accounting is the main source of information that is necessary for making decisions in the course of managing the activities of business entities);

- the formation of a comprehensive view of the enterprise security system and all its elements, which provides the necessary level of reliability of protection of information resources (Bederdinova & Koryakovskaya, 2013).

- improving the competitiveness of the enterprise by ensuring the security of property rights and interests of counterparties (Bederdinova & Koryakovskaya, 2013).

Issues of protection of accounting information were raised in the reseaches of such scholars as, Liakhovych (2017), Rozheliuk (2013), Shpak (2015). Some aspects of this issue in the context of cybersecurity are disclosed by Viter and Svitlyshyn (2017), Markov and Tsyrllov (2013). Issues of digital economy are disclosed by Ciobanu and Ghinararu (2016).

Illuminating the peculiarities of information security in a hybrid war, one should define concepts such as information security and cybersecurity, which are often used as synonyms. We believe that cybersecurity should be considered as an extension of information security, it also provides the protection of an enterprise that uses resources in cyberspace and the protection of any other assets, including those belonging to the enterprise, that are at risk due to the use of information and computer technologies. Information security and cybersecurity intersect precisely in terms of the use of information and computer technologies (see Figure 11).

Information, technologies and reputation may be at risk of a cyberattack, which is actually discovered through such objects as:

- personal information,
- financial documents,
- business plans,
- new business ideas,
- marketing plans,
- product design and etc.

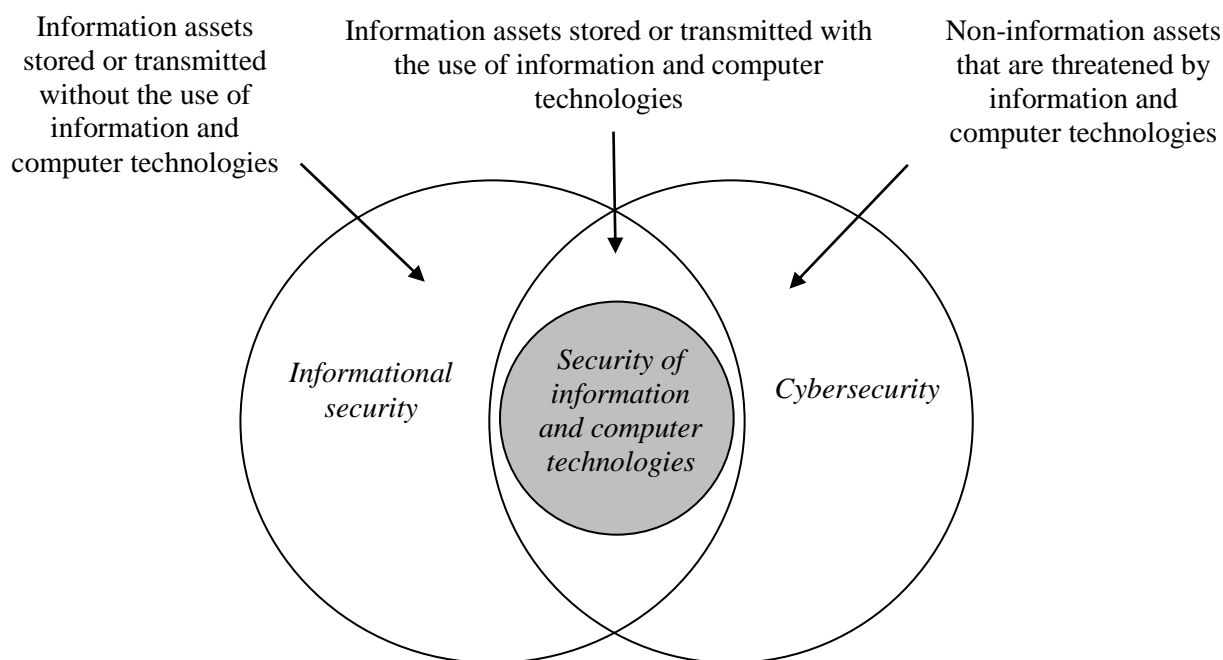


Figure 11. The relationship between information security, cybersecurity, and information and computer technologies security (von Solms & van Niekerk, 2013)

In our study, we will focus on the part that relates to the protection of information stored or transmitted using information and computer technologies. It is precisely this kind of information that characterizes accounting and corresponds to the specifics of conducting a hybrid war.

One of the most common types of information threats using information and computer technologies is virus attacks, which damage not only the software of computers, but also lead to their breakdowns and malfunctions. Viral attacks equate to cyberattacks.

The object of cyberattacks can be:

- computer systems as a whole (their normal functioning),
- components of computer systems such as: information resources; data transmitted by the communication channels; software and hardware, etc. (Shelomentsev, 2011).

A striking example of a cyberattack in Ukraine was the Pety.A virus event. On June 27, 2017, a purposeful viral attack on various institutions took place in the morning, including Ukrenergo, DTEK, Nova Poshta, the Secretariat of the CMU, Oschadbank, Boryspil Airport, UkrPoshta and the Kiev subway. Due to system malfunctioning, banks, state institutions, and private enterprises stopped working.

According to Microsoft on the company's blog, the hacker attack started from Ukraine and then took place in 64 other countries. The whole process was launched at 10.30 am on June 27 and by noon the threat had spread across Ukraine; 12,5 thousand computers were infected in total (Kiberataka, 2017).

This cyberattack triggered the shutdown of electronic records systems and the adoption of electronic reporting by regulatory authorities. After a series of researches and investigations, it was discovered that the Pety.A virus was spread through accounting software M.E.Doc for the reporting. The virus code was embedded in one of the latest software updates that most users have installed. Because such updates typically contain new reporting forms and new document forms, they must be installed in M.E.Doc software. When updated, the user agrees to the program's access to changes to the computer's settings, which is the source of the information threat.

Preventing cyberattacks is technically not possible, regardless of the complexity of security systems. However, timely detection and rapid adequate response to cyberattacks can significantly minimize the impact of such attacks. In addition, it is only by cyber-attack you can identify the strengths and weaknesses of the security system of certain computer systems, their vulnerabilities, and install security features that need improvement (Kiberataka, 2017).

It should be kept in mind that targeted cyberattack can last for several months, and sometimes even years, and it can include a wide range of different attack channels.

Pety.A virus cyberattack has revealed the weaknesses of systems and software. Yes, the weakness of protecting M.E.Doc software update files indicated the need to improve information security systems on computers and develop action algorithms to address similar information threats.

All this requires the application of a number of safeguards at both the state and entity level.

In summarizing the research of scientists (Markov & Tsirlov, 2013), at the state level, the main tasks that reduce the threats posed by the use of software include:

- 1) improving security control of systems by implementing security analysis technologies, first of all, penetration testing;
- 2) enhancing software security controls by implementing code security auditing technologies;
- 3) development of technologies for the functioning of systems in the presence of threats associated with the use of untrusted software products.

Performing these tasks allows you to identify malware and their subsequent inclusion in the sanction list, which is an important preventive measure to prevent cyberattacks in the conditions of hybrid war.

At the same time, obtaining the expert opinion of the developers confirming that the complex of information security means against unauthorized access of the software to the requirements of regulatory documents on technical protection of information, is a kind of guarantee of the security of the use of this program and one of the criteria for its choice among economic entities. Thus, in 2018, the technical protection of the M.E.Doc program was recognized at the state level, which was confirmed by the expertise of the State Service for Special Communication and Information Protection of Ukraine, the level of guarantees of G-3. This, in turn, was a necessary step to reassure customers of this software.

In the context of choosing accounting and reporting software, we note the impact of cyberattacks and the difficulty of eliminating them. For example, for businesses that have opted for the reporting of the SOTA web service provided by M.E.Doc developers, the effects of cyberattack using Pety.A were far more complex than for those who favored M.E.Doc. After all, if the company used off-line software, then disconnecting from the Internet was an opportunity to work in the software based on previously created archives. If online software was used, then the possibility of further work in the program is impossible until the effects of cyberattacks are eliminated. In this situation, in the conditions of increased level of cyberattacks, the use of web services in Ukraine is not justified. Such software products may only be used by entities that provide a limited list of reports that will not cause significant loss of access.

At the same time, a significant number of researchers, illuminating the benefits of using cloud technologies and services (providing on-demand user access to common sources of computing resources in offline, dynamically scalable mode; speed, efficiency and effectiveness of work with information), points to security as one of the most important problems when using these services (Kotyashichev & Byrylov, 2015).

For each «cloud» protection is built personally, because there is no way to claim that all the resources in it are calculated, no extra percent is started and the interaction of percent is not broken. In addition, there are a number of problems with the protection of cloud environments.

In the virtual environment, new security features that can ensure its information security should be applied. Not all hardware will work in a virtual environment. For example, hardware firewalls cannot differentiate access to different servers that reside within a single host.

The use of virtualization technologies brings new elements to the network architecture, for example, such as hypervisors and virtual infrastructure management tools, which also need to be protected, as infrastructure changes open up opportunities for new attack methods. Only specialized means can provide comprehensive and multilevel protection (Kozhemyaka, 2013).

Traditional firewalls do not control traffic inside the virtualization server, where there can be dozens of guest machines interacting with each other over the network. However, this network traffic does not leave virtualization servers and does not pass through physical firewalls and other physical network equipment.

The sole responsibility for the network and information security arises due to the underestimation of the information risk management of the enterprise and leads to the fact that the network administrator - the person who is a potential intruder - has uncontrolled access to all resources.

So, in a hybrid war, we find it inappropriate to use cloud-based accounting and reporting software for large and medium-sized enterprises. Such programs can only be used by small businesses for which it is essential to reduce the level of hardware and software costs.

In addition to the criterion for selecting software products, at the levels of business entities, researchers identify a number of measures to protect accounting information. So, V.A. Shpak identifies four groups of measures: legal, technical, programmatic and organizational (Shpak, 2015). The scientist specifies these measures, but in the part of cybersecurity discloses them only for technical and software; all other groups of safeguards apply to any kind of information (not just accounting), which can be formed not only in the conditions of use of information and computer technologies.

Rozheliuk V.M., on the contrary, disclosing measures to minimize threats to accounting information, leads them solely on the actions that accounting staff should provide. In particular, the scientist emphasizes the necessity of archiving data, maintaining the level of professionalism of the accountant, organizing the communication system, ensuring the working conditions of the accountant and paying attention to information security measures (Rozheliuk, 2013). We agree that

the compliance developed by V.M. Rozheliuk measures are important for the protection of accounting data, but in today's environment, it is also necessary to take into account the level of development of information and computer technologies and the threats that it entails.

In some studies, scientists focus solely on software security measures that store accounting information. So, Murzagulova (2008) defines typical protection tools for accounting programs (based on the most common software product 1C: Enterprise):

1. Backup, archive and restore databases from the archive.
2. Use the accounting software security key for the USB port (and for LPT port).
3. Active use of electronic digital signature in the work of accounting employees.
4. Use of special protection systems.

The above list of measures can be actively used in practice, but it does not take into account the principle of complexity in the construction of a system of accounting information and is limited due to its disclosure to a specific software product, because, despite the considerable distribution of the product, it is not the only one, and therefore universal.

In the context of cybersecurity, S.A. Viter and I.I. Svitlyshyn identifies three groups of activities, including:

- 1) organizational (restriction of unauthorized access to confidential accounting information);
- 2) technical (prevention of intentional damage to the accounting information by means of specially provoked disability of technical means or software);
- 3) personnel work (enhancing the competence of employees and their responsibility in applying the latest information technologies) (Viter & Svitlyshyn, 2017).

However, the last group of measures highlighted by the authors is essentially organizational, as most scholars have discovered. So, Liakhovych (2017) classifies accounting protection measures by data users under outsourcing conditions and highlights:

- organizational (normative, personnel, structural);
- technical (physical, software).

This is also emphasized by foreign researchers (Bawaneh Shamsi, 2014), pointing to such a major security trend as the integration of the physical and logical security of the entity. Moreover, physical security includes any measures taken by the

enterprise or institution to protect its objects, resources or personal data stored on physical media. And logical security uses technology that restricts access to an entity's systems and information to authorized persons only.

The latter approach, in our view, is the most justified in practical application, thereby highlighting the most important points that need greater attention in the use of information technology. That is why we believe that the protection of accounting information, a significant portion of which is stored electronically today, should be undertaken using the following measures:

1) logical security:

- risk identification. The protection of accounting information should begin by identifying the weaknesses of the enterprise activity, which are demonstrated in cyberattacks;

- consideration of providing information security of the enterprise as part of corporate culture. Employees of the enterprise should be informed about the potential threats of information leakage through access to their personal pages on social networks, mailboxes, etc. Employees should be informed about online resources that can be used in the workplace, the types of emails and attachments they can open. It is advisable to do this in the form of an ordinance specially prepared by the IT specialist. Keep in mind that a well-protected workplace is one of the best ways of protection;

2) physical security:

- data encryption. The most important information, including accounting information, should be stored in encrypted form, the presentation of which is possible through the tools of most operating systems;

- physical protection of technical support. Not only software but also theft of storage media (flash drives, laptops, etc.) can become a threat to leak or damage of accounting information. The enterprise must make full use of physical means to prevent access by outsiders.

Management rarely pays much attention to protecting accounting information against cyberattacks. However, recent events that have taken place in Ukraine in the context of hybrid war have shown a high level of information threats, which can be reduced at the enterprise level through the implementation of these measures.

CHAPTER 3

SOCIAL FRANCHISING AND VENTURE FINANCING IN BUSINESS IN THE CONDITIONS OF THE HYBRID WAR

3.1. Social Franchising as a Modern Model of Veteran-Owned Business Development

The peculiarity of the economic platform of Ukrainian nationalism is that the main idea is to create not only the proper economic effect, but also the solution of social and national problems. In view of this, economic nationalism is one of the levers of a comprehensive approach to building a strong Ukrainian state (Beshulia, 2019).

The long course of hostilities in eastern Ukraine leads to an increase in the number of servicemen who have received the status of a veteran and the category of a participant in hostilities. In the near future, the issues of their integration into society and adaptation to peaceful life will become much more relevant. According to international experience, training, retraining and starting own business for veterans is the basis of their successful professional adaptation.

Returning from the war, the veterans are trying to adapt to everyday peaceful life. Decent work is the best and most effective way for them to adapt.

Employment centers specialists assist in opening own business among demobilized combatants by holding various events, consulting seminars on the basics of entrepreneurship and providing a one-off unemployment payment for business activities («State Employment Service», 2020).

During the ATO (anti-terrorist operation) / JFO (joint forces operation), 5897 demobilized servicemen applied to the Zhytomyr Regional Employment Center in search of work (see Figure 12).

The largest number of veterans needed employment after dismissal in the first years of ATO: 1,593 veterans applied in 2015, 1743 applied in 2016. In the following years, the employment center registered twice less applications from former servicemen: 759 in 2017, 868 in 2018 and 922 in 2019. As of March 1, 2020, 558 demobilized servicemen with unemployed status are registered at Zhytomyr Regional Employment Centers.

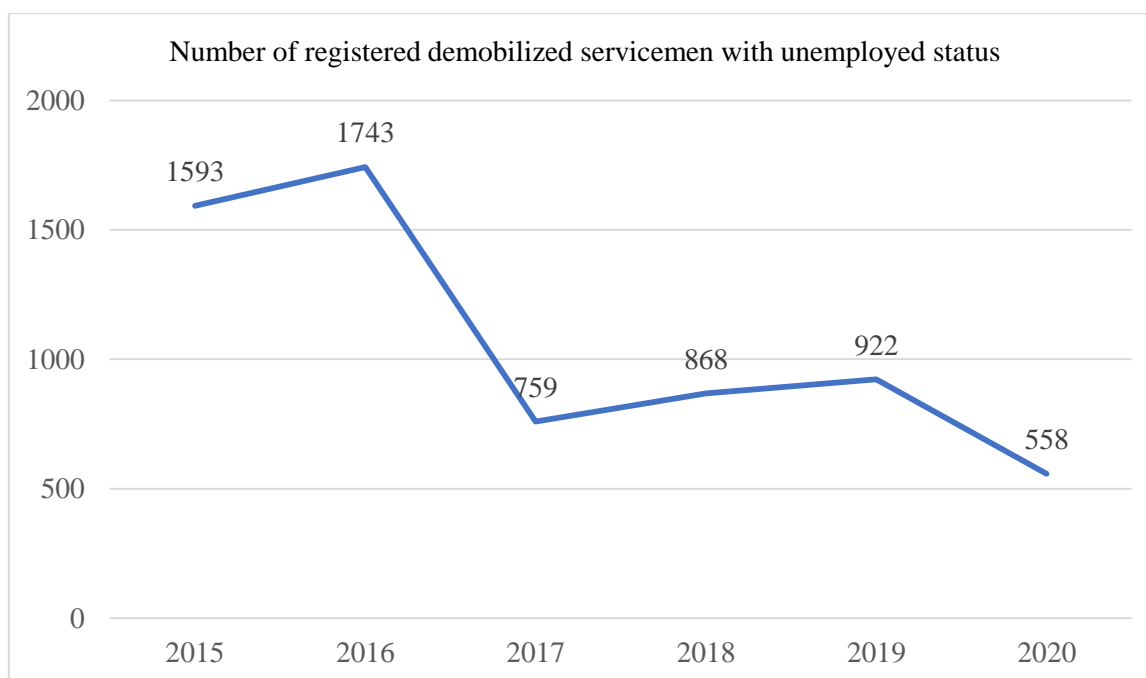


Figure 12. Number of registered demobilized servicemen with unemployed status

Source: («State Employment Service», 2020)

The highest number of unemployed ATO veterans were registered in Zhytomyr, Berdychiv, Novohrad-Volynskiy, Korostenskiy, Ovruchskiy and Andrushivskiy regions.

The main problems in finding jobs for ATO veterans are: lack of vacancies with the appropriate level of wages compared to a higher level of financial security of the servicemen; low level of wages in Zhytomyr region (average salary in the region is 8735 UAH); psychological state of servicemen, which does not allow to socialize quickly in a peaceful society («State Employment Service», 2020). Currently, the main emphasis of the state is on traditional employment.

One of the effective ways of social adaptation of ATO / JFO veterans after demobilization is to engage them in entrepreneurial activity.

The topic of professional adaptation of combatants through their involvement in business activities in Ukraine has been developed by the Government of Ukraine, state services and domestic researchers for only a few years.

There is a lack of relevant scientific works in this direction. Among domestic researchers, issues related to various aspects of professional adaptation of combatants were considered by S.V. Gorbenko, A.G. Kyrychenko, V.V. Kovtun, A.P. Melnyk, V.F. Mysiura (aspects of medical, psychological rehabilitation and social adaptation

of combatants); O.G. Gusak, P.V. Razov (interprofessional mobility, professional adaptation of discharged servicemen), etc.

Some aspects of professional adaptation of veterans through the opening of their own business are covered mainly in the scientific works of foreign authors, among which are: Anna Zogas, Steve Cloetingh, Kedma Ough, Jeremy, C. Shorta, Miles A. Zacharyb, David J. Ketchen Jr.b and others.

ATO / JFO veterans according to sociological research (Beshulia, 2019) are one of the basic components for the state-building process. In addition, this social category is distinguished by a significant quality – they have proven their loyalty to the state and the Ukrainian nation, furthermore, the age and educational structure are quite suitable for economic tasks. That is why supporting veterans’ business is a strategic direction of Ukraine’s economic development.

In Ukraine, veteran business is actively developing (Figure 13).

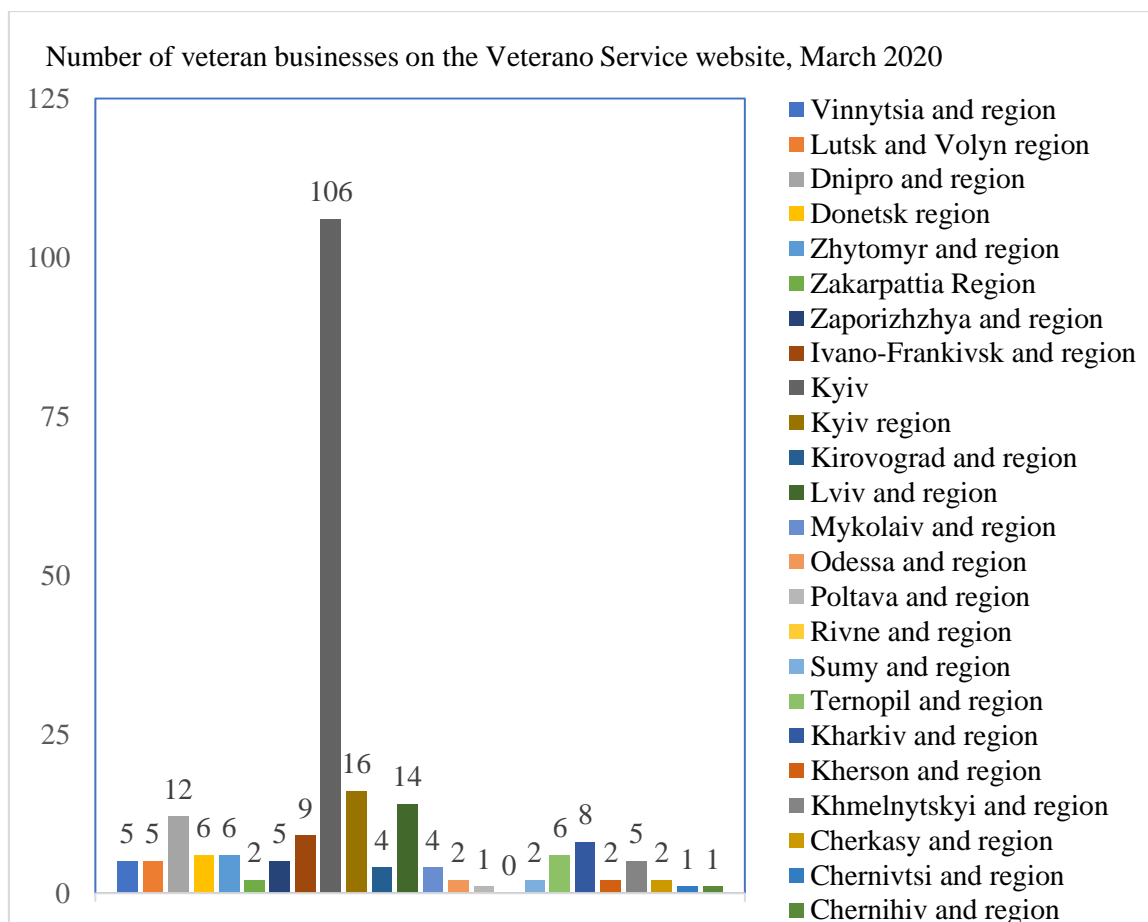


Figure 13. Number of veteran businesses on the Veterano Service website, March 2020

Source: («VeteranoService», 2020)

As of 2020, 224 veterans' businesses are registered on the veterano-service.com website (compared to 144 in 2019). The leader is traditionally Kyiv and the region. According to the classification, veterans' businesses are divided into production (84 participants) and services (140 participants) («Veterano Service», 2020). Veterans open their business in various fields: services, IT and design, restaurants, auto-moto-bicycles, souvenirs, books, gifts, clothing and textiles, beauty and health, furniture, home textiles, food, education and entertainment, repair and construction, equipment and weapons, household goods, tourism and travel, books by veteran authors, eco-business.

A number of support programs for demobilized combatants operate with the participation of civil society institutions. Community and volunteer organizations conduct trainings and seminars on business planning, provide employment assistance, organize projects and conduct training aimed at effective business start-up and development. Such projects include «School of Leadership Development for ATO Veterans», «School of Leadership for Women Combatants», «Open University of Maidan», «The worthy job to ATO veterans», Business Incubators «Second Breath», «New Countdown» and others.

Experts say that the rehabilitation of a veteran is the realization that his experience is a resource, and the development of veteran entrepreneurship is an investment in the future. The concept of mutual assistance, when veterans share advice and experiences, teaching the basics of business, is the most viable.

In launched campaign promoting social entrepreneurship among veterans suggested by «Association of Entrepreneurs Veterans ATO» (AEVA) the priority areas were identified: to teach veterans of the Ukrainian-Russian armed conflict in Donbass to build their own business, or to employ them in existing veterans' business, help them with psychological rehabilitation and make them independent of social benefits; to form the image of a successful veteran entrepreneur who works honestly and is an example to follow.

The campaign to promote the idea of social entrepreneurship among veterans involves the distribution of motivational videos, billboards in Kyiv, Dnipro, Odessa, Lviv, Zhytomyr, Mykolaiv, Rivne and Ivano-Frankivsk. But that's not all: veterans who want to try their own business will be trained by AEVA member entrepreneurs and, if necessary, will be helped to find business partners and donors willing to finance a new veteran business.

As part of the «Start Today» project, top web studios in Ukraine have developed 5 sites for veteran business projects: 1) franchise company «Veteranprom» (D. Dudnyk); 2) a bicycle that allows a cyclist to ride half-lying or lying on back, in rare cases – on stomach (A. Ahadzhanian); 3) production of metal constructs, office furniture, custom-made furniture, powder coating, (D. Polozhukhno); 4) pizza preparation and delivery (V. Alekseienko); 5) handmade tailoring of flags, tablecloths, pillows, potholders, bedding (A. Ovcharenko).

Additional funds for doing business can also be obtained from private investors or international organizations. Regarding the employment of demobilized ATO participants, there are such international programs and projects as «Supporting Recovery and Sustainable Solutions for Internally Displaced Persons and the Conflict-Affected Population in Ukraine» (EU), «Horizon 2020» (EU), «Ukraine – NATO» (NATO), «Norway – Ukraine» (Norway) and others («State Service for War Veterans' Affairs and ATO Participants», 2020).

The order of the Cabinet of Ministers of Ukraine of May 24, 2017 № 504-r approved the «Strategy for the development of small and medium enterprises in Ukraine until 2020» (hereinafter – the Strategy 2020). The Strategy 2020 identifies six strategic areas, namely: creating a favorable environment for the development of small and medium enterprises (hereinafter – SMEs); expanding access to finance for SMEs; simplification of tax administration; popularization of entrepreneurial culture and development of entrepreneurial skills; export promotion / internationalization of SMEs; increasing the competitiveness and innovation potential of SMEs.

In general, the proposed directions of SME development are quite relevant for demobilized combatants who plan to start or have already started a business. But today, for veterans who are involved in entrepreneurial activities, the typical problems of SME development in Ukraine remain relevant: unstable and unpredictable regulatory environment in which SMEs operate; inconsistency of state policy and lack of established interaction between executive bodies, local governments, public associations of entrepreneurs to solve current problems of SMEs; a general decline in the solvency of the population and, in particular, some of its categories, which is negatively reflected in the decline in consumer demand; lack of state incentives for entrepreneurship development for vulnerable groups; lack of entrepreneurship support programs among veterans and individual approach to the development of their entrepreneurial skills; lack of a single effective platform that would provide full information on existing programs for veterans, monitoring,

exchange of experience, investment search, placement of startups, regulations, registration and permit documents, training programs, search for partners, franchisors, etc.; deficit of own financial resources, high interest rates for the use of bank loans and lack of preferential lending to veterans for the establishment and operation of SMEs, etc.

There are also macroeconomic factors, such as the unattractive investment climate of the country, the outflow of investment and the low competitiveness of domestic enterprises.

The reasons for refusing to start own business in Ukraine are: limited access to financial resources, economic instability and the presence of a large number of risks. One of the ways out of this situation is franchising.

Franchising minimizes the risks of entrepreneurial activity and allows to become the owner of a profitable business, even if the entrepreneur does not have sufficient experience or a large budget. The Strategy 2020 and further concepts of entrepreneurship support for the realization of the labor potential of veterans should include the development of franchising, the creation of a regulatory framework for regulating franchising relations, reducing the cost of the franchise for veterans.

In general, research on the development of franchising for veterans is carried out by specialized organizations, including the International Franchising Association, the Franchising Association in Washington, the Center of Excellence for Veteran Entrepreneurs, the Federation of Development of Franchising, Hospitality and Infrastructure in Ukraine and others.

The development of franchising is supported at the level of the Ukrainian Association of Employers in Franchising, the Franchise Association of Ukraine and the Federation of Development of Franchising, Hospitality and Infrastructure. However, domestic state regulation of franchising is in transition and needs to be improved, as well as the culture of franchising (Makarenko, 2017).

In international practice, in particular American, programs of professional adaptation of veterans, which stimulate the provision of franchise benefits are also relevant. Franchising is one of the best business models in the world, with which small and medium-sized businesses can be effectively developed. About 12 % of all American veterans already have their own businesses, and franchisors give a special role to veterans in franchise chains. Veterans own more than 66,000 franchise companies, which is 14% of the total number of such companies in the United States.

Unfortunately, Ukraine is far from the American scale, but it is necessary to adopt a systematic approach.

The scale of the use of franchising in the Ukrainian economy, especially for doing business by socially vulnerable groups, is still quite limited. The use of this form of entrepreneurship will provide undeniable benefits for participants in franchising: for start-up entrepreneurs – it is a real opportunity to organize their own business, because they have a stable profitable business; for well-known firms and companies – to expand and strengthen their market position; and for the state – to get an effective tool to support entrepreneurship and socially vulnerable groups.

Involving veterans in franchising, the introduction of benefits for the purchase of franchises in modern conditions can be an effective means of supporting entrepreneurship for veterans. To stimulate the development of franchising activities by veterans, it is necessary to: consolidate the development of franchising activities in the programs of professional adaptation of servicemen; creation on the basis of the Ministry of Veterans Affairs of a department or division for tracking business and franchising activities among veterans, information and consulting support and promotion of their interests, implementation of analytical and forecasting, benchmarking research in this area and more; introduction of benefits for the purchase of franchises, royalties; conducting training and consultations on franchising; creation of the Center of Veterans Business Development, whose activities should be aimed at solving general issues of business development and franchising, the development of innovative programs, educational courses, franchise search, creation of franchise websites directly for veterans.

For example, let's consider the US experience. In the United States, about 200,000 men and women leave the military service each year and face the challenge of using their military experience in civilian life.

In the United States, military veterans are an integral part of a workforce that embodies disciplined leadership, maturity, and unwavering commitment. The knowledge and experience gained by veterans in the army cultivate a strong work ethic, determination and ability to learn quickly. Due to this, veterans are suitable for work in various fields. For this reason, many US organizations are actively recruiting veterans. Companies such as PenFed, UPS, Coca Cola and Home Depot have effective veteran recruitment programs (Cloetingh, 2018).

The U.S. government funds many programs to support veterans' own businesses, such as: self-employment grants for disabled veterans to purchase equipment, inventory, materials, training, licensing fees, and marketing; venture

capital fund investments for businesses that are open, owned or operated by veterans of the U.S. military (Ough, 2014). In addition, there is a Center of Excellence for Veteran Entrepreneurship in the United States. The mission of the Center is to create and share knowledge, resources and information to expand the entrepreneurial opportunities of veterans and their families. The center develops innovative programs, educational courses, conducts up-to-date research and analyzes business policy throughout the United States.

Half of all American World War II veterans and 40% of Korean War veterans became entrepreneurs. Today, 7 % out of the 5.5 million businesses in the United States are owned by veterans. Among the companies that have achieved phenomenal success are Walmart, FedEx, RE / MAX, Sperry Shoes, Nike, GoDaddy and Enterprise Rent-a-Car and others («Veteran Entrepreneurship», 2018).

Many U.S. franchisors seek to enlist military veterans as franchisees because military veterans training and experience help them operate in entrepreneurial language without deviating from the franchise business model. Americans believe that military veterans can be ideal franchisees because they are less prone to breaking the rules and have unique abilities (Short, Zachary, & Ketchen, 2018). Franchisors that target veterans tend to be more successful. Franchisors attract veterans through the International Franchising Association's Vetfran program. Franchise websites registered with the Vetfran program are often designed to appeal directly to military veterans («VetFran», 2015).

The 650+ franchise members of VetFran offer a minimum 10 % discount on franchise fees for veterans and their spouses. Other franchises offer similar discounts. This savings can reduce the need for initial capital as veterans accumulate the resources necessary to open their businesses.

The obvious advantage is that by becoming the owner of a franchise unit, franchisees minimize risks, receive comprehensive support from the franchisor, and have the right to use a well-known brand legally. This avoids the huge number of mistakes and difficulties that an entrepreneur may face. But along with the advantages, there are a number of disadvantages, such as: restriction of freedom of action, strict performance of the contract, accountability to the franchisor and the presence of a lump sum and royalties (Makarenko, 2013).

The forms of franchising are very diverse and can be assigned to one or another classification group depending on the type of activity, the number of franchises,

expansion strategies, the structure of building a network, and the place of the franchisor in the structure of the sales channel.

In 2015, the Federation for the Development of Franchising, Hospitality and Infrastructure together with the Ministry of Social Policy of Ukraine to help servicemen, veterans of law enforcement agencies to adapt to life without the army, start their own business, introduced a program of adaptation of servicemen «VET Fran» (franchising for veterans). The participants of the program were the Ministry of Social Policy of Ukraine, profile Ministries of law enforcement agencies, veterans of law enforcement agencies; demobilized servicemen, retired servicemen; franchisors who develop their own networks and voluntarily join the adaptation program; small and medium business development consulting companies; local authorities.

The program included workshops, trainings, round tables and conferences on business development and franchising. The Federation was to involve franchise companies, ensure the selection of franchises, consultants and banks that are willing to provide loans for franchising. The Federation also negotiated with the owners of successful Ukrainian and foreign franchises and helped find additional sponsors. Franchise companies were to provide participants in the adaptation program with a flat rate discount, partial funding for pilot projects and sponsorship in the amount of the developed packages («VET FRAN», 2015).

But in the context of deepening political and economic crisis, growing investment risks, unemployment, this program was not implemented and ceased its activities. Despite its widespread use in world practice, such a form of integration of business structures as franchising for veterans in Ukraine remains a new phenomenon.

In accordance with the existing obstacles, it is necessary to further promote the development of SMEs and franchising, increase the level of financial literacy of veterans, carry out active information exchange between government and the business community, support programs such as VET Fran. Using the experience of the United States, possible solutions to existing problems are: overcoming bureaucratic obstacles by reducing the amount of documentation for registration and doing business, improving e-government for ATO participants and the effective operation of a «single window» for entrepreneurs; development of state programs and preferential loans for doing business, preferential terms for renting premises, advertising space, payment of utilities to participants in hostilities; creation of institutes or counseling centers for veterans, which should coordinate the actions of

entrepreneurs, franchisors, authorities, public and international organizations, ensure monitoring of the effectiveness of programs for veterans as well as creation of an information platform, business development support funds and venture capital for investing in enterprises opened by veterans; settlement of relations between business entities in the field of franchising and support of preferential franchising for veterans, etc.

Franchising keeps on to develop with new forms including social franchising (Litalien, 2006; Tracey & Jarvis, 2007; Bartilsson, 2012; Cumberland, 2018; Naatu & Alon, 2019).

Particular attention should be paid to the fact that for modern society it is extremely important and necessary to combine the resources of the state, business and individuals in solving many socio-economic problems, leveling the social structure of society, reducing its differentiation by income and welfare in general.

One of the ways to overcome these challenges is social franchising.

The analysis showed that most of the positive features of commercial franchising prove to be very important arguments for deciding on the choice of a similar interaction format for the so-called «social franchising» as a special form of interaction with partners and (or) consumers in the provision of socially significant goods, works and services (Hanzha, 2012).

Social franchising both in domestic and in international practice, is customary considered as an effective way to solve (or mitigate) social problems, the implementation of social entrepreneurship and the development of the social sphere. A social franchise, like a commercial one, is a set of benefits and (or) methods of conducting a social business, trademarks, technologies, utility models, and know-how. All these objects (including intellectual property) are transferred to the social franchisee in order to solve social problems, produce public goods, replicate successful social practices, maintain the quality and level of the provision of social services or goods. At the same time, one can often find social franchises in which (as opposed to commercial ones), it is paid not by the franchisee, but by the franchisor, or the fee is expressed as a guarantee of the volume of production of public goods for certain target audiences.

In practice, various social franchises are successfully implemented: with an entry fee, payments tied to the period of use of the franchise or the volume of production of goods and services. It can be either fully commercial or subsidized (allowing lower prices for goods and services), as well as completely non-

commercial (aimed solely at disseminating the best socially significant practices, without contributions and the desire for profit).

Social franchising is an important form of strategic alliance. Its participants, while remaining independent, expand the synergistic effect by using their contacts, networks, and influence. And these connections, as well as the skills of their creation, the network participants share among themselves» (Ahlert & Fleischer, 2008).

There is a increasing body of work reflecting a theoretical curiosity in the idea of social franchise (Alur & Schoormans, 2011).

Some researchers state that social franchising refers mostly to nonprofit (Du Toit, 2017) while others argue it refers to commercial ones (Koehlmoos et al., 2009). For example, the aim of Dialog in the Dark is to suggest employment for the vulnerable people (Du Toit, 2017), whilst the aim of Population Service International is to supply low-cost as well as accessible health services to poor population (Kistruck et al., 2011).

As an developing sector, the theoretical foundation of social franchises has yet to be reassessed. Recent franchise theories, namely agency theory as well as resource depletion theory and complementary theories (social capital theory and structural theory) do not completely explain this modern approach (Tracey and Jarvis, 2007; Volery and Hackl, 2010; Litalien 2013; Crawford-Spencer, 2015). While a variety of meanings have been proposed, no interpretation has been settled upon. A research of these suggested definitions determines three features as being vital in social franchising: social purpose as well as elements of commercial franchising; scaling (Aliouche and Schlenrich, 2015). In other words, social franchise refers to the franchising with a social goal (Crawford-Spencer, 2015).

Corporate franchising components that are similar to social franchise involve a developed, flexible business model with specified structures as well as procedures outlined in the operating manual addressing important technical, legal and administrative facets of the franchise system; the provision of a specific service / product; a range of assistance services offered by the franchisor to the franchisee; the trademark, owned by the franchisor and licensed to the franchisees for the duration of the franchise relationship; and the payment of the franchisees' fees to the franchisor, involving one-time franchise fees, ongoing royalties, and advertising payments (Temple, 2011).

Five different fields have been illustrated as a result of the review of empiric literature: the reason for the use of the franchise business model appeared in the form

of the treatment of social issues; the common hypotheses used to justify development; the selection strategies of franchisees; the motives for being a social franchisee; as well as the effects of these initiatives.

A relatively recent field of social franchises has arisen with a variety of definitional problems. Generally speaking, the idea of social franchise can be used for any operation that relates to social needs with an autonomous coordination network that serves network participants (Bishai et al., 2008).

Crawford-Spencer (2015) carried out a comprehensive literature review of the various definitions suggested for the design, and proposed eight indicators to provide a litmus test. They are as follows: the awarding of a right or a license; the use of another's business model, program, marketing strategy, as well as a trademark; the payment fee; the level of influence or assistance offered by the donating company; the social aim prevails over stakeholder gain; there is decentralization; cooperation dominates rivalry; and there is ambiguity in the role of the shareholder.

Using the above criteria would indicate that social franchising could operate in several contexts. All of them inside the industrialized world may be a franchise corporation that wishes to take part in a socially conscious effort to actually offer a license to a non-profit group (Cumberland and Litalien, 2019). The reason why for-profit franchisors might be interested in social franchising is their desire to take part in socially responsible activities to assist local communities where companies operate (Litalien, 2006).

In the United Kingdom, well over 95 social franchises are listed that include a range of categories, including private limited entities, registered corporations, mutual benefit organisations, assured limited organisations, that industrial and contractor businesses (Richardson et al., 2012).

Social franchise in the public system have begun to address service delivery disparities in professional family planning programs. After then, the idea has expanded beyond healthcare sector over developing markets. Social franchises are established in both developed and emerging economies (Table 24).

Table 24. Social franchising in developed and emerging economies

<i>Features</i>	<i>IN DEVELOPED ECONOMIES</i>	<i>IN EMERGING ECONOMIES</i>
<i>1</i>	<i>2</i>	<i>3</i>
Focus	job creation for disadvantaged people	provide services to the poor and also create jobs
Scale	56 examples of social franchises as well as aspiring social franchises in 12 countries	90 programs operating worldwide in the health area

Continuation of Table 24

1	2	3
Cases	Dialogue in the dark (Germany) Vision spring (USA) Aspire (Great Britain)	Friends International in Cambodia Botswana Brazil Algeria
Scope	product franchising trade name franchising business format franchising	mostly reproductive health and health services, pharmaceutical sales of essential drugs, HIV testing and counseling

Source: based on articles from databases Proquest, Google Scholar

The curiosity in social franchising is growing globally, as it may be presented in various forms, such as sole proprietors, for-profit as well as non-profit entities, non-governmental bodies, young people, etc. (Ziółkowska, 2017).

Possible social franchise formats varies from commercial franchises with intended social impacts to non-profit replication systems with franchising components (Figure 14).

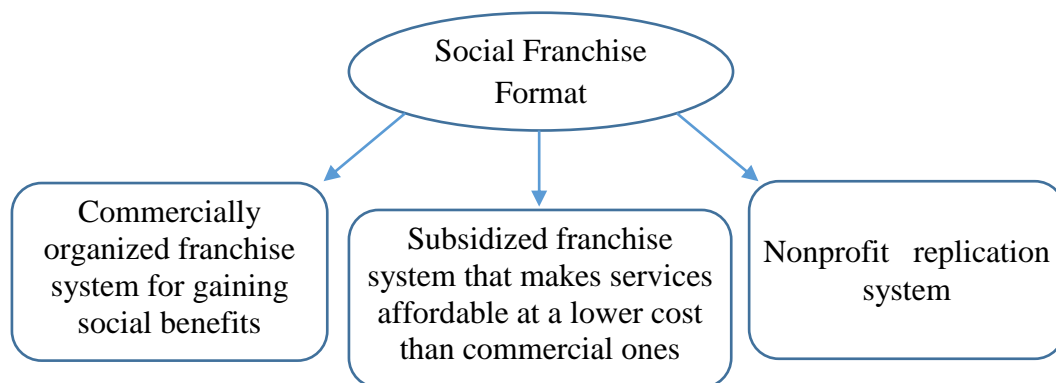


Figure 14. Social franchise formats

Source: based on (Ziółkowska, 2017)

The only difference between a privately operated franchise scheme to achieve social advantages versus a corporate franchise is the emphasis of the scheme as a whole on social advantages and the absence of the main objective of producing income for private persons. The subsidized franchise program may consist of profit-making entrepreneurs at the level of the franchisor. The non-profit replication system involves the essential components of franchising, but without the classic fee and profit components.

Thus, social franchising shares prosperous models in a way that combines social and financial purposes and ensures social influence as well as financial sustainability.

The model of social franchise creation is presented in Figure 15.

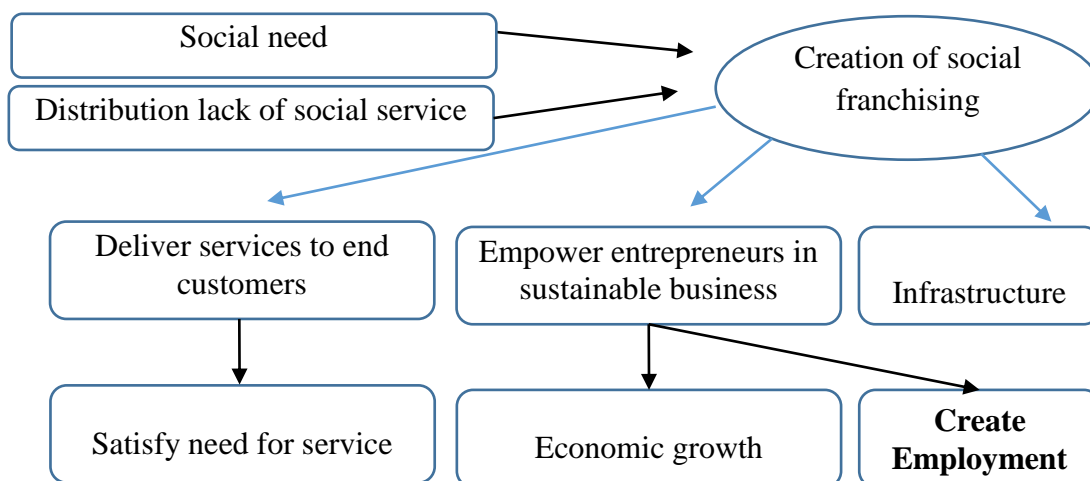


Figure 15. Model of social franchise creation

Source: based on (Ziółkowska, 2017; Du Toit, 2014)

In conclusion, social franchises could emerge as a potential way to tackle both the issues of unemployment, social exclusion of groups and poverty, as well as the unmet social needs of the public sector and NGOs, as well as to provide the required resources for the development, financial stabilization and growth of social enterprises.

During the period of 1994 – 2015, over 90 social franchises were set up in 40 developing states (Mumtaz, 2018).

A form of social franchising that is becoming progressively prominent and that rises a number of engaging challenges is franchise agreements between non-profit structures as well as for-profit entities. This offers an important distinction between within-sector social franchising (social entities in the role of franchisor and franchisees) and cross-sector social franchising (corporate franchisor and social entity franchisees).

Taking into consideration analyzed materials one of the conclusions that should be made is that social franchising will deliver results, as corporate franchising does, but particular conditions are to be considered. They are as follows: the franchise framework is based on a prosperously operating business. This condition is essential for social franchising. Some more conditions include: there is an adequate market demand for goods as well as for services provided by the company to justify expansion; there is an adequate availability of eligible prospective franchisees; management is committed to investing in the infrastructure required to run the franchise; the company to be franchised has been systemized; the processes are transferable to franchisees with a fair amount of effort.

Let's consider in detail.

When the franchisors are independent micro-enterprise, they will switch to micro-franchise after having gained enough market experience, clientele and resources to grow to different locations. It means, that any time they sell a new franchise, they acquire another position that lets the business grow its market share. They receive loyal paying buyers, dividends and franchise fees and the ability to develop a powerful identity and broaden the franchise's product-distribution path.

The second option is that the NGOs becomes a voluntary franchisor. NGOs usually assume their position as franchisees by developing and replicating a company from scratch, or investing in a failing micro-enterprise with growth opportunities and helping to turn the company into a micro-franchise network.

And the last one is when the multinational corporations become a mutual franchiser. In recent years, large companies have acknowledged that gains can be made in economies other than those in the emerging economies.

There are already successful attempts to introduce social franchising in Ukraine: network of fitness clubs Malibu (33 clubs in 8 cities of Ukraine), restaurant Urban Space 100 (Ivano-Frankivsk), Superheroes School on the basis of Okhmatdit hospital (Kyiv), «Social Trade Network» company (Zaporizhia).

The US experience shows that the development of entrepreneurship among veterans has a positive effect on their adaptation to civilian life, the country's economy, creates new jobs and increases the social welfare. This can be useful for Ukraine only in conditions of overcoming the economic crisis, implementing and ensuring guarantees of transparency of the competitive environment and investment attractiveness.

Social franchising becomes effective and efficient so as to undo growth and employment generation possibilities. Applying resource scarcity and agency theories to concept of social franchising has allowed to develop important conceptual insights.

The results of this research will enable a wide variety of stakeholders involved in franchising, including the government, the private sector and local authorities, to improve the general awareness and knowledge of franchising, in particular social franchising.

3.2. The Modern Mechanism of Venture Financing of Social Projects in Times of Conflict

In the development of approaches to modern business, its social responsibility is becoming increasingly important. Thus, today society is becoming accustomed to monitoring and evaluating the activities of an entity not only in terms of quality of services and products it produces, but also to assess the readiness and specific steps of the company to address relevant and important social issues. The active position of the company in support of socially vulnerable groups of the population of Ukraine, in particular taking into account the times of conflict and pandemics in the world, is becoming relevant today and deserves support and positive assessment in society.

Venture capital in this aspect is important because it helps to expand sources of social programs funding. Today, the involvement of investors and their contributions to the social development of Ukrainian enterprises in the form of venture capital is only at the initial stage of implementation of the principles of such financing. It should be noted that venture financing in our country at this stage of its economic development is equated to direct financing or raising capital for the development of the business entity. Today in Ukraine, targeted assistance predominates, in particular, venture financing involves the investment of financial resources, as well as in the form of intangible assets, know-how or high-quality management staff.

According to research, the most common are those charitable tools that are based on the financial assets of companies: the provision of targeted charitable assistance, the implementation of own operational charitable or grant programs, the creation of a corporate fund. Many companies have started the practice of implementing charitable programs through cooperation with charitable and public organizations (Savchuk & Buhera, 2011, p. 65).

Venture philanthropy is an important element of all philanthropy tools in general. This phenomenon appeared in Europe in the early 2000s, in Ukraine it is only gaining popularity.

Today, in the world, venture philanthropy is an important tool in creating a significant effect in solving social problems. In the current political situation in Ukraine, the military conflict in the East and the annexation of Crimea, the search for such alternative solutions to important social issues, which are primarily related to the support of the population in difficult times of conflict, is important and relevant. It is worth noting that today Ukraine is dominated by targeted assistance, in particular,

since 2014, the volunteer movement has gained extraordinary momentum, whose enormous assistance cannot be measured in difficult times for the population of Ukraine. After all, special attention and care is needed, first of all, by servicemen from places of military conflicts, families of the wounded and dead in the area of the Anti-Terrorist Operation (ATO) and Joint Forces Operation (JFO). This will help to reduce social tensions in society in the conditions of conducting hybrid war by the aggressor country in the territory of Ukraine.

It is also worth noting that global trends today suggest that conducting socially responsible business is prestigious and highly valued in the society of any country. There are a number of facts to support this. In particular, first of all, it is worth paying attention to the profits of companies that do not forget to be socially active in running their business and spend some money on charitable activities.

Thus, the total profit of shareholders of companies with high financial and social performance has increased by 43% over the past 15 years. At the same time, this figure for «just» financially successful companies increased by only 19%. Social inclusion pays dividends. Return on sales of socially active companies is 3% higher, return on assets is 4% higher, and return on capital and shares is 10% higher than that of companies that do not perform in this area (Savchuk & Buhera, 2011).

According to research, the most common are those charitable tools that are based on the financial assets of companies: the provision of targeted charitable assistance, the implementation of their own operational charitable or grant programs, the creation of a corporate fund. Many companies have started the practice of implementing charitable programs through cooperation with charitable and public organizations (Turkyn, 2004).

The use of the mechanism and principles of venture philanthropy in financing charitable activities of enterprises is a fairly new phenomenon in world practice, but in international practice there are several successful examples of implementation and financing of social programs with the participation of venture capital investors. Thus, the financial support of social and philanthropic programs with the use of venture capital involves not only the financial participation of the philanthropist, but also his active participation in the management of the recipient of financial investments.

An example of a fund that operates on the basis of venture philanthropy is the Bill and Melinda Gates Foundation (сайт фонду www.gatesfoundation.org). Its activities are aimed primarily at improving the health care system and educational projects. The board also includes Warren Buffett. This fund seeks and finances

effective projects. Today, it is the largest in the world and manages more than 44 billion dollars.

Venture philanthropy can be an important resource for social entrepreneurship because it combines the methods of venture business and philanthropy. It is not aimed at charitable assistance for specific individuals, but at building independent social projects at enterprises.

Venture philanthropy differs from the usual in greater desire for innovation and experimentation, in this activity, philanthropists are looking for entrepreneurs who understand the risk. Venture philanthropy provides resources by sharing the philosophy of social entrepreneurship and effective altruism. The latter needs to analyze the consequences of all their actions, even altruistic, in order to maximize the positive effect (Matthews, 2015).

The main common characteristics of venture philanthropy include: active involvement; specially selected financing (investment approach to determine the most appropriate financing for each individual organization); long-term support (significant and stable support for a limited number of organizations). Another characteristic of venture philanthropy is non-financial support, i.e. in addition to financial investments, venture partners provide other services that provide individual advice on organizational management, strategic planning, marketing and communications, staffing. In addition, it is important that venture philanthropy donors are focused on strengthening the organizational capacity and long-term viability of the organization and the development of its program activities, and not just to support one-time projects or programs. It is also worth noting such a characteristic of venture philanthropy as performance appraisal, i.e. the ability to measure venture philanthropy investments with an emphasis on business planning, achieving measurable results and individual stages and at a high level of financial reporting and competent management of the organization (Savchuk & Buhera, 2011).

For the development of philanthropy in Ukraine, the variety of tools and forms of charity that are common in domestic and foreign practice is important. When implementing charitable programs, business organizations use various types of charitable tools: opening a separate charitable account, grant and operational (charitable) programs, corporate fund, programs of assistance with goods and services (In-Kind Giving), corporate volunteering, providing expertise and skills (Pro Bono), etc. (Savchuk & Buhera, 2011, p. 65).

The partnership of a philanthropist (venture capitalist) and a recipient of social and financial assistance has its fundamental differences compared to conventional investment and, as a rule, for venture capitalists it is a risky investment that does not provide any guarantees for the investor. A venture capitalist will make a profit when he is able to sell his share or stake at a price that will far exceed his initial investment. The dual nature of venture capital investments is that for an enterprise that owns an innovative product, they can act as equity (share in the share capital) or as borrowed capital (in the form of bond liabilities).

In general, venture activity is a rather specific and risky business. Therefore, the presented features of venture activity cause a significant impact on the accounting system, which is seen in the formation of information in the accounting system of venture investments in the form of grouping data by venture investment activities, stages, forms of financing, stages. Accounting should provide complete and timely information on venture capital transactions in order to make timely and effective management decisions in the field of venture capital.

A venture capitalist who heads a fund or company does not invest in his own company. A venture capitalist is an intermediary between syndicated (collective) investors and the entrepreneur. This is one of the most fundamental features of this type of investment. On the one hand, the venture capitalist independently decides on the choice of an object for investment, participates in the work of the board of directors and contributes to the growth and expansion of the company's business, on the other - the final decision on investment is made by the investment committee that represents the interests of investors. Ultimately, the profits that a venture investor receives belong only to the investors, not to him personally. He has the right to count only on part of this profit. These principles were laid down at the initial stage of the formation of venture capital by the founders of this business - T. Perkinson, J. Kleiner, F. Cofield, B. Byers and others. In 1950-60, they developed new basic concepts of financing: the creation of partnerships in the form of venture funds, raising money from limited liability partners and establishing rules to protect their interests, the use of the status of general partner.

The concept of «venture philanthropy» combines the economic efficiency of business and the desire to solve important social problems that exist in society today. In addition, the use of new funding mechanisms for social projects and programs that would facilitate the adaptation of servicemen from military conflicts and their

families contribute to solving the important problem of national security and improving the socio-economic living conditions of specific groups.

In turn, venture philanthropy allows large companies or potential investors to develop their charitable activities on the basis of venture financing (Figure 16). The main result of venture philanthropy is first of all the social effect, and only later the possible profit that may arise as a result of the implementation of the planned projects.

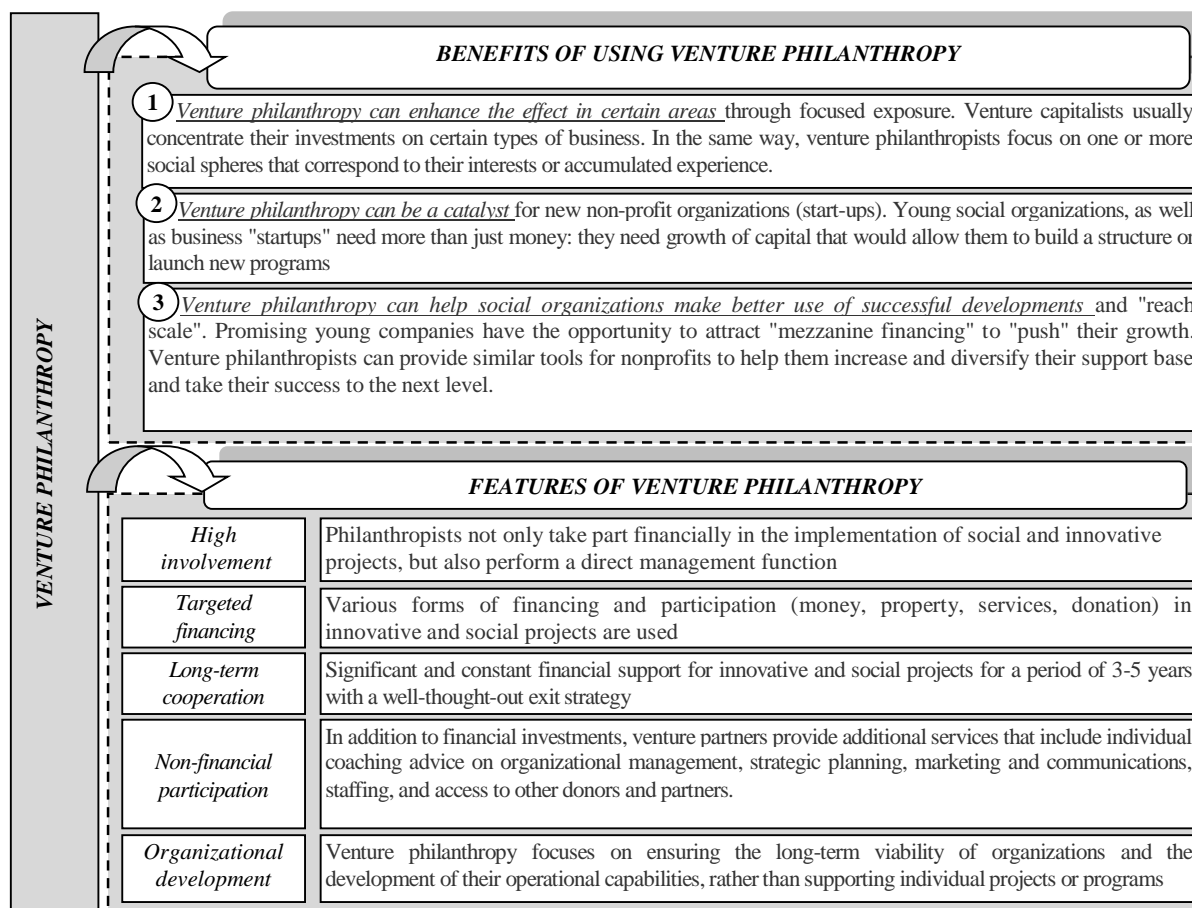


Figure 16. Characteristics and importance of venture philanthropy in the financing of charitable activities

Source: on the basis of Ukrainskyi Forum Blahodiinykiv; Termin.in.ua.; 2035.media., 2018.

Figure 16 presents not only a number of features of venture philanthropy, including: close relationship between investor and recipient company, long-term nature of cooperation with the investor, targeted nature of investment, non-financial support of the investor for business development, but also their impact on the accounting system, in particular the method of forming information flows about investors' investments on the basis of venture philanthropy.

In particular, the use of the principles of social entrepreneurship on the basis of venture philanthropy forms an interesting approach to the implementation of charitable activities and achievement of the greatest social effect. This type of charity for Ukraine today, taking into account the unresolved military conflict in eastern Ukraine, could be an alternative solution in finding socially active investors who want to help servicemen from military conflict sites, families of the wounded and dead in the Anti-Terrorist Operation (ATO) zone and Joint Forces Operations (JFO), because under such conditions there is not only the attraction of much-needed financial resources, but also the experience of investors, their time, reputation, personal and professional contacts. This, in turn, makes it possible to achieve a much broader impact in solving the most important social problems of Ukrainian society today.

Venture philanthropy and social investments often involve a high level of commitment and partnership support to those in need of social support and can be both typical charitable organizations (direct assistance) and non-profit organizations, as well as social enterprises or companies with a social mission. This model of philanthropy is an approach similar to the practice of venture capital or private equity funds aimed at creating companies with high market value. With regard to entrepreneurial philanthropy and social investment, their goal is to create stable and financially independent organizations working for social impact.

It is also worth noting that socially responsible enterprises as potential social investors are one of the key elements in the field of venture philanthropy and social investment. This concept implements three basic principles of social investment: individual financial instruments, management support and definition of social impact, which is shown in Figure 17.

The presented specifics of attracting venture capital in the implementation of innovations and the social sphere on the basis of philanthropy, in particular venture capital, determine the impact not only on the accounting system, but also the specifics of managing such financing. Accounting accounts, including the system of analytical accounts, in turn, accumulate information about the forms of venture philanthropy, the amount of investment in venture philanthropy, the structure of venture financing, the timing of financial support for social projects. In particular, the formation of the information base in accordance with these sections plays an important role in making important management decisions for both the investor-philanthropist and the recipient.

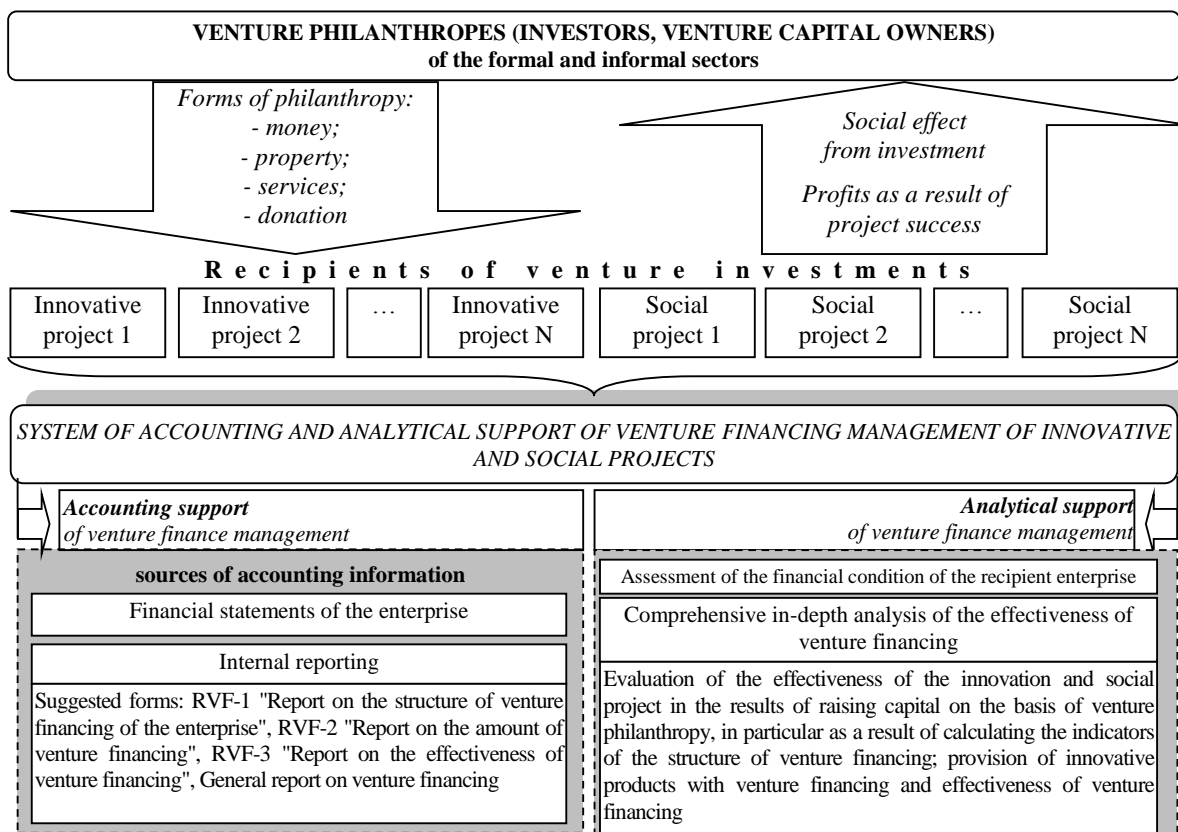


Figure 17. Model of venture philanthropy as an innovative form of financing charitable activities of business entities

In addition, the accounting system in the framework of social entrepreneurship and innovation on the basis of venture philanthropy will have the level of investor participation in the management of the recipient, as in addition to financial investments venture partners provide individual advice on management, human resources, strategic planning, marketing, etc. In addition, donors of venture investments in financing various social programs are focused on strengthening the social effect and long-term viability of the social project in which they invest.

The conducted research and determination of key characteristics and advantages of financing social programs of the enterprise on the basis of venture philanthropy helped to outline the main directions of management of financing of social projects with the use of venture capital of investors. Important decisions in this aspect are the issues of sources of venture capital and its distribution on the basis of venture philanthropy. In addition, the key to making important management decisions is to measure the social impact of investment in the form of venture financing for the development of certain social programs that are important today for Ukrainian society.

Thus, from the standpoint of forming information support for venture finance management of innovative and social projects, it is advisable to find out how to collect information on possible ways to attract and use venture finance, process and evaluate this information in order to use it to make effective management decisions in the field of innovation and finding ways to attract the necessary investment for social development.

In the conditions of constant changes in the economic and political situation of the country, as well as anti-crisis management, the information base of accounting should be gradually supplemented with other objects. This is due to the fact that the accounting and information support system must answer all questions of venture financing management of innovative and social projects.

In this case, it becomes relevant and necessary to develop a package of internal reporting on information on financing instruments, methods of venture capitalists in financing innovative and social projects, forms of venture philanthropy, investment in venture philanthropy, the structure of venture financing, terms of financial support for innovation and social projects.

It is also worth noting that in most cases, raising funds on a venture philanthropy basis is through attracting direct investment or debt securities with a fixed interest rate, which will also have options in accounting for such financing in the recipient company.

In general, the study of the features of venture capital and its role in financing social projects is the first step towards identifying and systematizing ways and measures to minimize, avoid and prevent risks that may arise during such financing of charitable activities.

In turn, accounting in the field of venture financing of social programs in times of conflict should be an information system, namely a set of interrelated elements that characterize the ways and methods of obtaining and converting information about the financial condition and efficiency of venture philanthropists, necessary for making sound and timely management decisions on how to use and the need for additional resources of venture investors.

It should be noted that the assessment of the state and effectiveness of venture financing of innovative social programs should begin, first of all, with the general assessment of the financial condition of the recipient enterprise, which we propose to carry out in three directions: 1. Analysis of economic potential of the recipient enterprise. 2. Analysis of the development and effectiveness of the recipient

enterprise. 3. Analysis of the probability of insolvency and bankruptcy of the recipient enterprise.

Such analysis of the recipient company allows to determine the areas of management of accounting objects in the field of attracting and using venture financing. This, in turn, requires the formation of new approaches to the presentation of accounting information needed for venture capital management. In this case, it is important not only information about the past results of the recipient company, but also information that will be used to calculate the forecast indicators of the financial condition of the recipient company and determine ways to improve the efficiency of venture financing.

Particular attention in the accounting and analytical system should be paid to the features and risks of venture financing, which have a direct impact on the financial security of the recipient company, the main of which include:

- a variety of forms of attracting venture capital,
- specifics of attracting venture investments at different stages of development of the recipient enterprise,
- ways of exit of the venture investor from the investment project, features of creation and realization of an innovative product in the market, etc.

In order to prevent and minimize the risks of venture financing of innovative enterprises, accounting and analytical information should accurately and reliably reflect in external and internal reporting all business transactions related to the above features of attracting and using venture capital to create and distribute innovative products, provide users with information about the current and future state, the dynamics of development and financial condition of the innovative enterprise, to provide internal control over the activities of the enterprise.

One way to minimize the risks of venture activity is the phased financing of the investment project. At each of these stages, the amount of investment required to perform a specific list of tasks or actions may be provided. Under the conditions of periodic reassessment of the prospects of the investment project, the venture fund or investor may decide to terminate the financing of the enterprise, thereby reducing the risk of venture investment and creating certain mechanisms to stimulate the effective operation of the recipient enterprise.

In addition, it should be noted that among the methods of minimizing the risks of venture financing are risk insurance, risk sharing (distribution can take place between project participants or by diversifying the portfolio of financial investments), as well as reserving funds for force majeure.

The presented features of venture activity cause a significant impact on the accounting system, which is seen in the formation of information in the accounting system for venture activity in the form of grouping data on areas of venture investment activities, stages, forms of financing. Accounting accounts, in turn, accumulate information about the costs incurred in the course of venture investment activities, their places of origin, centers of responsibility and sources of funding. In addition, the formation of analytical sections of the grouping of accounting data is carried out in order to make timely and effective management decisions.

Taking into account the information needs of the participants of venture investment, the directions of organization and methods of accounting for the following type of financing at the recipient enterprise are determined:

- 1) improving the documentation of transactions with venture investments in terms of determining the order of documentation, determining the list of standard forms of primary documents, developing a schedule for their preparation and submission;

- 2) identification of synthetic and analytical accounting accounts, information on which is systematized in certain analytical sections, as well as improvement of the order of accounting reflection of business transactions with venture financing;

- 3) clarification of the content of the form of financial statements «Balance Sheet» on the sources of venture financing, as well as the development of forms of internal management reporting (indicating information on raising financial resources through venture financing; on venture capital transactions).

The research clarifies the essence and role of venture philanthropy in financing charitable activities of public organizations. Its main purpose is to help non-profit organizations to promote innovative ideas of a social nature, as well as to ensure the sustainable development of such organizations and their social projects that bring extraordinary benefits to society and have a social effect in the long run.

The combination of the principles of venture philanthropy and social entrepreneurship leads to the formation of a hybrid approach to charity and forms a higher level and long-term nature of investor-recipient interaction in the process of creating a social effect from invested funds and efforts of venture investors. It should be noted that venture philanthropy rather complements philanthropy in its traditional sense. Having various financing instruments (in the form of bonds, convertible bonds, convertible preferred shares, ordinary shares, targeted financing), methods of venture capitalists in financing social projects (legal support, risk management and their distribution, monitoring the effectiveness of projects at all stages, long-term nature of

cooperation) and conditions of financing of social projects and programs, in the accounting system there are a number of approaches to reflection of this or that instrument of financing within the limits of realization of charitable activity on the basis of venture philanthropy. In particular, the accounting system in the framework of social entrepreneurship on the basis of venture philanthropy will be influenced by the level of investor participation in the management of the recipient, as in addition to financial investment venture partners provide individual advice on management, human resources, strategic planning, marketing and more. In addition, donors of venture investments in financing various social programs are focused on strengthening the social effect and long-term viability of the social project in which they invest.

It is also determined that in the process of venture activity there is an urgent need for effective risk management of venture financing, especially with regard to social projects. In order for such management to be as effective as possible, it is necessary to form a complete information base on venture capital investments and possible risks in the company's accounting system. First of all, we found out the peculiarities of venture activities and the role of risk management of venture financing in the process of such activities and in the financing of social programs.

Traditional sources of financing of corporate social responsibility do not live up to the expectations placed on them by today's modern requirements. Therefore, the issue of identifying alternative and rational sources of funding of social programs, taking into account the political realities in the country and the world, is relevant. Thus, the use of relatively new sources of funding of charitable activities of enterprises, in particular the principles of venture philanthropy, will promote social participation of business entities in resolving pressing issues in conflict, including the expansion of social programs to support and adapt servicemen from military conflicts and members of their families, i.e. aimed at improving the socio-economic living conditions of specific groups of the population of Ukraine.

The process of innovation management becomes especially important in the context of the need to overcome the crisis of the domestic economy. Trends in the economic development of Ukraine's economy make demands on the formation of new approaches to enterprise management, new methods of functioning of accounting and analytical information of enterprises-recipients of social investments.

3.3. Current Development Issues of Accounting Support of Innovation Venture Financing

The economic issues caused by the formation of the post-industrial economy and the inappropriateness of the system of accounting for and analytical support of the management of venture activity of innovative enterprises in the new economic conditions, necessitate the use of an innovative way of development of the economy of the country, as well as the formation and development of innovative infrastructure and attraction of venture capital investments.

In Ukraine, less than 2 % of the total number of enterprises finance innovation through venture investments, which, in turn, significantly slows down the pace of innovation development in the country. The Ukrainian Venture Capital and Private Equity Association (UVCA), which has become a member of the European Private Equity & Venture Capital Association (EVCA), aims to raise \$ 40 billion in investments in Ukraine by 2020. One of the reasons that holds back the lack of venture financing is the absence of information support of the management system, which would allow to ensure reliable and adequate reflection of venture activity of enterprises, facilitating decision-making by the subjects of their management and subjects of making venture investments.

The current economic conditions require solving the issues of efficiency of functioning of domestic enterprises performing venture activities and corresponding main provisions of the Strategy of development of high-tech industries for Ukraine until 2025, medium-term priority directions of innovation activity of the national level for 2017-2021 and the Law of Ukraine «On the Priority Directions of Innovation Activity in Ukraine». In this context, the issue of developing the concept of information support for the venture capital management of innovative enterprises in the conditions of formation of a post-industrial society on the basis of taking into account the characteristics of the external entrepreneurial environment, the development of the venture industry and the activity of start-up companies in the country; methods of accounting and economic analysis of innovative enterprises activity, subjects of the venture industry and start-up companies is a question of acute need.

Studies of accounting for and analytical support of venture capital management over the past few decades have become a central issue in the scientific works of many foreign and domestic scientists, which is caused by the gradual formation of an

innovative model of economic development and the emergence of a venture industry. In the works of scientists, the basic theoretical and methodological principles of the functioning of the venture capital industry, the particularities of the implementation of venture capital activities and the directions of development of accounting for and analytical support of its implementation have been developed. In particular, in the monograph of Kraus and Shevchenko (2013) «Innovation and venture capital in the systemic modernization of the national economy» current issues in the development of innovative infrastructure of the economy are considered, the essence of the concept and the role of venture capital in the system of innovation activities are examined, the features of state regulation of venture financing in the world and Ukraine, its impact on innovation processes are highlighted. In the monograph of Zyanko, Epifanova and Zyanko (2015) «Innovative activity of enterprises and its financial support in the context of transformational changes in the economy of Ukraine» the essence of the innovative process of enterprises as well as procedure for its financing are investigated, the features of venture capital investments, as the most promising area of activation of innovative activity in Ukraine are analyzed. In the work of Fabozzi (2016) «Entrepreneurial Finance and Accounting for High-Tech Companies» the issue of venture risk, the business model of high-tech enterprises engaged in venture activity, the problematic aspects of its financing and the features of accounting and economic analysis are investigated.

The theoretical component of the research conducted by scientists published in scientific papers (Cumming, 2012; 2. Derikolenko, 2016; 5. Malerba, 2004; Petruk & Moshenskyy, 2008; Ramsinghani, 2014; Smith, 2017; Milford, 2012), it is presented: firstly, by substantiating the concept of organizing a modern venture capital industry, specifying the peculiarities, mechanisms, and identifying specific objects of accounting and analysis of venture activity; secondly, the theoretical and organizational provisions of accounting for the costs of venture capital activities of venture capital enterprises indicating the degree of risk and the need for venture capital; thirdly, the directions of reforming the legislation of Ukraine regarding the implementation of venture activities of the enterprise; fourthly, accounting for and analytical support of managing venture financing of innovative enterprises in conditions of risk and economic transformation.

Despite this, insufficient attention has been paid by scientists to the issue of transforming the system of accounting and analytical support of managing venture activity of innovative enterprises in the conditions of modern economic

transformations. This issue is quite new and relevant for the modern world and especially for Ukraine, the solution of which is necessary for the intensification of innovative processes and the transition to an innovative model of economic development.

The innovative type of economic development requires intensification of processes in the search for alternative non-traditional sources of business financing to support and develop innovative activities of domestic innovative enterprises. Venture financing today is a fairly popular and promising source of financing the activities of innovative enterprises focused on the development and production of high technology products. In modern economic conditions, venture capital finances about 2/3 of all inventions and innovations around the world and is the main source of investment for the accelerated development of innovative activity in the world. Based on the results of a marketing desk study, the peculiarities of the activities of start-up companies in the EU countries were analyzed based on the study of reports from research agencies (KPMG, Ernst & Young), which made it possible to determine the need for development of reporting and analytical tools (a package of management reporting, new calculation methods, a system of analytical indicators) to ensure the management of such enterprises.

In modern conditions, the priority strategic direction and an indispensable condition for full entry into the world economic system is the formation of an innovative model for the development of the Ukrainian economy. The transition to such a model implies the need for increased attention to the issue of the functioning of enterprises whose activities are associated with the development and promotion of innovative products characterized by a high level of risk.

Declaring the ideology of rapid innovation shifts in high-tech sectors of the economy is impossible without structural modernization of the accounting and analytical support system of enterprises venture activities management, since the latter has significant differences from traditional activities carried out by enterprises, in particular, it is characterized by the likelihood of complete bankruptcy and super-profits. At the same time, on the one hand, an important aspect is the substantiation of suggestions for the development of a system for searching, processing and presenting information about venture activities of enterprises, and on the other hand, the formation of suggestions for its processing and interpretation for entities that are willing to make venture investments in start-up companies and innovative projects.

Scientifically substantiated development of the theoretical foundations and

organizational and economic principles of system of accounting and analytical support of the venture capital management system of enterprises will contribute to the effective functioning of venture capital enterprises, minimization of the negative consequences of economic risks, increasing the efficiency of the capital market in terms of venture investment, and in general will accelerate the transition to an innovative model of economic development of the country. Therefore, it is necessary to identify and achieve the solution of the following tasks:

- to identify and analyze the needs of internal (subjects of management) and external (existing and potential venture investors) users of accounting information on venture activities of enterprises;

- to identify and classify risks associated with venture activities of enterprises, formulate ways to minimize them;

- to develop a system of accounting reserves to minimize the risks of venture capital enterprises;

- to develop a business model of a venture company, which will serve as the basis for building a system of accounting and analytical support for its management;

- to develop risk-oriented models for processing and presenting information on venture activities of enterprises (financial, managerial, tax, engineering), which will act as a means of generating operational, tactical and strategic information for managerial decisions making;

- to develop a system of internal and external accounting reporting on the status and results of venture activities of enterprises, taking into account the requests of domestic and foreign investors, as well as institutional investors;

- to form information support and a methodology for the formation of strategic scorecards for risk-oriented management of venture activities of enterprises based on the use of a balanced scorecard;

- to develop a regulation (standard) of accounting for expenses of start-up companies, which will allow providing information about them from the moment of their creation and throughout the entire period of their functioning;

- to develop a methodology of economic analysis of venture activities of enterprises at different stages of their life cycle, taking into account improvements in the existing accounting and analytical system of the enterprise;

- to suggest an assessment procedure and risk management algorithm for venture capital enterprises to minimize their negative economic consequences.

In the course of research on the development of information support of venture

capital management of enterprises, practical and methodological developments may include the following: recommendations to the Project of Law of Ukraine «On venture activity for innovation sphere» regarding the clarification of terms such as «venture financing», «venture investment», «venture enterprise», which will contribute to the harmonization of terminology in the context of European integration; project of regulation (standard) of accounting for expenses of start-up companies; project of methodological recommendations on management accounting and analysis of the activities of startup companies; reporting package and project of methodological recommendations on accounting support for venture financing of innovative enterprises; the methodology of economic analysis of venture activities of enterprises at different stages of their life cycle; methodology of optimizing the risks of venture activity for business entities by developing an algorithm to minimize the negative economic consequences of the risks of their activities and creating a system of accounting reserves.

CHAPTER 4

ANALYTICAL SUPPORT FOR THE MANAGEMENT OF SOCIALLY RESPONSIBLE ACTIVITIES IN THE CONDITIONS OF THE HYBRID WAR

4.1. Modern Trends in Socially Responsible Investment in Terms of Sustainable Development: Issues of Efficiency

In the conditions of European integration processes, uncertainty and conflicts as well as in the context of financial and economic crises, the international community is aware that further economic development must be based on a fundamentally different basis. It should be linked to strengthening risk control, balancing financial and intangible interests, and should focus on the sustainable development of the economy and society. The SRI (socially responsible investment) is one of the tools that enables such development.

Socially responsible management of business entities is under the close attention of society, the state as well as international organizations. In developed countries, voluntary investment in social development is a common practice of corporate social responsibility, which is a beneficial activity for both society and the investor.

The economic nature of SRI distinguishes it from charity. Due to resource constraints, entrepreneurs should get the most out of social activities, including SRI, aimed at the public, customers or staff. The transformation of philanthropy in SRI is a sign of the progressive activities of the 21st century.

According to a survey conducted by the CSR Development Center in 2014, most companies believe that the role of business grows in times of crisis, and depending on the strategy of doing business in times of conflict, different industries may be selected for social investment (e.g., improving employee safety, restoration of economic and social infrastructure).

Research interests of many foreign and domestic authors is devoted to SRI. The major publications in the field of SRI are the works of Blowfield (2014), Dreblow (2005), Derwall (2009), Kinder, Lydenberg and Domini (1993), Earle (2009) et al. The work of scientists Rifkin and Barber (1978) is of great importance. They research the ethical aspects of investing, the impact of the economy, investment on society, the labor market, the environment and promote ideas of a caring attitude to nature.

Bakhtarayeva considers SRI as a promising way of financial market development (Bakhtaraeva, 2006). Ukrainian authors Lazar and Zaval'na (2012), Kostyuk (2011) investigate current trends in the development of SRI, Moshensky (2011) explores the nature and prospects of development of SRI. Noteworthy is the study of theoretical and methodological foundations and the evolution of the concept of SRI by I. Vasylchuk (2015).

Significant contribution to the development of SRI is also made by research published by the European Social Investment Forum (Eurosif), The Forum for Sustainable and Responsible Investment (US SIF).

At the same time, the mechanism of functioning of the SRI market has not been analyzed, there is no single conceptual approach in the SRI field, as well as the features and examples of SRI implementation in the cross section of countries remain under-researched. Particular attention needs to be given to the prospects for the development of SRI in Ukraine. The above facts confirm the relevance of the study of the selected topic.

The purpose of the research is to identify the main trends of socially responsible investing both globally and in Ukraine, taking into account the hybrid warfare in Ukraine.

To achieve the goals and objectives of the study general and specific methods of cognition were used in the following stages:

1) the tendencies of socially responsible investment both globally and in Ukraine were analyzed by using the methods of analysis, synthesis, as well as the method of quantitative comparison with the use of secondary data obtained from the reports of international organizations and research institutions, taking into account the conduct of hybrid war in East;

2) in order to study the existing methods of quantitative and qualitative assessment of social investments of the enterprise, methods of systematization, analysis and synthesis were applied based on the use of bibliographic search results and secondary data.

For decades, SRIs have attracted the attention of scientists, politicians, and the world's largest investment firms and pension funds (Goldman Sachs, Global Advisors, Global CalPERS, Norwegian Oil Fund, Swedish AP, ABP, PGGM), and international companies (Xerox, Foundation, Apple Foundation, Hewlett-Packard, Nestle Foundation), Ukrainian foundations (Victor Pinchuk Foundation, Anti-AIDS Foundation).

The SRI is a tool for achieving and supporting sustainable development, which is a priority of human development, which is listed in many documents of international organizations (UN Global Compact, International Labor Organization, UNICEF, UNIDO, Council of Europe, Organization for Economic Co-operation and Development, The European Organization of Quality, International standardization organization) and government documents of developed countries.

The trend of investing in the social environment and society has grown in recent years and has become a way for investors to thank the community, as well as a way to expand their corporate social responsibility. This is a way to increase public participation and awareness of social issues.

Blowfield and Murray (2014), adherents of the critical approach evaluate the origins, values and different perspectives on corporate responsibility. They claim that the role of business is changing as it seeks to address financial, social, political and environmental issues.

The social and environmental issues we face globally are significant. It is estimated that USD 1.4 trillion will be required each year to reach the 2030 Sustainable Development Goals (Gustafsson-Wright, 2018). According to UN estimates (World Bank, 2018), from USD 3.3 trillion to USD 4.5 trillion will be needed to finance sustainable development goals each year.

It is still not proven that such complex issues can be solved using traditional approaches. As one way of addressing these challenges, the international development community is developing new financing tools, some of which are aimed at mobilizing unused capital and private sector knowledge, refocusing global economic and social challenges on future prospects. Investing in preventative measures can avoid higher costs and make the public and civil society sectors more efficient. By paying for results rather than contributions that have unknown results, costs should be more efficient.

Domini A. states that SRI is now considered a reasonable and profitable way for investors to make money (Domini, 2001).

Umlas (2008) emphasizes that SRI has long been a strategy of equalizing values of investing by incorporating environmental, social and corporate governance factors into investment decision-making. Until recently, SRIs were considered as niche and well developed in only a few countries. SRI is of great interest to investors around the world today.

The US SRI market is the largest in the world. During the 21 years (1995–2016), according to the US SIF Foundation's 2016 Report on US Sustainable, Responsible and Impact Investing Trends (Ussif.org., 2018), the amount of SRI increased by 1264% and at the end of 2015 amounted to USD 8.72 trillion. USA. Today, virtually every fifth dollar in the United States is invested due to environmental, social or ethical factors.

The European market for socially responsible investing continues to show steady development. According to a study conducted by Eurosif in 2017 (Eurosif.org, 2018), the amount of socially responsible investment has increased by 549% compared to 2013 and now stands at EUR 6.76 trillion (Eurosif.org., 2018).

France and England remain the leading SRI leaders in Europe. Their share in the European market is 46%, which is almost half. With regard to the geographical location of socially responsible investments, the vast majority (85%) are made by European companies (only 10 % of which are in the relevant domestic markets). This is especially true for investors from the Netherlands (91%), Spain (83%) and France (74%). Investments in Asian countries, together with Japan, account for 3% of the total, and developing countries collectively receive 6% of investments mainly from Scandinavian countries and France [European Responsible Investing Fund Survey, 2013].

The study identified a number of factors that influence the emergence and development of SRIs in different countries:

1) ethical (USA, UK). Investment activities should be in accordance with the moral and religious traditions of society, do not support the production of harmful products and services.

2) human (Italy, Spain, France). Social investments contribute to the eradication of discriminatory employment policies, inappropriate working conditions, exploitation of workers, and racial discrimination; the smoothing military conflicts, the devastating social consequences of harmful human activities.

3) environmental (Germany, the Netherlands). Issues of environmental pollution, rational use of non-reproducible resources, flora and fauna are being addressed. Environmental threats and the status of risky ecological zones are monitored.

4) others (Sweden, Belgium, Norway, Austria). Institutional requirements for the placement of pension funds' assets, which oblige in their investments to take into account issues of environmental protection, social development, investor

requirements for corporate governance, transparency of financial and non-financial reporting, as well as accounting for social and environmental factors.

Taking into account the variety of social investment implementation trends in the scientific literature (Panukhnyk & Plekan, 2016), it is accepted to distinguish internal and external social investment flows. Internal flows include: 1) staff development (improvement of safety at work, health care, professional development, opportunities for harmonious development and leisure, health improvement of employees); 2) resource saving. External flows include: 1) investments aimed at the development of local communities (development of education, science, technology and innovation, support for culture and sports, development of local self-government, charitable assistance to vulnerable sections of the population); 2) environmental protection.

The issue of evaluating the effectiveness of social investment and the implementation of social policy of the company as a whole is not well researched. It occurs at all stages: during planning specific programs and projects, their justification, summarizing the work done. The situation is deepening by the multi-vector and diverse forms of social investment.

SRI allows investors to identify, validate and invest in companies that comply with SRI standards. The most popular in the world is the rating of socially responsible companies on the basis of stock and non-fund indices, the identifying of which indicates the level of social responsibility of companies within the adopted rating scale. The value of these indices is increasingly being taken into account by investors in the investment decision-making process and also serves as a benchmark for evaluating the performance of a particular market segment. The information concerning Corporate social responsibility is presented in quantitative and qualitative terms. The quantitative value of indices is a calculated indicator within the selected scale, which allows you to assign an enterprise to a certain group of subjects with a close index value. Quality characteristics describe a group of companies in the same range. But defining these indicators is a complex process, as well as their interpreting. In this regard, most investors who are interested in investing in socially responsible businesses make such investments through socially responsible funds (in particular, Domini, Calvert, Parnassus), which use the above indices to observe and evaluate market dynamics of socially responsible investments. And the steady growth of such indices shows the increasing popularity of socially responsible investments.

The criterion for assessing the expediency of making social investments is the probable economic benefit (or efficiency) that a company expects to take from the planned activities. In some cases, traditional methods of evaluating investment projects are used to determine the economic effectiveness of such social measures. The key indicators in this case are Return on Investment (ROI), Return on Asset (ROA), Return on Sales (ROS), Return on Sales (EBITA) and some others. Research in this area is based on a comparison of the financial performance of companies actively pursuing social programs with the financial performance of companies that are less involved in social activities. The most compelling data can be obtained if the characteristics of the main detail of the sampling companies are as consistent as possible.

However, in most cases the result of the implementation of social programs is a social effect, which is almost impossible to describe by economic categories. In such cases, the term «business value added» is used in the world practice, i.e. the benefit brought to the core business of the company, its shareholders, investors, managers and people interested in making a profit through the implementation of charitable and social programs including. digital charity events (Kulyk & Zhyhley, 2018). At the same time, such measures contribute to the growth of the company's social capital (Zhygley & Syvak, 2016).

SRI can be assessed using the following parameters:

1) expenditure (estimate the level of spending on certain social events). Examples are the average wage of staff, the size of the penalties of the Antimonopoly Committee, the amount of funds allocated for sponsoring cultural projects.

2) efficient (assess the effect of the social event). This group includes the number of new jobs created, the number of disabled workers, the number of cooperation programs conducted.

3) structural (evaluate the change in the structure of a particular resource). For example, the coefficient of staff stability, the age structure of staff, the coefficient of innovation activity, etc.).

4) effective (that is, evaluate the correlation between output and cost).

As N.L. Kussyk states in her article that some researchers use the methodology developed with the support of the United Nations Development Programme to determine the impact of socially responsible enterprise activity (Kussyk & Kovalevskaya, 2012). The methodology involves quantitative and qualitative assessment of social responsibility of the enterprise. Quantitative indicators include: 1) the value of social investments of companies per employee (in monetary units); 2)

the share of social investments of companies in the total volume of sales (in percentage); 3) the share of social investments of companies in the total amount of profit before tax (in percentage). The qualitative indicators include the qualitative index of social investment for the i-th enterprise (the level of complexity of social activity of the enterprise), the qualitative index of social investment for the j-th feature (the degree of presence of the feature in the statistical sample of the enterprise) and the overall qualitative index of social investment (the level of complexity of social activity of the enterprises).

In the work of N.M. Shmygol a model for assessing the effectiveness of social investment and corporate social responsibility is grounded. The model was developed by scientists of the Institute of Urban Economy and is a calculation of a complex parameter (index) (Shmyhol', 2010).

This approach is based on the fact that information about the cost of corporate social programs does not allow to properly compare companies between each other. In this regard, the calculated indices, which are measured in relative units (points or percentages). With the help of those indices organization can assess its place among other companies in the industry. In this case, a comprehensive index (CI) should take into account two components of the SR: 1) paid tax, investments, and 2) charity and social investment. This index summarizes the parameters related to the firm's tax, investment and social policies.

In addition, the author suggests to calculate the indicator of prospective development (the ratio of the amount of social investments and investments in fixed capital to the amount of net profit) and the indicator of social expenditures (the ratio of social expenditures incurred by the enterprise during the reporting period, to the amount of net profit earned in the same period).

In international practice, it is considered acceptable when companies contribute about 1% of profits to social programs. Shareholders make sure that charity does not become excessive, as it can adversely affect the investment in fixed capital and the competitiveness of the business.

Shmygol N.M. suggests to use modified economic indicators (Shmyhol', 2010), such as:

1) return on investment (ROI) - indicates the relationship between social policy spending and the share of capital gains that resulted from this activity. On the one hand, this indicator is the most convincing and representative because it gives an opportunity to evaluate the effectiveness of social policy, its impact on the growth of economic indicators. On the other hand, it is the most difficult to measure and can

therefore not be used in every area of the company. However, this indicator is well applied, for example, to such specific charitable activities as socially responsible marketing;

2) the indicator of the effectiveness of charity assistance and other social programs in comparison with the effectiveness of advertising, sales promotion, etc. (efficiency measurement). It gives an opportunity to compare costs and effects. It allows us to conclude, for example, about «more» or «less» effective social programs in comparison with advertising, sales promotion. But this figure cannot be quantified;

3) indicator of the process of social programs implementation (process measurement). It reveals the presence or absence of a connection between social policy and indicators of the main activity of the company, but shows neither comparative efficiency nor its quantitative expression. Most often, this dependency is described in case-studies that characterize the situation and explain what has been achieved as a result of the implementation of social programs and what could not have been achieved if they had not been implemented.

As a result of the research on determining the effectiveness of the SRI, it was found that efficiency is characterized by the achievement of the set goal in combination with ethical values. This implies: 1) financial efficiency (profitability, revenue growth, sales volume, risk insurance, reduction in operating expenses); 2) non-financial efficiency (reputation and image, loyalty of customers, staff, suppliers); 3) the effectiveness of the impact in the relevant territory.

The conducted analysis of the existing methods of assessing the effectiveness of the SRI of companies makes it possible to conclude that their use presupposes, first of all, the purpose of the assessment, which will determine the choice of one or another method (Figure 18).

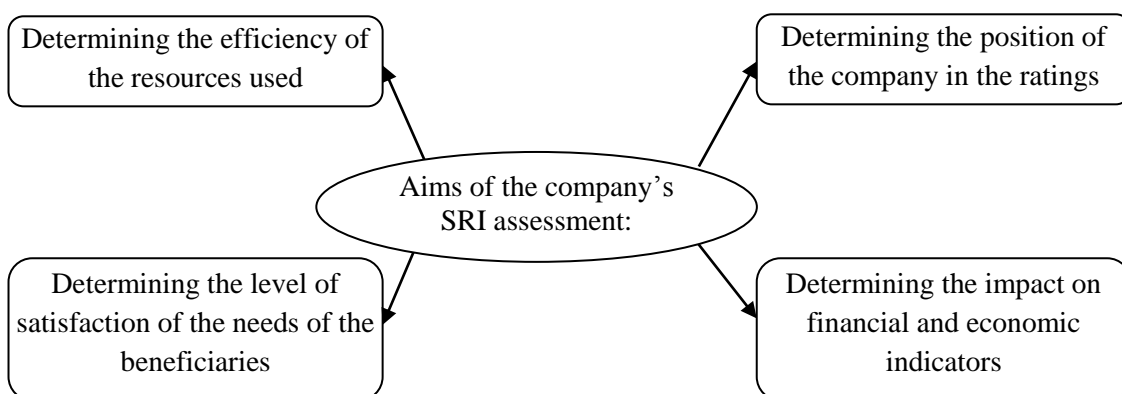


Figure 18. The suggested objectives of the SRI assessment to select the appropriate assessment methodology

Source: developed by the author

Possible evaluation goals are identified:

1) an assessment to determine the efficiency of the enterprise's resources used for the SRI. The authors of the article suggest to evaluate in terms of: *indicators of the use of labor resources* (coefficient of involvement of employees in SRI, the ratio of the share of corporate volunteering in the total amount of SRI, the ratio of working time spent by employees on corporate volunteer work and payroll for the purpose of providing charitable assistance and business expenses, the ratio of the labor force involved in charity in operating costs of the enterprise); *indicators of the use of financial resources* (ratio of the share of cash in the total amount of the SRI, the ratio of the cash attracted from the issue of charitable bonds in the total amount of money placed on deposit for the further direction of providing charitable assistance, the ratio of the share of the funds to the charity bonds in the total amount of funds allocated for providing charitable assistance); indicators of use of material resources (the ratio of the share of materials in the total amount of SRI).

The information basis for calculating the suggested indicators is the annual financial statements, environmental reports, social reports, sustainable development reports, integrated reports etc.

2) evaluation to determine the competitive position of the company in the ratings. For this purpose, a number of international and foreign organizations have developed ratings based on stock and non-fund indices. The major global stock indices include the Dow Jones Sustainability Indexes, a group of indices created by KLD Research & Analytics (Domini Social Index, Large Cap Social Index, Broad Market Social Index, KLD-Nasdaq Social Index), FTSE4Good Index). These indices are intended to provide information for making a decision on socially responsible investing, which takes into account not only the financial but also the social and environmental aspects of the activity of a potential investment object. The most well-known non-fund indices include the Corporate Philanthropy Index, the Social Index by the Danish Ministry of Social Affairs, the Bloomberg ESG 3000 Global Index and the Environmental Sustainability Index, which are designed to benchmark socially responsible companies.

However, these indices have a number of disadvantages that make it impossible to apply them, in particular: 1) when assessing the level of responsibility, not all relationships and forms of interaction of companies with different groups of stakeholders are taken into account; 2) these techniques are not universal and therefore the performance of all enterprises cannot be evaluated; 3) the index

calculation procedure is rather cumbersome and can therefore only be applied by individual rating companies or socially responsible funds.

3) evaluation in order to determine the impact of SRI on the financial and economic performance of the enterprise. This estimation is possible using traditional approaches: Return on Investment (ROI), Return on Assets (ROA), Return on Sales (ROS), EBITA, etc. Specific assets income should be considered separately (Zhyhley, Yukhymenko-Nazaruk, 2017). The authors offered to make an estimate using income and cost indicators (return on investment of SRI, coefficient of tax burden, ratio of operating expenses of the enterprise to SRI, ratio of expenses made from reserve to SRI, ratio of operating expenses profit for the purpose of creating a reserve to net profit of the enterprise).

4) assessment to determine the level of satisfaction of the needs of different stakeholders.

In the course of identifying the main trends of socially responsible investing both globally and in Ukraine, taking into account the conduct of the hybrid war, it is established that in an environment where the problem of resource exhaustion and the survival of humanity as a whole is changing, approaches to investing are changing as well. In addition to criteria such as profitability, liquidity and riskiness, another is added, i.e. sustainable development, the most relevant trends of which are determined by the world community (193 UN Member States unanimously adopted «The 2030 Agenda for Sustainable Development» in New York on 25th of September in 2015), which contains 17 goals of the Sustainable Development, Poverty Eradication and Reducing Inequalities. Each of the goals involves a number of tasks, which in turn will be controlled by a set of global indicators. In addition, national statistics committees of Member States have set indicators for each target. Governments have also developed their own national indicators to help monitor progress towards goals and objectives. Currently, there are around 300 indicators for all goals. The Global Indicators System was developed by the Agency and the SDGs Expert Group, agreed by the UN Statistics Commission in March 2016 and adopted by the Economic and Social Council and the General Assembly (Un.org.ua, 2018). The follow-up process will be reported in the Annual Progress Report on the SDGs, which is prepared by the Secretary-General.

For Ukraine, in the territory of which there is a hybrid war, the 16th goal of «Peace and Justice» is especially relevant. In the face of conflict or in the absence of rule of law, countries must take measures to protect those most at risk, as high levels

of armed violence and instability have a devastating impact on the country's development.

The study of existing indicators revealed the urgent need to develop indicators of task performance at the company level and to conduct new surveys. Since the analyzed indicators are possible for use at the state level. Namely, in the analytical report (Vlasenko, 2017) the following indicators are suggested: 1) the share of the population satisfied with the experience of using infrastructure facilities and the level of social services in key areas in Donetsk and Luhansk regions (calculated in percentages); 2) share of the population satisfied with the level of administrative management services in Donetsk and Luhansk regions (calculated in percentages) and one more indicator from the national report; 3) area of the unmined territory in Donetsk and Luhansk regions (calculated in ha) . Indicators for the state level are presented. Therefore, it is necessary to adapt them to the level of companies in order to be able to statistically summarize information, identify trends and determine plans. The authors suggest performance indicators for the 16th goal at the company level (Table 25).

Table 25. Performance indicators for goal 16 of the sustainable development agenda

<i>Goal setting globally</i>	<i>Goal setting at the national level</i>	<i>Company-level task performance indicators</i>
Promoting a peaceful and open society for sustainable development, ensuring access to justice for all and creating effective, accountable and participatory institutions at all levels	restore conflict-affected territory (Donbass)	1) restoration of the infrastructure objects of the liberated settlements (quantity, cost); 2) providing charitable assistance to civilians;
	strengthen social resilience, promote peace and public security (conflict and post-conflict settlement)	1) retraining of the population for the employment purpose; 2) transfer of workers from the territory of Donbass

Source: developed by the author

Active fighting caused large-scale internal displacement of the population. As of June 27, 2017, according to data from the structural units of social protection of the population of regional and Kyiv city state administrations, there were 1 584 859 internally displaced persons (IDPs) (1 274 119 families) from Donbass and Crimea (most of whom are women with children and the elderly). More than half of IDPs remained in Donetsk and Luhansk oblasts, a significant number of IDPs were adopted by Kharkiv, Zaporizhzhia, Dnipropetrovsk oblasts and Kyiv (Vlasenko, 2017). The forced displacement resulted in the load on social infrastructure, the decline in the

level and quality of service delivery, social instability. Without proper regulation, internal displacement becomes a growing burden for host communities to provide basic services.

Metadata has not yet been identified for the submitted indicators, i.e. monitoring of the fulfillment of this goal is impossible, so it needs further research. Due to the lack of harmonization of statistical definitions, it is very difficult to make accurate international comparisons based on national statistics. However, international developments are underway to increase the availability of internationally comparable crime and governance statistics. The lack of data for the assessment of SRI or their ambiguous interpretation in enterprise reports does not allow to make an objective assessment (Lehynchuk, Velykyi & Belinska, 2018), which is one of the major issues that need to be addressed today.

Having analyzed the existing methods of quantitative and qualitative assessment of the social investments of companies, it is suggested to evaluate the effectiveness of SRI in accordance with the set goal. Specifying the purpose of assessing the effectiveness of the SRI will allow to choose the most favorable method, to form a system of indicators, to determine the requirements for the necessary input information, to correctly draw conclusions for making sound management decisions. The purpose of the evaluation should be to improve the methodological approach of evaluating the effectiveness of socially responsible investing by companies, which is a further area of research for the authors.

4.2. Analytical Support for Management of Venture Financing of Innovative Enterprises

Innovative type of modern economy development envisages intensification of processes in the field of alternative sources search of business financing for enterprises support and development, as well as sustainable development in the country. One of the available sources of financing innovative activity of small and medium enterprises is venture financing.

The economic strategy of any country should be based on the fact that only the activation and effective use of its innovative potential will be able to ensure the sustainable development of the economy and society as well as will radically change the factors of its attractiveness for foreign investors.

Taking into account the need to provide management staff with operational information on the availability and condition of venture financing at the enterprise, a two-step method of economic analysis of venture financing has been suggested aimed at improving the information base for the formation and use of attracted venture investments in the form of own and loan venture capital, its quantity and quality, which allows to define the further method of management of its elements in the operational mode.

Having calculated the suggested indicators based on the data of the activities of innovative enterprises of Ukraine, Russia, Poland and Bulgaria, we can conclude that the share of venture financing of innovative enterprises in the form of own venture capital (i.e, the acquisition of shares of the enterprise by venture capital investors) in the total amount of venture financing is larger, compared with a share of venture financing of an innovative enterprise in the form of loan capital (through the acquisition of venture company bonds). This is due to the fact that, first of all, venture financing is a risky investment, thus venture investors are trying to reduce the risks of such financing, mainly using financing in the form of acquiring shares of the innovative enterprise.

As the result of research methodic provisions of the analysis of innovative enterprises venture financing have been improved by developing a complex analysis method of condition, availability and efficiency of venture financing in the part of factor analysis of the profitability of own as well as loan venture capital, by multiple regression model building for defining the impact of venture capital on the results of enterprise's innovation activity, enable to identify cause-effect relationships for the development of appropriate measures to optimize risk venture funding as well as finding ways to attract additional financial resources from venture capital investors.

Economic analysis is a necessary management function that, based on accounting data and reporting, provides information to management staff in the form of analytical summaries. The management of an innovative enterprise is carried out under conditions of risk and uncertainty of the economy, therefore the overall assessment of the activity of the innovative enterprise, and subsequently an in-depth analysis of the efficiency of the use of venture financing, will improve the management of the venture capital investments and will provide the opportunity to make sound decisions on the direction of usage as well as the necessity for additional attraction of venture financing.

The amount of venture financing should meet the needs and capabilities of the enterprise to create and implement innovative products. The effectiveness of venture financing of an innovative enterprise depends on how economically feasible they are. In the long run, the most important criterion for the effectiveness of using venture financing in general is the stable financial position of the company and the prospect of its future development, that is, its solvency, liquidity, business activity, financial sustainability, profitability of its activity.

The essence of the issue of increasing the efficiency of the use of venture financing is that for each of its unit we should achieve the maximum possible increase in production and profits. Quantitative certainty and the content of the criterion is reflected in specific indicators of the effectiveness of the use of venture financing of economic entities. In addition, the availability and state of venture financing at the enterprise is a top priority in predicting bankruptcy, since its value is first and foremost taken into account in existing methods.

Taking into account the necessity of providing management staff with operational information on the availability and state of venture financing at the enterprise, we consider it expedient to carry out the analysis in a phased manner: a general analysis of the activity of the innovative enterprise and an in-depth analysis of the efficiency of the use of venture financing. The lack of an integrated methodology for analyzing venture financing leads to ineffective enterprise policy on the use and attraction of the required amounts of venture financing. This, in turn, causes a deterioration of the overall economic situation of an innovative enterprise. In the process of studying the peculiarities of venture financing, it has been established that venture financing can be in two forms, due to its dual nature, namely in the form of own and borrowed capital, therefore we have identified objects of analysis of venture financing: own venture capital, loan venture capital.

Consequently, the suggested methodology of general evaluation of the financial state of the innovation enterprise includes: 1. Analysis of the economic potential of the enterprise. 2. Analysis of the development and performance of the enterprise. 3. Analysis of the probability of insolvency and bankruptcy of the enterprise. The methodology of general assessment of the financial state of the innovation enterprise corresponds to the generally accepted methodology of carrying out the analysis of the economic potential of the enterprise, analysis of the development and performance of the enterprise, analysis of the probability of insolvency and bankruptcy of the enterprise (V.R. Bank, S.V. Bank & Taraskina, 2006; A.M. Batkovski, M.A.

Batkovski, Gordeyko & Merzlyakova, 2011; Butko, 2005; Volkov, 2012; Gutsaylyuk, 2012; Durneva, 2012; Kanraeva, 2010; Kovalev, 2002; Moshenski & Oliynyk, 2007).

Let's stop more closely on the methodology of in-depth analysis of venture financing, which involves four main areas: 1. Assessment of the availability and state of venture capital. 2. Factor analysis of profitability of own and borrowed venture capital. 3. Analysis of the effect of the amount of the use of venture financing on the total profit by constructing a multiple regression model. 4. Analysis of the effectiveness of the venture investment project. The main objects of analysis at this point are: own and borrowed venture capital, growth rate; the proportion of individual components of venture capital is calculated, including structural changes of venture capital are studied; the assessment of the level of venture financing provision of the enterprise as well as a number of coefficients is calculated.

First of all, it is necessary to assess the level of venture financing or venture capital provision of an innovative enterprise by analyzing its availability, state and composition. During the implementation of this stage: the cost and growth rate of the components of the venture capital of the innovative enterprise in absolute terms are defined; the proportion of individual components of venture financing is calculated; the dynamics of the structure of venture capital for a number of reporting periods is studied, the relationship between different types of venture capital is estimated; the influence of the change of the structure of venture capital on the coefficients and the results of the enterprise activity by using the models of deterministic factor analysis is determined; an assessment of the level of the venture financing provision of the company is given, for this aim a number of factors is calculated.

The phase of in-depth analysis of venture financing, which involves analyzing the provision of innovative products by venture financing, characterizes the level of innovation products financing provision in the form of own and / or borrowed venture capital. At the present stage, we suggested to calculate the following coefficients: the coefficient of providing innovative products with its own venture capital (CPIP_OwVenChC), the coefficient of providing innovative products by the borrowed venture capital (CPIP_BVenChC), the coefficient of providing innovative products with venture capital (CPIP_VenChC), which characterize which part of the innovation products is provided by own or borrowed sources of venture financing, as well as overall by venture capital. At the stage of determining the effectiveness of venture financing it is expedient to determine the following indicators of profitability:

the profitability of own venture capital (POwVenChC), profitability of borrowed venture capital (PBVenChC), probability of venture financing (venture capital) (PVenChF(VenChC)). The calculation of these indicators reflects the level of additional income for venture capital in different variants of the structure of the sources of its formation and shows how many percent will increase the profitability of venture financing as a result of obtaining funds from venture capital investors in the form of either own or borrowed venture financing.

Having calculated the suggested indicators based on the data of the activities of innovative enterprises of Bulgaria, Poland and Russia and the amounts of their venture financing, we can conclude that the share of venture financing of innovative enterprises in the form of own venture capital (i.e. share acquisition by venture capital investors) in the total amount of venture financing compared to the share of venture financing of an innovative enterprise in the form of borrowed capital (through the bond acquisition of venture company) is larger. This is due to the fact that, first of all, venture financing is a risky investment, so venture investors are trying to reduce the risks of such financing, mainly using the form of financing in the form of acquiring shares of the innovative enterprise.

Also, it is equally important in the process of analyzing the availability and state of venture financing of innovative enterprises, its high profitability, and, accordingly, the calculations carried out – from 6.99% to 9.78%. That is, in the case of venture financing of enterprises – the risk is justified, as in the case of successful implementation of innovative products, venture capital investors are able not only to repatriate primary investments, but also to obtain high profits, which is not typical for other types of capital investments.

Without factor analysis of the indicator of the profitability of own and borrowed venture capital, it is impossible to take into account all factors that will have an impact on the financial performance of an innovative enterprise. This is first and foremost the features of innovative products, the quality of managerial abilities of the management of the enterprise, the choice of areas for the use of venture financing, etc. Therefore, the next step in the in-depth analysis of venture financing is important – this is a factor analysis of the profitability of own and borrowed venture capital. To calculate the influence of factors on the change in the profitability of own and borrowed venture financing, we use the acceptance of expansion of factor systems. On the basis of this reception, the following factor model was constructed (Formula 6).

$$P_{VenchF(VenchC)} = \frac{FR}{VenchC} = \frac{FR}{VenchC} \times \frac{BVenchC}{BVenchC} \times \frac{OwVenchC}{OwVenchC} = \frac{FR}{OwVenchC} \times \frac{OwVenchC}{BVenchC} \times \frac{BVenchC}{VenchC} \quad (6)$$

where FR – financial result before taxation (total profit) of the innovative enterprise;
 VenchC – total amount of venture capital;
 OwVenchC – own venture capital; BVenchC – borrowed venture capital.

However, comparison of financial results before tax with the amount of own venture capital allows to calculate the profitability of its own venture capital (POwVenchC) and shows the effectiveness of its use. In addition, comparison of the amount of own and borrowed venture financing among each other allows to determine the stability coefficient of venture financing ($C_{StVenchF}$) and compare borrowed venture capital with venture capital in general – concentration coefficient of borrowed venture capital ($C_{ConcBVenchC}$). In view of the above, the effective probability indicator of venture financing will be presented in the form of a multiplicative model (Formula 7).

$$P_{VenchF(VenchC)} = P_{OwVenchC} \times C_{StVenchF} \times C_{ConcBVenchC} \quad (7)$$

We will test the specified factor model, using the initial data of the activities of the innovative enterprise of Ukraine during 2016-2017 (Table 26).

Table 26. Output data for factor analysis of the venture capital profitability (venture financing) of the Ukrainian innovation enterprise

<i>Indicator</i>	<i>2016.</i>	<i>2017</i>	<i>Absolute deviation</i>
The amount of venture financing in the form of own capital (OwVenchC), thou. UAH	870,0	985,0	+115,0
The amount of venture financing in the form of borrowed capital (BVenchC), thou. UAH	980,0	982,0	+2,0
Total amount of venchre capitl (VenchC), thou. UAH	1850,0	1967,0	+117,0
Financial result before taxation (total profit) of the innovative enterprise (FR), thou. UAH	7100,0	8450,0	+3971,0
Stability coefficient of venture financing (CSTVenchF)	0,89	1,0	+0,11
Concentration coefficient of borrowed venture capital (CConcBVenchC)	0,53	0,5	-0,03
Profitability of venture financing (venture capital) (PVenchC)	3,84	4,3	+0,46
Profitability of venture financing attracted in the form of own capital (POwVenchC)	8,16	8,58	+0,42

Using the method of absolute differences, we will conduct a factor analysis of the profitability of venture financing of the innovation enterprise of Ukraine:

$$\Delta PVenchC (POwVenchC) = 8,58*0,89*0,53 - 3,84 = 0,21 \text{ points};$$

$$\Delta PVenchC (CStVenchF) = 8,58*1,0*0,53 - 4,3 = 0,25 \text{ points};$$

$$\Delta PVenchC (CConcBVenchC) = 8,58*1,0*0,5 - 4,55 = -0,26 \text{ points};$$

Thus, in 2017, an increase in the profitability of venture financing by 0.46 points is observed at the enterprise of Ukraine, indicating an improvement in the efficiency of the use of such financing. This increase in profitability was due to the following factors: increased profitability of own venture financing led to an increase in the profitability of total venture financing by 0.21 points; the increase of the coefficient of stability of venture financing also positively influenced the profitability of venture financing, which led to an increase of 0.25 points; the decrease of the coefficient of the concentration of borrowed venture capital by 0.03 points negatively affected the profitability of venture financing and led to its decrease by 0.26 points.

Consequently, the increase of profitability of venture financing in the form of own capital and the stability coefficient of venture financing had the positive impact on the increase of the profitability of venture capital, while a decrease in the concentration coefficient of the borrowed venture capital of the innovative enterprise of Ukraine had the negative impact on the profitability of venture financing.

As it is rather difficult to reflect the link between the results of the enterprise and the level of use of venture financing, since only a set of factors in their relationship can give a more or less complete picture of the nature of the phenomenon under investigation. In this case, it is advisable to create a mathematical model based on the methods of multi-factor correlation-regression analysis, which will allow assessing the degree of influence on the researched productive indicator (results of the activity of the innovation enterprise) on each of the factors (own venture capital and borrowed venture capital) introduced into the model at a fixed position on the average of other factors. Multi-factor correlation analysis involves the following stages of constructing a multiple regression model: identification of factors that influence the investigated indicator, and the choice between them is essential for the implementation of correlation analysis; accumulation and evaluation of the source information for the correlation analysis; studying the nature and constructing a model of the relationship between factors and a productive indicator (compiling a mathematical equation that most accurately reflects the nature of the investigated dependence); realization of calculation of indicators of correlation relationship;

statistical estimation of the results of correlation analysis and their practical application.

Following the selection of factors (in our case, this is our own and borrowed venture capital) and the corresponding assessment of the source information, an important task of the correlation analysis is to model the relationship between the factor and the performance indicators, that is, the selection of the corresponding equation, which will best characterize the investigated relationships.

If the relation between all the factor indices with the resultant is straightforward, then a linear function is used to record such dependencies (Formula 8) (Ivanenko & Maslovska, 2014, p. 91):

$$Y = b_0 + b_1x_1 + b_2x_2 + \dots + b_mx_m, \quad (8)$$

where Y is the calculated regression value, which is an estimate of the expected value of Y for fixed values of the signs X_1, \dots, X_m ;

X_1, \dots, X_m are the most significant independent variables;

b_0 is a parameter that shows the average impact on the resultant indicator of factors that are not included in the model (or not highlighted to the study);

b_1, \dots, b_m – regression coefficients, each of which shows by how many units will change Y with the change of the corresponding sign of x per unit, in condition that that the last signs are not changed.

We will test the above methodology for constructing a multiple regression model to determine the impact of the components of venture financing (own and borrowed venture capital) on the financial results (total profit) of Ukrainian enterprises. Then the regression equation will have the following form (Formula 10).

$$Y = b_0 + b_1x_1 + b_2x_2 \quad (9)$$

where X_1 – attracted venture financing in the form of own capital,

X_2 – attracted venture financing in the form of borrowed capital,

b_0, b_1, b_2 – parameters of the regression equation that can be calculated by the least squares method, solving the system of normal equations (Formula 10).

$$\begin{cases} \sum y = nb_0 + b_1 \sum x_1 + b_2 \sum x_2, \\ \sum yx_1 = b_0 \sum x_1 + b_1 \sum x_1^2 + b_2 \sum x_1x_2, \\ \sum yx_2 = b_0 \sum x_2 + b_1 \sum x_1x_2 + b_2 \sum x_2^2 \end{cases} \quad (10)$$

Output data for the solution of the system of equations are given in Table 27, and the estimated data in Table 28, respectively.

Table 27. Output data for the enterprise for the correlation analysis

<i>Year</i>	<i>Financial Result (y), mln. UAH</i>	<i>The amount of venture capital in the form of own capital, mln. UAH (X₁)</i>	<i>The amount of venture capital in the form of borrowed capital, mln. UAH (X₂)</i>
2008	1 250	145	89
2009	1 436	199	92
2010	1 596	235	96
2011	1 745	241	101
2012	1 986	255	125
2013	2 015	269	132
2014	2 256	270	145
2015	2 560	279	156
2016	2 896	299	170
2017	3 033	356	196

Table 28: Estimated data for determining the parameters of the regression equation

$\sum y$	$\sum yx_1$	$\sum yx_2$	$\sum x_1$
20773	5038061	2900321	2548
$\sum x_2$	$\sum x_1^2$	$\sum x_2^2$	$\sum x_1x_2$
1302	678196	181528	348777

Let's substitute the obtained data (Table 28) into the system of normal equations (Formula 11).

$$\begin{cases} 20773 = 10b_0 + b_1 2548 + b_2 1302, \\ 5038061 = b_0 2548 + b_1 678196 + b_2 348777 \\ 2900321 = b_0 1302 + b_1 348777 + b_2 181528 \end{cases} \quad (11)$$

We find the determinant of the system and partial determinants, on the basis of which we calculate the parameters of the regression equation:

$$\Delta = 578749878; \quad \Delta b_0 = 152531299074665; \quad \Delta b_1 = 4508569565822; \\ \Delta b_2 = 7660940579250 \text{ and, respectively, } b_0 = 263553.06; b_1 = 7790.19; b_2 = 13237.05.$$

Then the equation of relationship, which determines the dependence of the resultant sign of the total profit on two factors (own and borrowed venture capital), will have the following form: $Y = 263553,06 + 7790,19 x_1 + 13237,05 x_2$.

Thus, with the increase of venture financing at the expense of own capital instruments for 1 UAH total profit grows by UAH 7790.19, and with the growth of venture financing at the expense of borrowed capital instruments per unit, the total

profit increases by 13237.05 UAH. The above equation allows us to construct a trend line and carry out a forecast for subsequent years regarding the size of the total profit depending on the change in the amount of separate own and borrowed venture capital. However, based on the coefficients of regression, one can not judge which factor most influences the result, since the regression coefficients are not comparative to each other. In order to identify the relative strength of the influence of individual factors and their reserves, statistics calculates the partial elasticity coefficients ε_i by the Formula 12 (Ivanenko & Maslovska, 2014, p. 95).

$$\varepsilon_i = b_i \frac{\bar{x}_i}{\bar{Y}}; \quad (12)$$

where b_i – coefficient of regression at the i -th factor; \bar{x}_i – average value of the i -th factor; \bar{Y} – average value of the calculated (theoretical) dependent variable.

Partial coefficients of elasticity indicate by how much percentage dependant variable will change in average with change of 1% of each factor and the fixed position of other factors.

Accordingly, the coefficients of elasticity are (Formula 13).

$$\begin{aligned} \varepsilon_1 &= b_1 \frac{\bar{x}_1}{\bar{Y}} = 7790,19 \cdot \frac{254,8}{3971957,38} = 0,4997; \\ \varepsilon_2 &= b_2 \frac{\bar{x}_2}{\bar{Y}} = 13237,05 \cdot \frac{130,2}{3971957,38} = 0,4339. \end{aligned} \quad (13)$$

The analysis of partial elasticity coefficients shows that the greatest impact on the total profit has own sources of venture financing, in particular, with an increase in the value of own venture capital by 1%, the total profit increases by 49.97%, and with an increase in the value of borrowed venture capital by 1% the total profit increases by 43.39%.

The tightness of the link between the resultant sign and the set of factor characteristics is studied using the aggregate determination coefficient (Formula 14) (Ivanenko & Maslovska, 2014, p. 96).

$$R^2_{yx_1x_2\dots x_m} = \frac{\sigma^2_{yx_1x_2\dots x_m}}{\sigma^2_Y}, \quad (14)$$

where $\sigma^2_{yx_1x_2\dots x_m}$ – dispersion of theoretical values of the dependant variable, calculated with the multiple regression equation; σ^2_Y – total variance (dispersion of the actual y).

The aggregate determination coefficient characterizes the percentage of the variation of the dependant variable, which is linearly related to the variation of factors included in the regression equation.

The theoretical variance is calculated by the Formula 15 (Ivanenko & Maslovska, 2014, p. 96).

$$\sigma_{yx_1x_2\dots x_m}^2 = \frac{1}{n} (b_0 \sum y + b_1 \sum x_1 y + b_2 \sum x_2 y + \dots + b_m \sum x_m y) - \bar{y}^2 \quad (15)$$

Substituting the necessary formulas for the given data, we obtain: $R^2 = 0,78$

Thus, at the investigated innovation Ukrainian enterprise, 78% of the variation in total profit is linearly related to different levels of indicators of own and borrowed venture financing.

4.3. Accounting Reserves in Optimization of Risks of Innovative Activity

One of the important aspects of innovation is the presence of risk at all stages of innovative companies – from the creation and development of the project to its implementation through the establishment of a business entity (startup company), its stable operation as well as sustainable development. In order to avoid or reduce risks, their consequences and related other phenomena and processes, it is significant to implement the necessary measures and procedures of the risk management system, which allow to effectively reduce and even eliminate threats in the activities of a startup company. One of the tools of the risk management system as an innovation activity is method of reservation. Reservation for business purposes is divided into external (insurance) and internal (self-insurance, which is realized through the formation of reserves, funds, provisions at the enterprise). Taking into consideration the high risk of the startup company's activities, the issue of the feasibility of forming internal reserves for the implementation and development of innovation is currently relevant, as well as the need to study the issue of accounting for risk management of the startup company in terms of reservation.

The implementation of innovative activity is closely associated with a large number of different types of risks, which is determined by the intellectual nature of the results of its implementation. To minimize their negative consequences, reserves (funds,

provisions) are created. The main source of formation of such funds in accordance with the provisions of current legislation is the profit remaining after the conditions of its distribution, and the costs of current activities of the entity. The greatest attention of startup companies should be paid to the formation of appropriate accounting reserves, as well as to control the use of such reserves in accordance with the purpose or directions of their creation. According to T. Pasch, this is justified by the fact that accounting at the enterprise can significantly affect research innovations, focusing managerial attention on specific issues or launching actions during the process of creating an innovative product (Pasch, 2019, p. 215). Taking into consideration the growing and predominant role of the accounting system in risk management at the enterprises prof. Miller, Kurumaki and Oliri (2008, p. 944) note that the need to create accounting support for organizational risk management (their visualization and evaluation) gradually leads to hybridization of accounting, i.e. its gradual methodological transformation in accordance with the needs of management systems of various types, in particular, to the risk management system.

In accordance with the peculiarities of accounting of newly created high-tech enterprises and innovative activity in general, we suggest to form the following accounting reserves (provisions) in startup companies depending on the risk group (Table 29).

According to Table 29 the main types of reserves (provisions) to minimize the negative effects of risk in startup companies are insurance capital, reserves in the form of collateral and doubtful debts. In our paper we will consider each of them separately in terms of detailed characteristics, purpose of creation and features of reflection in accounting.

The insurance fund (reserve capital) is essential reserve for the needs of a startup company in terms of risk. It is formed from retained earnings and is made to repay possible losses, make payments to investors and creditors with insufficient funds, and so on. The importance of the formation of reserve capital is the periodic occurrence of certain negative economic phenomena in the market, which are difficult to predict due to the uncertainty and risks of economic relations. This fund provides self-insurance of the startup company from negative phenomena as well as overcoming their consequences.

Table 29. Suggested accounting reserves for risk optimization of innovative activity

<i>No.</i>	<i>Risk group</i>	<i>Type of reserve</i>	<i>Account, code</i>	<i>Suggested sub-accounts and analytical accounts for accounting for reserves in order to optimize the risks of innovative activity</i>	<i>The purpose of the reserve (provision) and its characteristics</i>
1	2	3	4	5	6
1	Market risks	Insurance reserve	43 «Reserve capital»	431 «Required reserve capital»	It is formed according to norms of the current legislation by any enterprise for realization of payments to investors and creditors at insufficient provision
				432 «Reserve capital to cover losses and damages from innovation risks»	It is formed to cover losses and damages, caused by innovation risks. Analytical accounting of this reserve is carried out in terms of areas of use, stage of the life cycle, areas of innovation
2	Risks of current activity	Reserves to secure liabilities	47 «Providing future expenses and payments»	473.1 «Innovation Guarantee Fund»	It is formed to ensure warranty repair (maintenance) of innovative products (tools, technological products, software, etc.)
				474.1 «Fund for Social Development of Innovative Activities»	It is spent on meeting the needs of employees, their social development, providing additional social guarantees identified by the management of the startup company to improve the working conditions of the workforce
				477.1 «Fund for material incentives in innovation»	It is formed to pay rewards and incentives to employees for innovative ideas on production technology, with high productivity of employees engaged in innovation, etc. Increases the interest of employees in achieving high end results in innovation
				474.2 «Fund for other needs of innovative activity»	It is used for various purposes, the main of which is to spend money on charity, support of business innovation and other purposes
				471.1 «Provision for vacation for employees engaged in the manufacture and promotion of innovative products (works, services)»	It is used to pay for the holidays of startup company staff engaged in the development, manufacture, promotion, sale of innovative products (works, services)
3	Risks of non-payment	RDD	38 «RDD»	38.1 «Reserve of doubtful debts (RDD) incurred in the course of innovative activity»	A provision is formed to cover future bad debts that have arisen as a result of an entity's innovation activities. Analytical accounting of this reserve is carried out in the context of groups of debtors (by terms of non-repayment of receivables, etc.).

In order to minimize the risks of innovative activities of startup companies in various areas, as well as to improve and develop production and general economic activities, appropriate reserves are made in order to secure liabilities. According to AP(S) 11 «Liabilities», collateral is defined as a liability with an indefinite amount or maturity at the balance sheet date (Zobov'jazannja, 2019). This definition reflects the main features of the provision, among which are: the gradual formation of the reserve; indefinite end date of the obligation; indefinite amount of the reserve at the end of the reporting period (quarter, half-year); it is not known whether the reserve will be used at all or otherwise when it will be necessary to use it. Despite such uncertainties in provisions, due attention by the management should be given to the formation of reserves to repay the probable future liabilities, including in newly established innovative enterprises, which are vulnerable to many economic, social and other changes. AP(S) 11 «Liabilities» states that «a provision is created when a liability arises as a result of past events, the repayment of which is likely to result in a reduction in resources embodying economic benefits, and the estimate can be calculated. It is forbidden to create provision to cover future losses from the enterprise performance» (Zobov'jazannja, 2019, paragraph 14). It is important that the amounts of formed provisions for future expenses and payments are recognized as expenses of the reporting period in the area of activity for which they are made. Reflection in the accounting of this group of reserves is carried out on account 47 «Providing future expenses and payments» on the relevant sub-accounts.

According to the Instruction about application of the Chart of accounts of financial accounting of assets, the capital, obligations and economic activities of the companies and organizations generalization of information on the movement of funds, which by the decision of the enterprise are reserved to ensure future costs and payments and include them in the costs of the current period (except for the amount of collateral included in the initial cost of fixed assets) is reflected on account 47 «Providing future costs and payments» (Instrukcija, 2019).

The main sub-accounts that should be used to account for collateral obligations in startup companies are: 471 «Provision for vacation payment», 472 «Supplementary pension provision», 473 «Provision for guarantee obligations», 474 «Provision for other expenses and payments», 477 «Provision for material incentives». These sub-accounts involve the formation of provisions that allow to manage the level of business risks (optimize risks) and help minimize their negative consequences, or avoid risk / its consequences in general (at the level of risk management measures implemented through formed accounting reserves). Thus, for the development of

accounting and analytical support of the management of the newly created business entity innovative activities, we suggest to form the following provisions: provision for vacation for employees engaged in the manufacture and promotion of innovative products (works, services), innovation guarantee fund, fund for social development of innovative activities, fund for material incentives in innovation and fund for other needs of innovative activity. The formation of these funds, except for startup companies, is also useful for fully formed companies with well-organized organization and management of the full cycle of production, sales and other aspects of business entities that are established in the market, have a stable income and need to improve activities in various areas and in accordance with the organizational structure.

Accounting reserves of the startup company, the characteristics of which are presented in Table 29, are not obligatory for formation according to the current legislation, but they provide accumulation of the corresponding resources for the purpose of maintenance and development of innovative activity in the conditions of risk.

The Fund for Social Development for Innovative Activities is used to meet the needs of employees of the enterprise, their social development, providing additional social guarantees defined by the company's management to improve the working conditions of the workforce. In addition to the costs associated with the provision of funds or other valuables for employees of the enterprise, this fund is also intended to finance in cash or other forms of social institutions and socio-cultural facilities, and can be implemented in the form of assistance to certain segments of the population who need it (charity). In general, the maintenance of social facilities and the support of those segments of the population that need support and additional guarantees, ensures the practical implementation of the corporate social responsibility policy of the startup company. Thus, it implies transparent and ethical behavior of an innovative enterprise in the market in relation to the impact of its activities on society and the environment, voluntary commitments of the company and active participation in the social and economic development of a region and even country.

The formation of a Fund for Material Incentives in startup companies is considered through the prism of an innovative product, the process of production and marketing of which needs to be improved. Thus, each department does its job, but when inventing an original method, technique, technology, or even creating a radically new product that enhances the company's status in the market, such work should be rewarded. An example of an improvement that immediately affects the financial result is the effective

work of the technical department, whose employees have found a way to reduce such costs by revising the method of forming the cost of an innovative product; or effective advertising activities by the marketing department, which is reflected in sales and revenue in the short term.

If it is necessary to spend money on certification, preparatory work for further production, charity, etc., resources from the fund are used for other needs of innovative activity. The accounting provision of this reserve is carried out in the same way as with the fund of funds directed to social needs. Analytical account 474.2 «Fund for other needs of innovative activity» has been developed to detail the accounting for this object.

Another provision that should be formed in the startup company when carrying out innovative activities in conditions of risk is the reserve for the payment of leave, which is reflected in account 471 «Provision for vacation payment», in particular on the proposed sub-account 471.1 «Provision for vacation for employees engaged in the manufacture and promotion of innovative products (works, services)». The formation of this reserve is due to the fact that the availability of free working capital in the process of innovative activity is not always in the required amount. That is why for the timely payment of leave to employees in the amounts under current law, it is necessary to form a provision for the payment of leave, which is a reserve for repayment of debts by the company to employees.

For the needs of accounting support for risk management of startup companies in terms of risk, it is suggested to use analytical account 381 «Reserve of doubtful debts incurred in the course of innovative activity». This reserve is «active» and is created to reduce external financial risks. It should be noted that trade receivables that are not repaid are a negative phenomenon and a risk for most companies. For newly created innovative enterprises, the lack of such necessary payment for products, works, services from customers implies the impossibility of full operation, given the regular lack of the required amount of working capital. Therefore, to reduce this risk, the current legislation allows formation of a reserve for doubtful debts, which is reflected in the accounting account 38 «Reserve of doubtful debts».

According to the Instruction about application of the Chart of accounts of financial accounting of assets, the capital, obligations and economic activities of the companies and organizations accounting for provisions for doubtful receivables, for which there is a risk of default is reflected on account 38 «Provision for doubtful debts» (Instrukcija, 2019). According to paragraph 10 AP(S) 10 accrual of the amount of the provision for doubtful debts for the reporting period is reflected in the statement of financial

performance as part of other operating expenses (Debtors'ka zaborgovanist', 2019). This is an important provision that affects the further determination of the financial result, namely, it reduces the profit that could be used for specific purposes in order to improve the activities of the startup company. Therefore, when creating a reserve for doubtful debts incurred in the course of innovative activity, and for its effective use, it is necessary to keep analytical records of this object in terms of debtors.

The above proposals for optimizing the risks of innovative activity through the creation of accounting reserves of a cost nature are summarized in the relevant model (Figure 19).

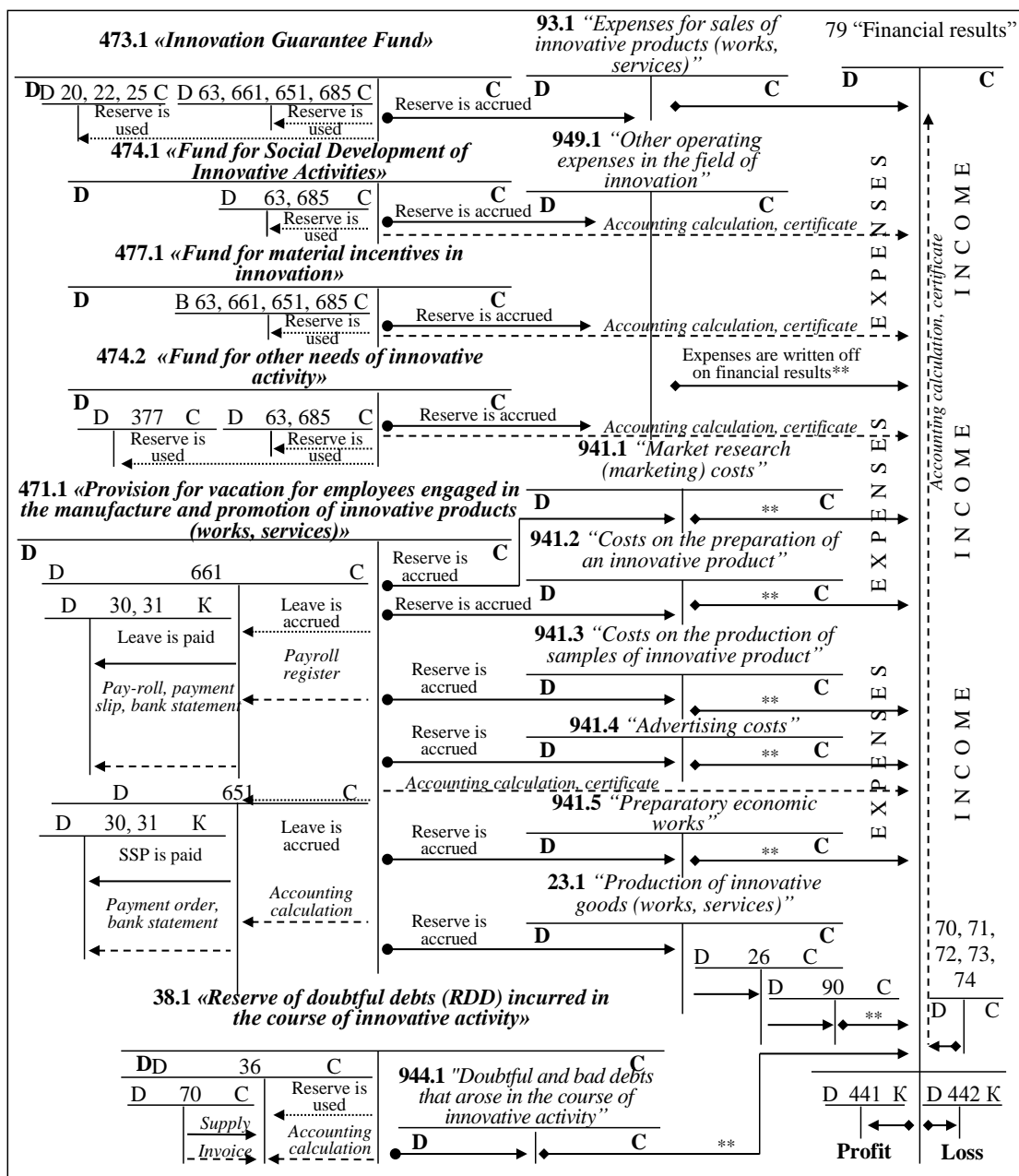


Figure 19. Accounting model of reserves for optimizing the risks of innovative activity

Suggested in Figure 19 model contains the main business transactions for the formation and use of the proposed accounting reserves and the order of accounting for such transactions on the accounts.

Thus, before creating and using money funds from certain funds, it is necessary to analyze the activities of an innovative company in order to establish the really necessary reserves that should be formed for further use for those purposes that will bring maximum benefit to the enterprise. The benefits for a startup company from financing production, general economic and other needs are the expansion of production, increase in sales, increase of prestige of the company, additional brand advertising and more. Interest in the company's spending for various purposes may not always be in financial form. Quite often, for those companies, especially those that have been operating in the market for a long time, useful is positioning itself as a social entity that takes care of a variety of social and environmental objects, rather than receiving a small additional income.

We will analyze the risks of innovative activity and study the impact of their consequences on the example of PJSC «Farmak», whose activities are based on an innovative approach and the need to invest in research and development to form new pharmaceutical products that will ensure its competitiveness in the market.

For such analysis the following reporting of the enterprise is necessary: f. 1 «Statement of financial position (Balance Sheet)», f. 2 «Statement of comprehensive income (Statement of financial performance)» and Management report (in terms of information about risks).

One of the main business risks of PJSC «Farmak» is the introduction of new pharmaceutical products (generic or original), i.e. their production, which is associated with the existence of a significant number of risks (Table 30).

Accrual of reserves specified in Table 30 risks is recommended to be carried out monthly at the expense of operating costs: 93.1 «Expenses for sales of innovative products (works, services)», 949.1 «Other operating expenses in the field of innovation», 941 «Expenditures on research and development».

Table 30. Risks of innovative activity of PJSC «Farmak», their probable consequences* and the procedure of accounting reserves formation

<i>Risk</i>	<i>Reserve (account)</i>	<i>Reserve source (account)</i>	<i>The amount of losses (max), thousand UAH</i>	<i>Degree of risk, %^{**}</i>	<i>Expected losses (column 4 x column 5), thousand UAH[*]</i>	<i>Reserve (column 6: 12 months), thousand UAH</i>	<i>Unexpected losses (column 4 - gr. 6), thousand UAH</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Warranty risk for a new pharmaceutical product	473.1	93.1	28 000,0	60	16 800,0	1 400,0	11 200,0
Impossibility of development of new high-tech pharmaceutical products	474.2	941	2 000,0	100	2 000,0	166,7	0,0
Lack of raw materials for the production of new pharmaceutical products	474.2	949.1	17 000,0	80	13 600,0	1133,3	3 400,0
Lack of production capacity for the production of new pharmaceutical products	474.2	949.1	6 000,0	40	2 400,0	200,0	3 600,0
Untimely certification or European registration of new pharmaceutical products	474.2	949.1	56 000,0	15	8 400,0	700,0	47 600,0
Total	X	X	109 000,0	X	43 200,0	3 600,0	65 800,0

** the amount of losses and the degree of risk – conditional values; ** the probability of occurrence is taken into account (all factors influencing the level (degree) of risk, the expected period of time for the occurrence of risk)*

The pre-tax financial result is defined: 1) in accounting – as the difference between income (accounts 70, 71, 72, 73, 74) and expenses (accounts 90, 91, 92, 93, 94, 95, 96, 97); 2) in the reporting f. 2 «Statement of comprehensive income (Statement of financial performance)» (row 2290/2295) the difference between income (rows 2000 + 2120 + 2200 + 2220 + 2240) and expenses (rows 2050 + 2130 + 2150 + 2180 + 2250 + 2255 + 2270). Reporting indicators of costs for f. 2 contain data on the amount of accrued reserves: a row 2150 – sales costs, which include the amount of the accrued reserve for warranty service of innovative activity, a row 2180 «Other operating expenses» contains information on the costs incurred to create a fund for other needs of innovative activity.

The costs on measures to optimize innovation risks, i.e. the creation of reserves, are concentrated in the above accounts of collateral and costs and have an impact on

the financial result only in the amount of risk, taking into account its probability. However, this situation has two paths of development, which will be discussed below. Therefore, we will analyze the feasibility of creating the proposed reserves for risk optimization on the example of innovative risks at PJSC «Farmak» (Table 31).

Table 31. Risk optimization due to accounting reserves and their impact on the company's financial result (on the example of financial information for 2018 of PJSC «Farmak»), thousand UAH

Financial reporting indicator	Line code, reporting form	2018	2019	
			The risk did not come	The risk has come
1	2	3	4	5
<i>Income</i>				
Net income from sales of products (goods, works, services)	2000, f.2	6346224	6346224	6346224
Other operating income	2120, f.2	10506	10506	10506
Income from the method of equity participation	2200, f.2	3680	3680	3680
Other financial income	2220, f.2	7437	7437	7437
Other income	2240, f.2	-	-	-
<i>Expenses</i>				
Cost of sold products (goods, works, services)	2050, f.2	2802614	2802614	2802614
Administrative expenses	2130, f.2	638008	638008	638008
Sales costs, including costs of the guarantee fund	2150, f.2	1241195	1224395** 16800	1252395*** 11200
Current provisions (in part of sub-accountnt 473.1)			0*	16800
Other operating expenses, including the costs on accounting reserves	2180, f.2	313576	287176** 26400	368176*** 54600
Current provisions (in part of sub-accountnt 474.2)			0*	26400
Financial expenses	2250, f.2	41172	41172	41172
Losses from the method of equity participation	2255, f.2	-	-	-
Other expenses	2270, f.2	34929	34929	34929
<i>Financial result before tax</i>		1296353	1339553	1230553

* cancellation of the accounting reserve; ** the amount of accrued and unused accounting reserve is calculated (by cancellation); *** the company incurs additional losses that increase costs and adversely affect the financial result; **** no data for the previous period.

The calculations given in Table 31, are conducted on the basis of reporting indicators for 2018 (baseline values), and indicators for 2019 are given as conditionally baseline, focused on the values of 2018; probability of occurrence or non-occurrence of risk in Table 31 is taken conditionally with the degree of risk according to Table 30.

Thus, the scenario of innovative risks has two further ways of development: 1) in case of non-occurrence specified in Table 30 innovation risks, formed in the current year reserves under AP(S) 11 «Liabilities» should be cancelled, which

optimizes the financial result of the enterprise and reduces its cost, which in general will not affect the financial result of the company; 2) in case of risks, the financial result will be reduced by the amount of accrued and used reserves (43.200 thousand UAH) and additional operating expenses – by 65.800 thousand UAH.

The above scenarios for the development of the enterprise as a result of the occurrence or non-occurrence of innovative risks should be summarized in special management reports on the risks and consequences of their occurrence. As noted by P. Günther (Günther, 2010, p. 327), the formation of such management reports relating to the innovative activities of the enterprise, is one of the most effective means of creating the conditions for improving the efficiency of its management. Thus, the reports can also be used to analyze the profitability of innovative activities of the enterprise or to assess the overall effectiveness of the costs of research and development (Schmeisser, Mohnkopf, Hartmann & Metze, 2019, p. 63).

The analysis carried in the study revealed that the activities of startup companies, which are characterized by a high level of innovation, are under the constant influence of a significant number of economic risks. To ensure the effectiveness of innovation risk management, it is suggested to form and use a number of accounting reserves.

Suggested accounting reserves of startup companies (mandatory reserve capital, reserve capital of startup companies; guarantee service fund of innovative activities; fund of social development of innovative activities; fund of material incentives in innovative activities; fund for other needs of innovative activities; reserve of leave for employees, engaged in the manufacture and promotion of innovative products (works, services), the reserve of doubtful debts incurred in the course of innovative activities) are means of influencing the risks of its activities and means of minimizing (neutralizing) the negative consequences of risks that have already occurred. In the context of the above proposals, the procedure for accounting for operations on the formation and use of the proposed accounting reserves of an innovative enterprise in terms of risk has been developed. This development is based on the proposed sub-accounts and analytical accounts for the relevant reserves in the accounts 43 «Reserve capital», 47 «Providing future expenses and payments», 38 «Reserve of doubtful debts». The formation of reserves (funds, provisions) is a complex process that involves planning, management, accounting, control, analysis and use of other systems in order to implement only those measures and tools that ensure the improvement of innovation of the entity. An important aspect concerning the

formation of reserves in startup companies is the creation of only those collateral (funds) that are really necessary for the continuation and development of innovative activity (this does not apply to required reserves, which are allowed by current legislation), namely minimize the impact of negative consequences of risks.

Prospects for further research are the development of organizational and methodical provisions for the preparation of management reports of startup companies in terms of the proposed types of funds (reserves) as a component of information support for risk management of innovative activity.

CHAPTER 5

COHERENCE OF SOCIAL AND ECONOMIC POLICY OF THE STATE IN THE CONDITIONS OF HYBRID WAR

5.1. Problems of Realization of the State Social Policy in the Context of Overcoming the Negative Consequences of the Hybrid War

Political, economic and social changes in Ukraine have significantly changed the strategy priorities of both the country as a whole and most of the enterprises whose socially responsible strategy has been supplemented in times of conflict by such assistance as helping military personnel from conflict places, the families of the wounded and the dead. In particular, it is a military conflict, which was called the Anti-Terrorist Operation (ATO) from April 2014 to April 30, 2018, and from April 30, 2018, was renamed to Joint Force Operation (JFO) in the Donetsk and Lugansk regions.

And since the first days of the anti-terrorist operation, when the state was not ready for such actions and set up the functioning of the army, 80% of the population of Ukraine, both individuals and representatives of businesses of different sizes, joined the assistance in conducting anti-terrorist operation.

Since 2014, thousands of Ukrainians have participated in the ATO/JFO. According to official statistics, as of January 15, 2020, 4255 deaths were recorded in the Book of Memory of the Fallen for Ukraine (Popov, 2014), which includes all combat and non-combat losses by Ukraine in the area of ATO/JFO. The data on the combat losses of the Armed Forces of Ukraine during ATO/JFO confirm the importance of solving this issue for relatives of the dead. According to unofficial statistics, the losses are more widespread – more than 10 thousand people and the death toll continues to increase.

Unfortunately, in the five years since the Euromaidan, hopes for rapid and real economic reforms in Ukraine have not materialized. A true manifestation of the memory of the heroes of the Heavenly Hundred and other Heavenly Thousands who died in the war in the East of the country should be to build a state based on the principles of the ideal for which They gave their lives.

We understand that since the victory of the Dignity Revolution, the aggressor country has done everything it can to slow down the positive developments in

Ukraine and to undo all its assets (in particular, through annexation of the Autonomous Republic of Crimea, artificial conflict in the east, and activation of hybrid war instruments). Otherwise, a clear example of Ukraine could be threatening to the authoritarian regime, as it would show that defending its interests by the people, its no silence on economic crimes of the authorities, and its failure to take a wrong geopolitical course are no usefulness.

Nevertheless, a hybrid war against Ukraine cannot be an excuse for slowing down reforms and ineffective socio-economic policies. On the contrary, we must be aware that real reforms are the right answer to a hybrid war, which requires the development and justification of an alternative way of reforming the national economy in order to more effectively counteract the hybrid war and its negative effects.

To solve this problem, publications on the problems of economic reform and counteraction to the hybrid war have been analyzed. In particular, M.S. Bond (2007), Glenn (2009), Hoffman (2009), Kilcullen (2009), Artiuh (2016), Horbulin (2017), Kurban (2016), Novak (2011), Pynzenyk (1998), Radkovets (2016), Tabarakhniuk (2017), Chekalenko (2015) and others have raised these problems. Without prejudice to the achievements of these authors, we believe that a large number of problematic issues in this area remain to be resolved.

Along with the leap in scientific and technological progress, unfortunately, there is a parallel evolution of methods of conducting modern wars. Ukraine has felt the latest trends in this area as a result of external aggression, which aims not to allow our country to escape from the economic downturn.

Realizing that the best nourishment for the basis of separatist sentiment is dissatisfied with their lives, the aggressor continues to contribute to it. Based on the above, the most effective way to counteract the hybrid war and reintegrate the occupied territories is to make real progress in implementing economic reform in Ukraine. Such progress is possible only in the context of significantly simplifying the conditions for doing business and transforming the social policy of the state.

Here are some key areas (see Figure 20) that we believe need priority reform, and outline our own vision of concrete steps along the way.

Since the late 1990s, a trade protectionist policy was introduced in Ukraine (which, first of all, was manifested not through high import duties but through VAT and a «space» excise duty for imported goods). All this was carried out under the

seemingly correct slogan - «it is necessary to protect the national producer». But what has it given as of 2020? Has our manufacturer become competitive in these 20 years, or has it come close to the range and quality of products of the neighboring EU? Unfortunately, for the most part, no.

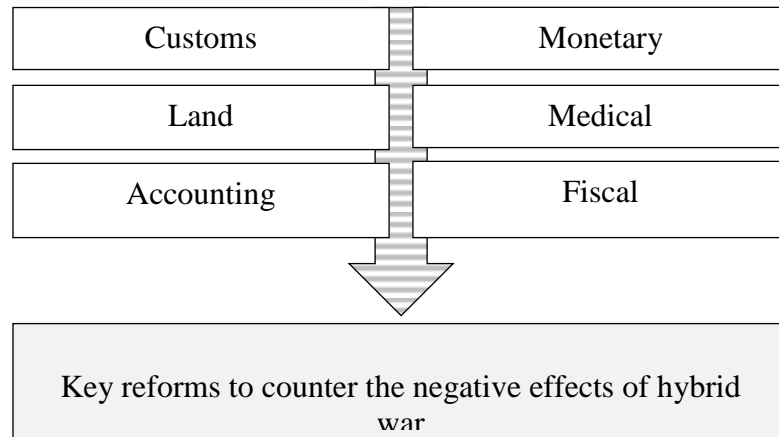


Figure 20. Spheres of priority reform in Ukraine

And here a legitimate question arises: why has it not been possible to achieve this in these decades, since in Ukraine all this time the wage (which is one of the main components of cost) was several times lower than in the EU? In our view, the answer to this question is that most domestic manufacturers (first of all, large corporations) used this favorable situation to protect themselves from external competitors only to collect «cream» in the form of surpluses, who then did not invest enough to improve their products. Why spend cardinal re-equipment if you can sell your backward products here in Ukraine, because they will buy it, because there are not enough foreign competitors in the price segment? Small and medium-sized enterprises are generally more visionary in this situation and would be prepared to compete on the world market to a much greater extent if not for significant institutional barriers on the part of the state.

On this basis, it is necessary to review the national customs policy, in particular to refuse the excise duty on import goods, leaving only 20% VAT (without any other additional customs duties). The influx of cheap and high-quality goods will surely become a shock therapy for dishonest representatives of big corporate business and will still force them to invest more profits in the development of production technologies (to eventually produce competitive products on the world stage), and small and medium-sized businesses will get cheap raw materials and equipment (to get higher-speed move to production of products of the highest level of processing).

As a result, we will get products that are really in demand for export, and an increase in exports will automatically ensure an increase in foreign exchange earnings into the country and stabilize the exchange rate of the national currency.

Today it is necessary to abandon the policy of pseudo-protection of the national producer, and to go to the course of maximum elimination of bureaucracy and equip it with a strong, simple and clear system of taxation (fiscal policy should provide less tax pressure on the population and small business in order to stimulate their purchasing power, and the gradual increase in the corporate tax rate for large corporations).

In the context of stabilizing the hryvnia exchange rate, the NBU should exercise greater inspection over its refinancing so that, sooner or later, the issued money supply does not appear on the foreign exchange market and does not participate in currency speculation (which has repeatedly led to an artificial jump in the value of the dollar). By minimizing speculative and inflationary factors, the NBU will be able to lower its interest rate more often, thereby reducing the cost of borrowing on the national credit market.

As for the lifting of the moratorium on the sale of agricultural land, we believe that we are critically late on this issue. Reforms in this area had to be completed in the 1990s. The existence of a moratorium all this time did not in fact prevent the transfer of ownership of land through various schemes, and at the same time there was no open land market at which a real and no underestimated price could be formed. Thus, the moratorium led to the fact that the land was still being sold at a low price on the black market, but at the same time it was not a commodity that a farmer could lend to a bank to obtain credit for the development of his farm.

Ultimately, the most successful farms became the large agricultural holdings, for which are relatively cheap to rent acreage and receive the most subsidies from the budget, because, paradoxically, in Ukraine, the principle is set at the legislative level: the more you produce agricultural products, the more grants you get.

In order to protect itself from the possible negative consequences, before the moratorium was lifted, it was necessary to make tax breaks for at least 3 years for the farming business, as well as to leave only 20% of VAT from all customs payments on agricultural machinery and seeds. Thus, it would encourage people living in the countryside to stay in the village and start their own business there, rather than sell or lease their land by low price.

An additional guarantee of security in this regard should be the creation of the State Land Bank, which would offer to buy land from citizens at a price not lower than a certain fixed minimum. In order to solve the problem of shortage of funds in such a bank, the redemption mechanism could be done through long-term government bonds. This, in turn, would keep the market price of the land no lower than the state guaranteed minimum.

On another painful social topic - health reform, in our opinion, it would be most advisable to determine a fixed percentage within the PIT (for example, 5% of the 18% of the existing PIT) that specifically goes to the health insurance of the individual. In this approach, every person would be automatically insured by a public or private insurance company (at the individual's choice). Once you get to the clinic or hospital, such a person would only need to do one thing - report their insurance certificate number. After that, all the issues of paying for medical services are the issues between the medical institution and the insurance company, not the patient's headache.

At the same time, it is necessary to make tax breaks for 3 years for business in the field of medical services, which will inevitably stimulate the opening of new private medical institutions and expand the network of existing ones. The presence of a large number of players in this market will provide healthy competition for the patient (or rather, for the opportunity to obtain insurance for the services provided by the insurance company, which will now be the main source of income of the medical institution). In such a situation, public and private medical institutions would care their reputation and try to gain the client's commitment by providing truly professional and quality services. Otherwise, they will have to leave this market.

Now, after the introduction of the medical reform in its present form, we have received a strange hybrid - it is not an insurance medicine in its pure form, and it is no longer free, which was provided by the Constitution of Ukraine. A large number of services become chargeable, but at the same time, the amount of PIT or other tax paid by an individual does not decrease. Ultimately, the following is true: we do not leave more money in the hands of the population, but we demand to pay for medical services simply now with the official price list.

It is also crucial to eliminate the dichotomy of the national accounting system: to remove additional regulatory restrictions, additional primary documents and additional reporting for tax purposes that artificially separate tax accounting into

another subspecies of accounting. First of all, it is necessary to eliminate such tax reports as «Enterprise Profit Tax Return», «VAT Tax Return» and «Excise Tax Return». In our opinion, the profit tax, VAT and excise duty should be paid on the basis of the financial statement of form № 2 «Financial result statement», only it is necessary to add the line «Income (revenue) from the sale of products (goods, works, services)», line «Value added tax» and line «Excise duty».

Regarding the administration of VAT, it is generally advisable here to state that transactions between VAT payers occur at a price excluding VAT. In such circumstances, the tax credit will never arise, and therefore the problem of VAT refund from the budget will disappear. As a result, tens of billions of hryvnias will remain in the business accounts, rather than flowing through the State Budget of Ukraine, where there is a high likelihood of their late return and misapplication.

An experimental practice of using such a tool as a «green card for doing business» should be introduced for at least 3 years. The principle is as follows: for those enterprises that have established themselves as honest taxpayers, they are given the opportunity, at own will, to purchase the so-called «green card», which exempts them from the inspections of the State Fiscal Service and the need to submit tax reports. The cost of such a card will be equal to the amount of taxes paid by the payer for the previous year, indexed to the inflation rate. Thus, the budget revenues from such innovations will not decrease, and the business will receive a favorable environment for development.

On the other socially important issue - the real estate tax, in our opinion, it should concern only elite residential real estate (apartments of 300 square meters and houses of 500 square meters). All other real estate, including commercial real estate, in our conception, is tax exempt. This is due to the fact that the costs of paying the commercial real estate tax will eventually be included by the business in the price of products, goods and services, which will only increase the overall price level and will not provide the expected effect to fill the treasury. The tax-payer will actually become the end consumer, not the taxable business.

Also, we believe that the taxation of ordinary residential real estate does not comply with the principle of fairness, because most of such non-elite real estate was acquired by the population for income from which taxes were already withheld. While a considerable part of luxury real estate has been acquired for income, the fact of paying taxes often raises some doubts.

The best way to combat corruption is to minimize the occurrence of situations in all areas of the country where a potential bribe-taker meets directly with a potential bribe-giver. This is especially true for the permit system, which, in our opinion, should be based on a declarative principle. Everyone who wants to start a business simply has to declare these intentions on a special state website, thus automatically registering themselves as a business entity. Registration documents and other permits should be sent to mail of business entities after request at a dedicated government site (without waiting in queues at government agencies). By the way, the platform for the implementation of this idea in Ukraine already exists - the iGov State Services Portal.

Another important component in the fight against corruption is the increase in the salaries of civil servants. However, we are aware that this tool is not always effective because honesty cannot be bought. If the government official is dishonest, no matter what high wages we would pay him, no matter how much the punishment for corruption or how to improve public procurement in Prozorro, he will continue to look for ways to circumvent the system. The real fight against corruption is not so much a matter of good laws in the country as a matter of the morality of its citizens.

As noted earlier, since 2014, the socially responsible strategy of enterprises operating in Ukraine in times of conflict has been supplemented by assistance to military personnel, the families of the wounded and the victims, whose problems are not fully resolved at the state level. The official clarification states that changing the status of the Anti-Terrorist Operation (ATO) to the Joint Forces Operation (JFO) will in no way affect the benefits received by ATO participants. In addition, persons participating in the JFO will be eligible for combatant status. We believe that these changes will also affect the families of fallen servicemen in the area of the JFO. However, no changes have been made to date, and the current mechanism for acquiring this status for the families of ATO members at the legislative level is not detailed and causes a lot of controversy.

The process of development of domestic legislation on the social status of ATO/JFO participants and their families «..is haphazard and chaotic, resulting in its ramifications, disorder, conflict and forgiveness» (Chyzhov, 2016). The procedure for granting the status itself requires the collecting an expanded list of documents, which requires considerable time and effort, and the result is unknown, since there is no unambiguous approach of social authorities to this issue. All this is evidence that the

implementation of state social policy for this category of population is not happening at the proper level.

As of September 1, 2016, the status of the family member of the deceased was granted to more than 6,100 members of the families of fallen participants in the ATO/JFO (Verkhovna Rada, 2017), and unfortunately, this amount is constantly increasing. The relatives of the victims not only have to cope with their grief, think about further financial support (because sometimes the ATO area soldiers were the sole holders of the family), but also to solve the difficult issue of obtaining the status of the family member of the fallen serviceman in the ATO/JFO area.

That is why researches, identifying the first priority steps in the reform of the social sphere, along with the need to introduce a funded pension system, create a market for social services, launch a single database of social protection, emphasize the importance of creating a real plan of action to solve the problems of ATO/JFO participants, «... the basis for the development of which will be developed a comprehensive state strategy for the implementation of state policy to overcome the effects of Russian aggression in Ukraine and prevent further social crisis» (Onufryk, 2016). Despite these data, social policy in our country, even taking into account the military conflict in the East of Ukraine, remains in the secondary positions, thus provoking increased social tensions.

Some aspects of social policy for ATO/JFO participants are increasingly being raised in the writings of researchers. In particular, Voropai (2016), Korolchuk (2016), Kravchenko (2015), Kisil (2017), Matsko (2015), Onufryk (2016) explore the issue of providing socio-economic assistance to military personnel from places of military conflict, Listopadova (2017), Chyzhov (2016), - granting them legal status of ATO participant. However, despite the considerable achievements of scientists in the studied topic, the issues of social protection of the members of the families of the victims in the ATO/JFO area remain practically unanswered.

In recent years, some steps have been taken to improve the social protection of combatants and their families, including:

- increased payments to family members of fallen servicemen in the ATO/JFO area;
- the mechanism for providing houses to the families of fallen servicemen has been improved, which provides for the receipt of funds for the purchase of houses directly to citizens;

- a Unified Register of ATO/JFO Participants has been created, which is planned to expand by data on persons with disabilities as a result of the war and members of the families of fallen participants in the war.

However, an analysis of the current state of implementation of social policy for the members of the families of fallen (deceased) servicemen in the ATO/JFO area revealed the following major problems:

- imperfection of the current legislation in terms of acquiring the status of a family member of a fallen (deceased) serviceman in the ATO/JFO area;

- low efficiency of the existing system of benefits and compensations for the members of the families of fallen servicemen;

- lack of clear control over the implementation of social benefits.

The primary problems that lead to increased social tension among ATO/JFO participants and members of the families of fallen servicemen are due to the obstacles they face in obtaining them the benefits provided by current legislation. Quite often, such obstacles are artificial, but in some cases they are related to the imperfection of current legislation. The main problems of regulatory nature are due to the lack of sufficient experience in drafting legislation in this field. This was also enabled by the fact that Ukraine was not ready for war, to develop a mechanism for providing material, social and psychological assistance to the ATO/JFO participants and their families.

Today the issue of getting the status of a member of the family of a fallen, deceased serviceman in the ATO/JFO zone by a certain category is regulated by the basic normative legal act - the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection» (Verkhovna Rada Ukrainy, 1993). In addition, the Decree of the Cabinet of Ministers of Ukraine «On Approval of the Procedure for Granting the Status of a Person Covered by the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection» to Some Categories of Persons» of September 7, 2015 № 740 (Kabinet Ministriv Ukrainy, 2015), which in fact approved the procedure for granting the status of a person covered by the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection» to the relevant categories of persons, including members of the family of fallen servicemen in the ATO/JFO area.

Although, as noted, the procedure for granting the status of a family member of a fallen serviceman is very ambiguous. In particular, the court case 806/1456/17,

which was considered by the Zhytomyr District Administrative Court, is a clear example. For example, in March 2017, a woman applied to the Office of Labor and Social Protection of the Bohun District Council of Zhytomyr and the Zhytomyr United City Military Commissariat of Zhytomyr region with a statement and relevant documents to establish her status as a «Family member of the fallen (deceased) veteran of war» and the issuance of an appropriate certificate. She reasoned her claim, including the fact that although she was not the official wife of the deceased, the relevant court decision established the fact that she lived in one family with the deceased. The Office of Labor and Social Protection of the Bohun District Council of Zhytomyr denied to give the woman the status of a person covered by the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection» on the grounds that she was not an official wife of the deceased.

Zhytomyr United City Military Commissariat of Zhytomyr region refused the plaintiff even to accept the documents for consideration on the grounds of their incompleteness of submission, in particular, noted the absence of a marriage certificate. Therefore, the person had to go to court to protect their violated rights. The Zhytomyr Regional Administrative Court took into account the unlawfulness of the actions of the Office of Labor and Social Protection of the Bohun District Council of Zhytomyr and the Zhytomyr United City Military Commissariat of Zhytomyr region and obliged the mentioned authorities to reconsider the person's applications for establishing the status and issue of a certificate «Family member of the fallen (deceased)» and issue a certificate with the inscription «Certificate of a family member of the deceased».

This case demonstrates the ineffectiveness of the existing mechanism for obtaining the status of a family member of a victim of an ATO/JFO. After the death of a loved one, the person not only has to independently collect and file documents in various institutions, but also in practice to defend their violated rights in the judicial authorities. Therefore, we consider it necessary to shift the duty of collecting documents to the commander of the military unit where the fallen, the deceased (missing person) served. This, in turn, will ensure the proper level of social protection and guarantees of these individuals. It is these commanders who must collect and prepare materials that will serve as the basis for obtaining the status of a family member of a fallen, deceased (missing person) while participating in the ATO/JFO. So, it will be appropriate to supplement the Law of Ukraine «On the Status of War

Veterans, Guarantees of their Social Protection» with the additional provision. The procedure and algorithm of actions will be convenient to be detailed in the new wording of the Procedure for granting the status of a person to whom the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection» applies, to certain categories of persons.

In connection with the aforementioned court decision, it will be possible to consolidate at official level or by analogy in practice of social authorities the provisions of the Constitutional Court of Ukraine № 5-пр/ 99 of 03.06.1999 «In the case of the constitutional submissions of the Security Service of Ukraine, the State Committee of Oil, Gas and Oil Refining Industry of Ukraine, Ministry of Finance of Ukraine regarding the official interpretation of the provisions of Article 12 paragraph 6 of the Law of Ukraine «On social and legal protection of servicemen and their families»... (case on the official interpretation of the term «family member») «(Verkhovna Rada Ukrainy, 2012). According to this Decision, a member of the family of a serviceman within the meaning of Article 12, paragraph 6 of the Law of Ukraine «On Social and Legal Protection of Servicemen and Their Families» shall be understood to mean a person who is subject to the right to benefits for housing and communal services in legal relationships, the nature of which is determined by: blood (family) relationships or marital relations; permanent residence with a serviceman, keeping a common household with him. Such signs (requirements) are applied differentially in the specific definition of family members who are entitled to the mentioned benefits. Other persons may also be recognized as members of the family of a serviceman under the conditions of permanent residence together with the subject of the right to benefits and to share with him/her, not only his (her) close relatives (siblings, grandchildren, grandparents), but also other relatives or persons not with the serviceman in direct family relationships (inferior brothers, sisters; son-in-law, sister-in-law; stepfather, stepmother; guardians, stepchildren and others). The relevant provision in this regard would be appropriate to provide in the above-mentioned Procedure for granting the status of a person covered by the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection».

In summary, we consider it is appropriate to consolidate at the legislative level the following procedure for acquiring the status of a family member of a fallen serviceman in the ATO/JFO. The commander of a military unit, during the relevant period (for example, up to 20 days), collects the following documents, which sends to

the military commissariats of the regions at the place of registration of the fallen, deceased (missing person):

- death certificate or death report;
- the conclusion of the forensic examination (full-time military medical commission) (if possible);
- materials of official investigation;
- documents on direct participation in the ATO/JFO of the fallen serviceman.

Thus, a clear and complete list of documents will be provided, which must be collected by the commander of the military unit within the specified period. In the following, the military commissariats, within a certain period (for example, 3 days after receiving from the commanders of the military units of the above documents), forward the materials to the units of social protection of the population of the local state administration at the registered place of residence of the fallen serviceman. Such a social unit makes a decision within 7 days to grant the person the status of a family member of the deceased (missing person). At the same time, the person concerned with the issue of status gives only permission to process his or her personal data, as well as consent to receive the specified status. It is at this stage that the social authority collects material (information is obtained) regarding the «family» relation between the deceased and the other person. As a result of the decision to grant the person the specified status, the units of social protection of the population of the local state administration inform their own the person, to whom the specified status was granted, the regional military commissariats who forwarded the documents, as well as the State Service of Ukraine for War Veterans and participants of ATO/JFO. Thus, bilateral control will be exercised to make the final decision on granting the status of a member of the family of the deceased to both the regional military commissariats and the State Service of Ukraine for War Veterans and ATO/JFO participants.

Summarizing the above, we consider it useful to consolidate at the legislative level the following procedure for getting the status of a family member of a fallen serviceman in the ATO/JFO (Figure 21). The proposed mechanism will provide two-way control over the final decision on granting a person the status of a family member of the deceased, both by regional military commissariats and the State Service of Ukraine for War Veterans and ATO/JFO participants.

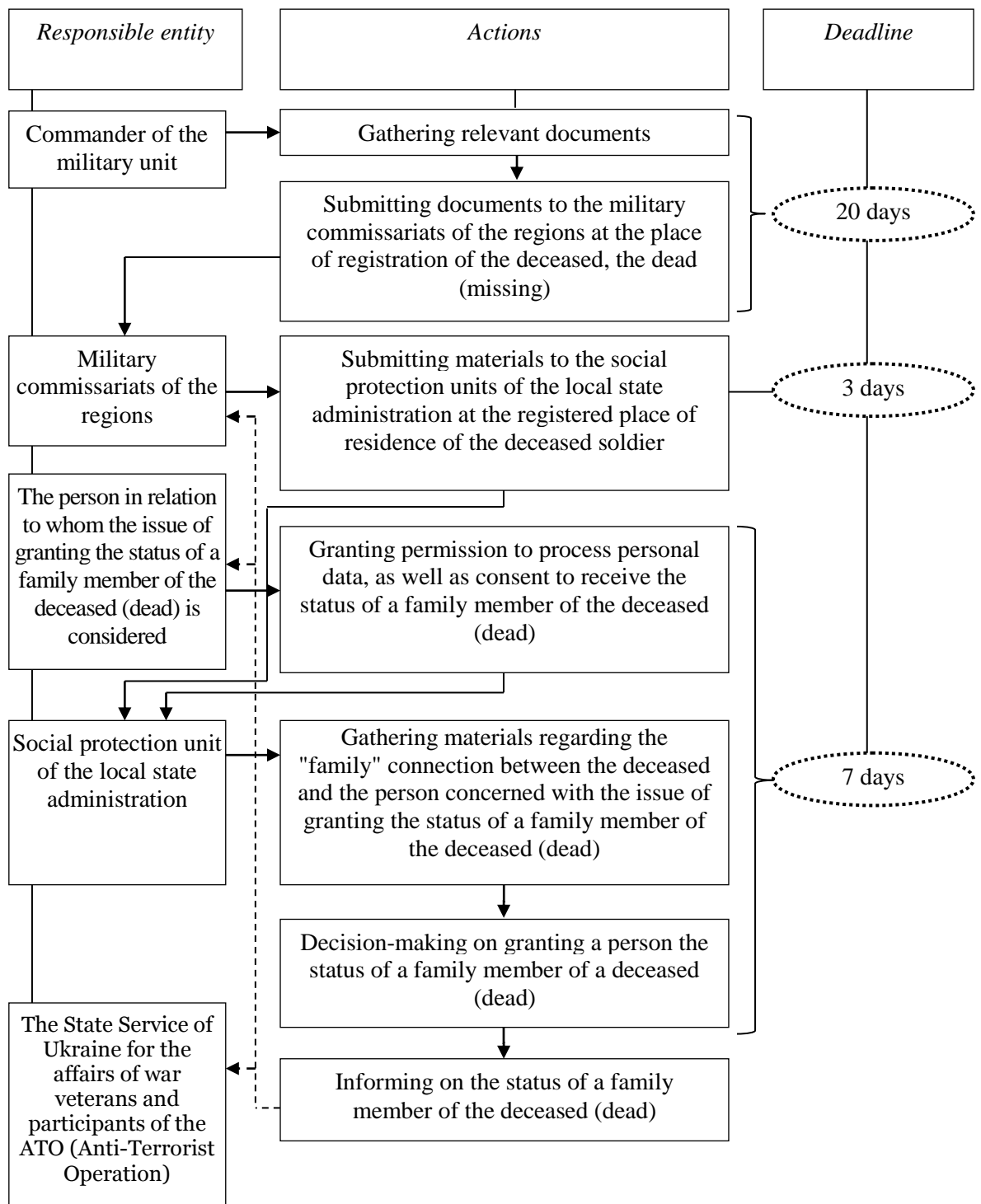


Figure 21. The proposed mechanism for obtaining the status of a family member of a deceased soldier in the ATO/JFO zone

The participation of the family members of the deceased serviceman in the ATO/JFO zone is minimal according to the proposed mechanism. From the moment of obtaining the status of a family member of the deceased (which is approximately one month), these persons will have the rights provided by Article 15 of the Law of Ukraine «On the Status of War Veterans, Guarantees of their Social Protection», in particular as regards:

- free receipt of medicines; discounts on payment for housing use;
- use of regular annual vacation at convenient time;
- payment of taxes, duties and other payments to the budget in accordance with tax and customs legislation and others.

It raises a number of questions also the social protection of the children of fallen servicemen in the ATO/JFO area. Despite the fact that on February 27, 2018, the Law of Ukraine № 2300-VIII «On Amendments to Some Laws of Ukraine on State Support for Participants of War, Persons with Disabilities Due to War and Their Children for the Purpose of Professional and Technical and Higher Education» was approved, it came into force on January 1, 2019, so it bypassed the 2018 admission campaign.

In Ukraine, there is a state program of providing state targeted support to certain categories of citizens for the acquisition of professional and technical and higher education, in particular the children of fallen servicemen in the ATO/JFO area. However, in order to receive targeted training support and to use admission quotas, the applicant must submit the application and the relevant documents to the educational institution.

However, such assistance is provided by decision of the head of the educational institution, which confirms the fact that not all children will be able to use their rights. The foregoing is evidence of the lack of a clear mechanism for out-of-competition enrollment in the educational establishments of children of fallen servicemen.

Another problematic issue of social policy implementation for the members of the families of fallen servicemen in the ATO/JFO area is providing them with psychological assistance. There is no doubt that such assistance is provided for demobilized ATO/JFO participants, but the provision of social and psychological rehabilitation services for their family members is practically not raised. At the same time, obtaining qualified residency assistance for this category of population would allow the identification of stress disorders in a timely manner and minimize their effects.

In light of the above, the suggestions of scientists (Kravchenko, 2015; Onufryk, 2016) on the need to introduce electronic registration of benefits and compensations, in the conditions of introduction of the Unified Register of ATO/JFO Participants, will allow to identify waste of funds and prevent manipulation, thereby making it possible to use them for benefits for ATO/JFO participants and their family members.

In addition, this will provide the necessary prerequisites for the long-term planning of social expenses and the financing of benefits and compensations in this area.

5.2. Metamorphosis of Administering VAT in the Context of Improving the Economic Instruments of Counteracting the Hybrid War

From the beginning of the military conflict in eastern Ukraine in 2014, as of June 2019, according to the data of the State Service of Ukraine for War Veterans and Anti-Terrorist Operation Participants – ATO (Joint Forces Operation – JFO) (Informatsiia shchodo nadannia statusu uchasnyka boiovykh dii, 2019) the status of the participant in combat operations was already received by 369 294 people. At the legislative level, the state guarantees the ATO participants (JFO) social protection in all spheres, i.e. medical, housing and communal services, cash assistance, labor, etc. However, in spite of the existence of state programs and privileges in Ukraine aimed at supporting veterans, there are a number of obstacles to their implementation: bureaucratic barriers, lack of funding, lack of widespread information on the opportunities that ATO veterans have, etc. In addition, the number of people in need of assistance is extremely high.

In the western countries, the state actively supports the development of charity, creating sufficiently favorable conditions for this. In Belgium and the UK, sponsorship incentives are provided by deducting the amount spent on advertising and marketing operations from the amount of income tax. In Austria and France, sponsorship is treated as a marketing campaign for advertising and is also not taxed. In the United States, charity also has significant benefits. In this country, the amount of tax deductions as a result of providing charitable assistance is up to 10% of the company's income; In the case of donations in cash, you can receive a tax deduction within 50% of the annual income, in the case of donations not in cash – 20-30%. The total amount of charity in the United States in recent years is about 2% of GDP. In France, a tax system has been introduced, which involves a 60% reduction in enterprises' taxes in the case they provide patronage assistance. Hungary allows to spend on patronage 70% of the profits of enterprises and companies, Greece – 30%, Germany – 33,2% (Venglovskiy, 2005, p. 89).

The current state of legislative regulation of charity in Ukraine does not provide access to charitable assistance in those cases and amounts that ensure the rights

guaranteed by the Constitution and laws of Ukraine, in particular, on social protection and support, health care, safe for life and health environment, sufficient standard of living. The state does not pay attention to this issue at the appropriate level, often the assistance provided is a formality. One of the reasons is the low level of business stimulation, which is also provided by the system of tax exemptions.

Recently, the issues of the taxation of charitable assistance to ATO participants (JFO) have become more and more relevant and are raised in scientific discussions. Thus, in particular, the general issues of accounting for the accrual and taxation of charitable and material assistance to individuals at the enterprise were considered by Kril and Marushko (2016), Tymoshenko (2015), Yaremchuk (2015), Skurka (2018). However, the authors state only the current condition of affairs in Ukraine without suggesting improvements to the tax system. In the part of taxation of value added tax (hereinafter referred to as VAT) transactions for the provision of charitable assistance as well as the purchase of goods by ATO participants, there are practically no scientific publications in Ukraine. The vast majority of publications are presented either as comments to the official letters of the State fiscal service of Ukraine, or as consultations of specialized professional publications on accounting and audit firms.

The purpose of this paragraph is to highlight the peculiarities of taxation (VAT) of transactions for the provision (receipt) of charitable assistance to ATO participants, as well as to develop directions for improving the VAT taxation system on this basis.

By the the Law of Ukraine «On the Status of War Veterans, Guarantees of Their Social Protection» it is stated that participants in combat operations a tax, duty, and other payment benefit is provided in accordance with tax and customs legislation. According to the Tax Code of Ukraine (hereinafter referred to as the Tax Code), any tax issues are regulated by the Tax Code and can not be established or amended by other laws of Ukraine, except for laws that contain exclusively provisions for amendments to the Tax Code and / or provisions that establish liability for violations of the tax rules legislation.

In Ukraine, at the legislative level in the part of taxation, a duty has been imposed on the calculation and payment of a military levy, which is deducted from the incomes of the working population of Ukraine, but no obligations were imposed for legal entities. Instead, the state at the level of legislation introduced rules on the procedure of taxation of individual taxes on the provision of charitable assistance in tangible and intangible form to ATO participants and members of their families. In

particular, as part of the taxation by value added tax, the Transitional Provisions of the Tax Code of Ukraine set special rules (Podatkovyi kodeks Ukrainy, 2020): 1) temporary, for the period of the ATO (JFO) and / or the setting of a military state, exemption from taxation of VAT transactions on import into the customs territory of Ukraine and the supply of goods for the ATO (JFO) in the customs territory of Ukraine, including defense purposes; 2) VAT exemption of charitable assistance transactions, in particular free-of-charge supplies of goods / services to charitable organizations. Concerning income tax, the Tax Code of Ukraine permits the expenses of an enterprise incurred during transferring funds / transferring property to military units, their large units, institutions or organizations funded by the state budget for the purposes of providing ATO (JFO), to reduce the object of taxation of income tax in the full amount.

The aforementioned legal norms regarding the taxation of legal entities should contribute to the emergence or increase of the amount of business transactions associated with the provision of charitable assistance, but no significant changes in the areas of economic activity, in particular, the largest enterprises in Ukraine did not occur. A significant number of Ukrainian enterprises agree to spend part of their profits on charity in Ukraine, but there are a number of issues. In particular, they worry about the fact that a significant part of this money, which could be directed to the needs of specific needy people, goes to the state budget for the administration of charity. In addition, Ukraine is one of the few countries in Europe where charitable assistance is taxed on a general basis.

According to experts (Finance.ua, 2013), 90% of Ukrainian charitable organizations do not publish financial statements because they do not have an independent supervisory board and do not report to the tax inspection; in fact, charity statistics in Ukraine is absent. Most charitable organizations also do not publish their financial statements, since a significant fiscal press prompts that it is more profitable either informally or spend beyond 1-4% of the budget that the company has the right to spend for these purposes through marketing or PR expenses. As recipients receive assistance, according to the current Tax Code, charitable givers are required to pay a personal income tax. In addition, according to the law, funds transferred to a charity account are considered as not-targeted and are subject to taxation, and the commission of the bank itself is also added to it.

The low level of business incentives for volunteering or the provision of targeted charitable assistance to JFO participants reflects the practical absence of such activities in some of Ukraine's largest enterprises. Thus, according to the official

information provided by the State Fiscal Service of Ukraine (Visnyk «Ofitsiino pro podatky», 2019), to the top ten largest taxpayers of Ukraine, the fiscal control authority includes JSC «Ukrgezvydobuvannya», NJSC «Naftogaz of Ukraine», PrJSC «V.A.T.-Pryluky Tobacco Company», PJSC «Ukrnafta», PrJSC «Philip Morris Ukraine», PrJSC «JT International Ukraine», PJSC «Ukratnafta», JSC «Imperial Tobacco Production Ukraine», JSC «Ukrtransgaz» and SE «Energorynok».

The analysis of the official pages of the aforementioned companies, their financial reporting and social reporting showed that only three out of ten companies disclosed information on the provision of charitable assistance, including only one company indicated that the expenses incurred in the form of charitable assistance to ATO participants. Thus, according to official information of JSC «Ukrgezvydobuvannya» (Sotsialna vidpovidalnist, 2017), during the 2016-2018 period within the framework of social agreements and charitable assistance the enterprise financed and actually implemented projects for a total amount of more than UAH 180 million. However, among the above-mentioned directions of the provision of charitable assistance, there is no help to the JFO participants and members of their families. According to the separate financial statements of PJSC «UKRNAFTA», expenditures on charity, maintenance of social assets and other social expenses in 2017 amounted to UAH 82 451 (Okrema finansova zvitnist PAT «UKRNAFTA» za MSFZ, 2018).

The only one of the ten largest taxpayers in Ukraine, which disclosed information on the provision of charity to ATO participants, is NJSC «Naftogaz of Ukraine». Thus, according to the Annual Report for 2017 (Istorychna peremoha, 2017), the enterprise in 2017 «was transferred free of charge to the Ministry of Internal Affairs of Ukraine in order to provide housing for ATO participants and their families with 50 apartments with a total market value of almost UAH 35 million. In 2017, the workers of Naftogaz collected UAH 10.1 million of their own funds, of which UAH 5.0 million was sent to help ATO soldiers, and UAH 5.1 million - to medical institutions for the treatment / rehabilitation of soldiers. During the 2014-2017 period, the company assisted in the treatment of 1,145 ATO participants, implants for hospitals were purchased for more than 200 wounded, clothing and equipment were provided for more than 2,300 fighters, material assistance in the amount of UAH 22.7 million was collected, etc.

Consequently, the analysis shows that there is a rather low level of business incentives in Ukraine to provide financial support to ATO participants and their

family members, which in turn causes the need to develop new business incentives or increase the number of government programs to support citizens who protect the territorial integrity of Ukraine. Creating favorable conditions for the charitable subjects requires implementing significant changes to the legislative acts of Ukraine, which regulate, in particular, the forms and instruments of charity.

Particular attention needs to be paid to addressing key recipients in Ukraine and the areas of charity provision. If social protection was a priority area of charity in 2015, then in the years to come, funding for healthcare has increased. The greatest support is received for: children and youth, institutions and collectives; people in difficult life circumstances. Such a direction of the charitable activity of organizations as helping the ATO participants and their families is 7.7% (8.1%), displaced persons – 8.1% (9.6%). Women and ethnic minorities remain stable in the most vulnerable categories in terms of charity attention (Pelivanova, 2019).

For most widespread directions among Corporate Social Responsibility of Ukrainian businesses are: assistance to ATO (JFO) soldiers and residents of the ATO (JFO) zone, as well as to the displaced persons. The allocation of funds to charity remains to be the main direction of assistance to the region of presence and community and accounts for 28% of social investment (Rozvytok KSV v Ukraini: 2010-2018, 2018).

It is worth recalling that it is tax deductions for enterprises that provide charitable assistance, which is sometimes a motive for charity. In the EU, the size of the tax rebate for making donations is from 10% to 20% of the taxable profit or the total turnover of the taxpayer. However, in Ukraine there is another situation, the state not only significantly reduces tax rebates for enterprises that provide charitable assistance, but also puts businesses under strict conditions. Therefore, today, in most cases, enterprises provide charitable assistance without reflecting it in accounting.

Leader of the International Civil Society Center «Joint» Amir Ben-Zvi (Lavrynenko, 2013) emphasizes: «In each of the 70 countries in which our organization operates, people receive funds from charities without paying any tax».

Not less problematic is the payment for treatment and rehabilitation abroad. Charity givers are not entitled to pay for treatment abroad without paying taxes on the income of the beneficent. The mechanism for transferring charity to a clinic abroad involves the conclusion of an international treaty with subsequent currency control, therefore, it is a very long-term process.

Today, the enterprise when provide charitable assistance (in the form of goods and services, funds) may include to tax expenses no more than 4% of the taxable profit of the previous year. Goods and services are not subject to VAT and do not include in the taxable monthly income as targeted assistance in the amount of 2019 - UAH 2690, as defined by the Tax Code of Ukraine (Podatkovyi kodeks Ukrainy, 2020), in all other cases such assistance is non-targeted and is subject to taxation on general basis. These rules are applied to cases when an enterprise provides assistance to non-profit organizations. In all other cases, charity is taxed on general basis. In other words, by providing charitable assistance, the company pays taxes, in addition, the Ukrainian legislation provides that an individual is required to submit an annual tax return stating the full amount of such assistance and pay individuals tax at the rate of 18%. If charity is carried out through sms-donations, then the mobile operator who has agreed not to charge for such communications must pay the state a 60% tax on each transferred with sms hryvnia.

Let's consider the peculiarities of VAT taxation of charitable assistance transactions and transactions for purchasing (receiving free of charge) goods by ATO participants. In order to provide social protection and assistance to combatants who protect the independence, sovereignty and territorial integrity of Ukraine and take direct part in the anti-terrorist operation, domestic legislation provides a number of benefits, including the payment of taxes and fees. In particular, the provisions of the Tax Code provide the exemption from VAT on the operation of importing into the customs territory of Ukraine and the supply of helmets, bulletproof vests and other special protective equipment, optical devices for weapons, as well as medicines intended for ATO participants in the customs territory of Ukraine, whose health was violated (Terytorialni orhany DFS u m. Kyievi, 2016). However, in this case, there are problems with documentary confirmation of the destination of these goods.

Another privilege system introduced in 2018 include the expansion of the list of transactions that are exempt from VAT, in particular operations on import into the customs territory and delivery of medicines and medical materials to the customs territory if they are used to treat injured people, contusions or other damage to health, and protective equipment and materials to it, in the list and in the volumes established by the Cabinet of Ministers of Ukraine. In addition, this provision applies not only to ATO participants, but also to those involved in national security and defense measures, repression and deterrence of armed aggression in the Donetsk and Luhansk oblasts.

Similar changes were made to the Customs Code of Ukraine regarding exemption from import duties.

After examining the norms of the TCU regarding the taxation of VAT transactions, it is possible to represent schematically the main areas of economic activity of business entities that are exempt from VAT (Figure 22).

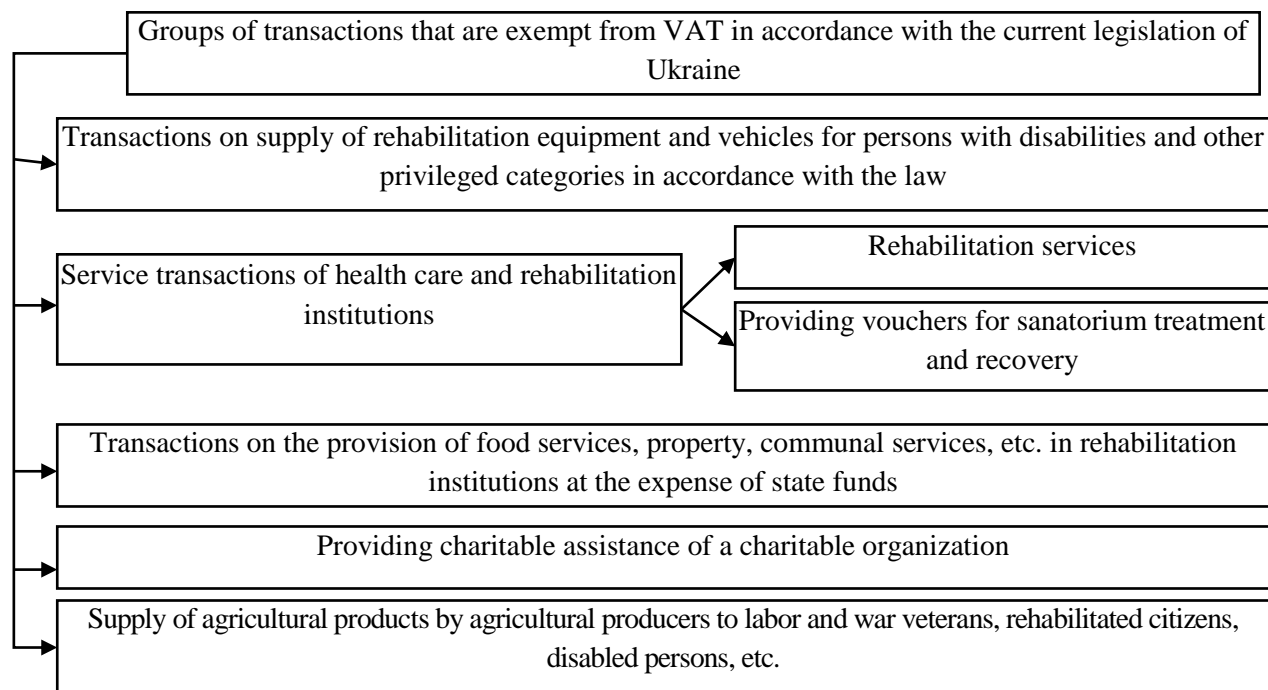


Figure 22. Groups of transactions that are exempt from VAT in accordance with the current legislation of Ukraine

As can be seen, tax exemption for VAT transactions for commercial enterprises is not provided. Basically, preferential VAT taxation is provided for officially registered charitable organizations, rehabilitation institutions and medical institutions of state ownership. In this connection, a situation arises when a commercial enterprise can, at its sole discretion and at its own risk, provide charitable assistance to both charitable organizations and individual combatants (including those who are its employees), but according to the legislation such enterprises are obliged to reduce the amount of VAT refund, which will be calculated in accordance with the value of the donated assets, which, in turn, is disadvantageous for business. In addition, for exemption from VAT, business entities are required to fulfill a number of conditions:

1) delivery of goods/services to charitable organizations and beneficiaries of charitable assistance is carried out without any monetary, material or other types of compensation;

2) the goods that come in as a charitable assistance from domestic benefactors are the subject to the rules of labeling;

3) legal entities – purchasers of charitable assistance should keep accounting and operational records of the receipt, storage, distribution and use of charitable assistance in the form of goods, works, services, as well as reporting in the prescribed form by the central executive authority, which is sent to the controlling authorities:

– a balance sheet separately reflects the funds (goods, works, services) received as charitable assistance;

– a profit and loss statement separately reflects the value of the charitable assistance received;

– an appendix to the annual report contains explanations regarding the specified performance indicators related to charitable assistance.

4) control over the receiving, storage, distribution of charitable assistance in the form of goods, works, services is carried out by local executive authorities, and control over their targeted use is exercised by local executive authorities and supervisory authorities.

The fulfillment of the above conditions usually leads to the emergence of a number of bureaucratic procedures in practice, which may lead to untimely receiving the necessary charitable help or the inability to receive charity assistance to certain categories of citizens.

To document the charity assistance transactions, the sponsoring enterprise needs to have the following documents: a letter from the recipient requesting charity assistance with a list of specific goods, in case of need for cash assistance – an indication of the bank details; a copy of the decision of the supervisory authority to enter the recipient organization in the Register; issued invoice for the release of goods; power of attorney to receive inventory from the organization – the recipient of charitable assistance, etc.

Let's consider, for instance, the foreign experience of VAT taxation for transactions to provide charitable assistance to combatants on the example of the United Kingdom.

In the United Kingdom there is the so-called concept of «zero VAT rating». This means that, with respect to the conditions for exemption from VAT for NATO forces, the supplier will be given the opportunity to consider delivery of goods or services as supply at zero cost. That is, the supplier does not pay VAT on goods or services, but may receive a budget refund for any input VAT incurred in such deliveries. This

procedure and accounting requirements are regulated by the VAT guide (VAT Notice 700) (GOV.UK., 2014).

In addition, such transactions may also be exempted from customs duties, excise duties and other taxes. One of the conditions mentioned for these enterprises is that goods that have been transferred without tax are thus not allowed to be sold or provided to a person who does not use such privileges.

To provide services in the form of charitable assistance and without paying VAT, business entities in the United Kingdom need to fulfill a number of conditions:

- to have a written contract or purchase order from an authorized officer;
- to pay with the help of a government procurement card (GPC);
- to pay with the help of a procurement card (PRO), etc.

However, in the United Kingdom business transactions of charitable organizations are not exempted from VAT. In particular, in one of the British publications, it was noted that Secretary of Defense T. Ellwood called for tax exemptions for charitable organizations because one of the military charitable organization sold silhouettes of World War I soldiers throughout the country to mark the 100th anniversary of the end of the war in order to obtain £ 15 million to distribute among six charitable organizations. However, they had to pay about 3 million pounds sterling VAT on this amount (Civilsociety, 2018).

Relatively directly to military personnel, there is a VAT program in the United Kingdom to support military personnel and civilian personnel to purchase materials and services for personal use. Such categories of persons may make purchases without VAT from suppliers for an amount in excess of £ 100, including VAT. Those who have the right to carry out such transactions must present identification cards and cards and follow the next procedure:

- 1) it is necessary to find out whether the supplier is ready to participate in such a VAT program;
- 2) identify goods and services to be purchased;
- 3) receive an invoice (invoices are valid for 30 days).

During this, one needs to get a check and a certificate that does not include VAT. The white copy of the certificate remains with the supplier, and the yellow copy of the certificate is submitted to the fiscal authorities within 10 days from the moment of purchase (VAT Relief Program, 2020).

Therefore, as we see on the example of the United Kingdom, the Ukrainian participants of the ATO (JFO) do not have such a system of privileges as in the

developed countries of the world. However, we believe that the state should support individuals who defended the territorial integrity of the state, as well as members of their families.

We consider it necessary to introduce in the tax system a number of benefits in terms of VAT taxation. In particular, the improvement of the tax system should be carried out for both groups of taxpayers: a business entity that carries out charitable activities for ATO (JFO) participants and separately for these participants.

As part of the improvement of the tax treatment of business entities, we propose to allow the inclusion in VAT refund (tax credit) the amounts paid to suppliers during the purchase of services that will not be used in business in the future in connection with the transfer in the form of charitable assistance to ATO (JFO) participants or specialized rehabilitation institutions. For this, from a technical point of view, it is necessary to provide in TCU such type of transactions that is not subject to adjustment based on the results of the reporting year, and add a separate annex to the VAT declarations. To obtain such a privilege, it is necessary to provide strict accounting of the movement of such commodity-material assets with the obligatory storage of supporting documents for the free transfer of such assets (an agreement with the rehabilitation institution, invoices or acts of receiving and transfer of assets, copies of the conclusions of medical commissions confirming the necessity of passing rehabilitation procedures by ATO (JFO) participants, etc.). If the rehabilitation institution is not specialized, then the expenditure by such an institution of assets received from the enterprise with the preservation of supporting documents should be strictly accounted that such assets were used exclusively for the rehabilitation of ATO (JFO) participants. We propose to agree on a similar procedure for family members of the dead combatants.

The need for strict accounting for the movement of commodity-material assets is necessary in order to prevent the implementation of fake transactions in order to obtain illegal refund of VAT from the state budget.

The next direction of improvement in terms of VAT taxation is seen directly for combatants and family members of the dead participants in the ATO (JFO). At the state level, we propose not to include in the price of goods, work, services the VAT except for excisable goods such as alcoholic beverages, tobacco products, etc. A similar approach should be applied to medicines. To obtain such benefits a combatant or a family member of a deceased combatant should present to the cashier the certificate of combatant or the certificate of the disabled veteran, etc. However, the

implementation of such a proposal may be somewhat complex, this is due to the need for registration of certificates in order to prevent fake transactions without VAT being paid by economic entities. In such a case, at the state level, a single electronic database of such certificates should be developed that would allow the series and the number of the certificate to be read. In addition, for such transactions, it is necessary to set the maximum amounts with the breakdown of groups of goods, as well as the limits of individual transactions (for example, the purchase of a car no more than once every 5 years, etc.). We believe that the introduction of these benefits will be one of the steps towards in terms of moral and social support for this category of people.

Thus, the specifics of VAT taxation and the provision of charitable assistance to ATO (JFO) participants and their family members have been researched. And it is established that the state does not pay attention to this at the proper level, often the assistance provided is formal. The analysis of scientific researches in this area has shown that in Ukraine there are practically no scientific publications on this topic, as well as there is lack of full-scale business stimulation to provide charitable assistance to this category of people or rehabilitation centers.

After examining the norms of the TCU regarding the taxation of VAT transactions, it has been established that the preferential taxation of VAT transactions for commercial enterprises is not regulated, and such taxation is mainly provided for officially registered charitable organizations, rehabilitation institutions and medical institutions of state ownership.

Having studied the foreign experience of VAT taxation on the example of the United Kingdom, the ways to improve the tax system in terms of VAT by introducing a number of benefits have been proposed. In particular, it was proposed to allow including in the tax credit on VAT amounts paid by business entities to suppliers when purchasing services, which will later be transferred in the form of charitable assistance to ATO (JFO) participants. As well, we propose not to include VAT in the price of goods, works, services purchased by participants ATO (JFO) or members of the families of deceased ATO (JFO) participants.

5.3. Stimulation of Business and Alternative Tools of Dialogue of Intersectoral Partnership for the Realization of the Concept of Social Responsibility of Business in the Conditions of Hybrid War

One of the ways to stimulate business in the implementation of socially responsible activities, including with respect to ATO/JFO veterans, is tax reform at the local level.

With the reduction of the single contribution rate for compulsory state social insurance (SSC) to 22%, it was expected that the situation with the payment of salaries in envelopes and with the informal employment of workers in Ukraine will change dramatically. Having not received the desired effect, today the state is trying to deal with this problem by strengthening inspections and imposing significant fines – 30 minimum wages.

Often, reducing only the contribution rate to obtain a quick and desired positive effect is not enough, it is necessary that bureaucratic obstacles in administration be removed and deep simplicity in its payment and reporting be ensured. This is a crucial factor, making a significant contribution to the formation of the index of economic freedom of the country.

Currently, Ukraine's place in the ranking of economic freedom leaves much to be desired. According to a study by The Heritage Foundation, together with The Wall Street Journal (The Heritage Foundation, 2018) in 2018, Ukraine scored 51.9 points out of 100 possible and took 150th place in the ranking from 180 countries of the world. Thus, Ukraine once again ended up in a group of countries with a predominantly non-free economy (the country is rated last among 44 countries in Europe, and its score is lower than the average regional and world indicators). It is important to note that throughout the history of this rating (since 1995), the value of the index of Ukraine has never exceeded 56 points out of 100 possible.

This disappointing situation can be changed by reducing corruption and radically simplifying the national tax system. The attention will be further focused on one of the possible examples of such simplification, as well as our own thoughts on its economic and social expediency in a hybrid war.

The purpose of the study is to develop and justify an alternative model for stimulating small businesses by simplifying the administration of the single contribution for compulsory state social insurance (SSC), personal income tax (PIT)

and military levy, as well as the effective functioning of dialogue tools for intersectoral partnership to implement the concept of social responsibility of business in a hybrid war.

To solve this problem, publications on the problems of hybrid war and the nuances of stimulating the economy in the context of tax simplification have been analyzed. In particular, the following problematic issues are raised in the researches by the following domestic and foreign authors: Bondarenko (2016), Horbulin (2017), Polumiienko (2017), Awasthi and Bayraktar (2014), Bachmann and Paphiti (2016), Bogdan (2018), Dean (2011), Fleming (2015), Fuest, Peichl & Schaefer (2006), Gale (2001), Kahn (2018), Lobel (2009), Lux (2003), Osiichuk and Shepotylo (2018), Rabushka (1993), Reeves and Barnsby (2012), Sebastian (2009), William and Holtzblatt (2000) and other. In any way, we do not diminish the assets of the aforementioned authors, but a large number of problematic issues in this field remain to be resolved.

If we take into account official statistics, then from the beginning of 2018 in Ukraine the number of SSC payers and insured persons has increased. So, according to the State Fiscal Service (Finance.ua., 2018), as of January 1, 2018 the number of SSC payers amounted to 4.2 million, while as of August 1, 2018 their number increased by 144.6 thousand to 4.3 million, and also increased by 76.7 thousand the number of insured persons (from 10.6 million as of January 1 to 10.7 million as of August 1 of the corresponding year).

However, such an increase is more the result of an active campaign of mass inspections of employers by regulatory authorities, rather than strategically thought-out stimulating incentives. The Resolution of the Cabinet of Ministers of Ukraine № 295 of April 26, 2017 (Kabinet Ministriv Ukrainy, 2017) approved the procedure for sudden inspections of enterprises for the presence of unformed employees. Inspections can be carried out both with departure to the place and without departure.

Actually inspection visits are carried out: 1) by the request of the employee about violation of labor laws against him; 2) by the request of an individual in respect of whom the rules of registration of labor relations have been violated; 3) by the decision of the head of the controlling body. In some cases, the inspection may be carried out by court decision, with notification of law enforcement agencies or on the basis of information from trade unions, the State Statistics Service, the State Fiscal Service, the Pension Fund. As regards the duration of the audit, it may not exceed 10

business days for micro-enterprises and 2 business days for small businesses. The requirement of the labor inspector to provide documents or copies thereof is compulsory. Moreover, if the representative of the inspection body considers that the inspection warning will interfere with the inspection, he may act without prior notification (Finance.ua., 2017).

What is most disappointing is that the small business in the simplified tax system, which, according to the State Fiscal Service, has already paid UAH 19 billion of single tax to local budgets in the eight months of 2018 (the lion's share of the tax paid was provided by individuals-entrepreneurs – 13.5 billion hryvnias) (Ekonomichna pravda., 2018), today is obliged, when hiring an employee, to comply with all the same requirements of labor law, which apply to large legal entities-employers in the general system taxation.

On the one hand, this is understandable, because if an entrepreneur uses hired labor, he acts as an employer in accordance with subparagraph 14.1.222 of the Tax Code of Ukraine (Podatkovyi kodeks Ukrainy, 2020) and part 1 of Article 1 of the Law of Ukraine «On Employers' Organizations, Associations, Rights and Guarantees of Their Activity» (Podatkovyi kodeks Ukrainy, 2020), but on the other hand, if it is a small business in the simplified tax system, then there should be a logical and substantially simplified employment procedure.

Instead, an employee has the right to take up employment with a simplified businessman after full compliance with the requirements of Article 24 of the Labor Code of Ukraine (Kodeks zakoniv pro pratsiu Ukrainy, 2020), that is only after: 1) the employment contract is concluded; 2) an order for hiring by individual entrepreneur will be issued; 3) will notify the State Fiscal Service about the employment of an employee (Pryvatnyi pidpriemets, 2018).

Recognizing the absurdity of this state of affairs, we propose an alternative model of employment to entrepreneurs in Group 2 in the simplified tax system. The essence of the proposal is to create a special official state site through which such entrepreneurs (from a smartphone, tablet or desktop) will be able to enter basic information about the employee they are going to hire, and get an invoice for the personal income tax, military levy and SSC for a potential employee (on own choice an employer will be able to generate a payment per working day, week, month, quarter or year, depending on the desired period of employment).

Having paid the bill in a convenient way, the entrepreneur will receive in paper or electronic form a universal check for the payment, this check will be the only

necessary confirmation of the official employment of the employee and will at the same time replace all other documents, including tax declarations.

In the early stages of implementation, such a new approach could only target the hired workers who are ATO/JFO veterans. If the pilot project is successful, such a simplified procedure could in the future cover all, without exception, employees employed by a sole proprietor in Group 2 of the single tax. In addition, according to the legislation (Podatkovyi kodeks Ukrainy, 2020), within this group the number of employees may not exceed 10 people, which further counteracts the possible tax frauds and optimizations that may hypothetically arise after the implementation of the above proposals into action (Figure 23).

Existing mandatory elements when hiring an employee by an individual-entrepreneur in Group 2 in the simplified tax system	Proposed procedure for registration of an employee by an individual-entrepreneur in Group 2 in the simplified tax system
Employment contract	Submission of employee basic information on a special official state website and automatic account generation for paying appropriate taxes, fees and employee contributions
Employment order	
Notification of hiring	<div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: fit-content; margin: 10px auto;"> <p data-bbox="880 1339 1270 1608">Universal check for the payment of the PIT, the military levy and SSC will be the only necessary confirmation of the official employment of the employee and will at the same time replace all other documents, including tax declarations</p> </div>
Employment history book	
Working hours record sheet	
Staff list	
Payment of personal income tax, military levy and SSC	
Formation and submission of appropriate tax reports	

Figure 23. Comparison of the existing and the proposed procedure for employment of an employee by an individual entrepreneur in Group 2 in the simplified tax system

The proposed model makes it possible to facilitate the removal from the shadow of informal workers, but not under the pressure of frequent checks and high fines, but

through the promotion of the most straightforward formal employment and reporting procedures. The advantage is that the implementation of this pilot project will make an important contribution to the fight against unemployment among ATO/JFO participants. The relevance of the proposals is confirmed by official statistics on the number of unemployed among ATO/JFO veterans who have applied for assistance to the State Employment Service in Zhytomyr region. In the period January-September 2018, the indicator was 1 114 people. A similar indicator in Ukraine as a whole for the corresponding period was 20 000 people (Derzhavna sluzhba zainiatosti, 2018).

Today, an important model for combating the effects of aggression against Ukraine is a well-designed model of interconnection between three sectors of the economy: government, commercial and non-profit. The essence of such effective engagement lies in the sound prioritization and proper allocation of roles. In our opinion, the priority of interaction between these sectors of the economy should be to address, first of all, two main problems: 1) unemployment among ATO/JFO veterans and displaced persons; 2) obstacles to provide charitable assistance to ATO/JFO veterans, their families and displaced persons.

In terms of overcoming the problem of unemployment, the division of roles between sectors can be as follows: the public sector should assume the function of grants to the commercial sector for retraining of ATO/JFO veterans and displaced persons, then the commercial sector, through the grant, re-qualifies and recruits potential workers with skills, sharpened by the particularities of their particular enterprise, while the nonprofit sector in the form of charities and foundations acts as a mediator between the commercial sector and the job seekers who are being recruited, registered and sent for retraining.

Unfortunately, the latest disappointing statistics on the suicide of military personnel involved in the ATO/JFO are shocking. And although there is no ambiguity in this matter: according to some sources, more than 1000 people who participated in the ATO/JFO in Eastern Ukraine committed suicide (Ukrainska pravda, 2018), according to other sources, at least 554 military persons committed suicide (official statistics as of 01.04.2018 year) (RBK-Ukraine, 2018) - the numbers are striking and deeply injuring. This is a belated signal of the existence of huge problems with the resocialization of combatants and the need for alternative, more effective, approaches to the adaptation of veterans to peaceful life.

One of the most important forms of resocialization, in our opinion, is professional demand and employment at work, which would bring not only sufficient material support, but also moral satisfaction. In this context, we offer a two-vector model for combating unemployment among veterans.

The first vector involves stimulating the employment of veterans to existing businesses, regardless of ownership. The essence of the proposal is that local authorities provide businesses (namely, those enterprises that employ veterans) with a real estate tax benefit (which, according to the law, is a local tax). The benefit should provide an opportunity for local employers to reduce the amount of their quarterly real estate tax by the amount of the monthly (namely for the first month of the corresponding quarter) payroll of veterans working at the relevant enterprise.

As an element of counteracting manipulations in the field of taxation by employers, we propose to provide a maximum wage limit above which wages are not allowed to be included in the amount of benefits. Similar to SSC, this amount should be no more than 15 minimum wages per one employee. Thus, this will help to avoid fraud with non-payment of real estate tax through artificial nominal wage increases by dishonest employers. The application of the proposed benefit will only partially reduce real estate tax revenues, in addition, part of the losses of local budgets will automatically be covered by the increased amount of personal income tax revenues, 60% of which, according to the Budget Code of Ukraine, remains in the local budget.

The second vector is to encourage the creation and running of small businesses by veterans themselves. To do this, we propose to abolish the need to pay a single tax for combatants if they register as individuals – business entities in the simplified tax system (as single tax payers in the first or second group). In addition, as an element of counteracting manipulations in the field of taxation, the exemption does not apply to the payment of SSC. Thus, this will be a safeguard against fraud with the formal registration of business with veterans.

So, the proposed two-vector model makes it possible to stimulate the employment of ATO/JFO veterans by existing enterprises, as well as encourage veterans to create their own business and significantly improve the situation with employment and resocialization.

And here, cooperation between the state and business, as well as active citizens of our country, which are the main engine of initiatives aimed at overcoming the consequences of the hybrid war, is necessary. An example of such an initiative is the

creation of the VETERANO-SERVICE platform: «It is a project that inspires. That stimulates you to move on. In it, we will introduce you to the business of veterans. It has different directions – from a small cheese factory to the creation of homes. Provision of services and restaurant business. Writing books and much more. It's all about them. Those for whom a good name is more expensive» (VeteranoService, 2020).

In order to remove the barriers to providing charitable assistance to ATO/JFO veterans, their families and displaced persons, it is necessary to amend the Tax Code of Ukraine for such assistance to the public sector. In particular, subparagraph 140.5.9 shall be reworded as follows: «The financial result of the tax (reporting) period is increased by the amount of funds or the cost of goods, work performed, services rendered, donated (transferred) during the reporting (tax) year to non-profit organizations that as of the date of transfer of funds, transfer of goods, works, services met the conditions specified in clause 133.4 of the TCU, in an amount exceeding 20% of the taxable profit of the previous reporting year» (today size is 4%).

A fivefold increase in this threshold will become a significant impetus for the intensification of charitable activities of enterprises, especially large corporations, since charity for the commercial sector is an important element of Public Relations and marketing strategy. The non-profit sector, as charitable organizations, will take over the functions of distributing charity aid among the transferees. In this context, it is advisable to create a unified state register of persons most in need of assistance. Such register (protected on the basis of blockchain technology) at any moment will be able to use by charitable organizations and other relevant entities to more efficiently distribute assistance and enter data on the assistance provided with appropriate specification. The existence of such register will ensure transparency and pave the way for effective control of the described processes by all stakeholders.

In addition, there are certain things that today the state can additionally do to provide assistance for families of veterans. We believe that one of such steps may be the introduction of the abolition of the military levy for first-line relatives with military personnel who died in the ATO/JFO zone (this should apply to all losses without exception: combat and non-combat). Indeed, in our opinion, it is not entirely fair for such persons to withhold, besides basic taxes, also additional amounts for defense purposes, because they have already contributed the most valuable for this.

For the real implementation of this proposal at the legislative level, a simple majority of the Verkhovna Rada of Ukraine should amend the Tax Code of Ukraine (Podatkovyi kodeks Ukrainy, 2020), in particular, we propose to add subparagraph 1.9 in item 16 of Section 10: «Persons in the circle of the first line of relationship with a dead soldier in the ATO zone or in the JFO zone are exempted from paying the military levy».

To apply the exemption, a person will need to submit an application to the accounting department of the company where he/she works (a copy of supporting documents on the relevant relationship must be attached to the application). The exemption will be applied from the first day of the month following the month of filing such an application.

So, today, one of the most effective ways to counter a hybrid war is to make real progress in Ukraine's economic reforms. Recognizing that this progress is not possible including without significantly simplifying the conditions for small business, the study paid particular attention to removing obstacles to its development.

In addition, the role of morality in the economy is often underestimated today and is not perceived as a significant influence factor, which, we believe, is an erroneous approach that does not overcome the root causes of corruption.

Equally important in the fight against corruption is the creation of favorable conditions for the existence of state-independent and oligarchic-independent media groups. Only such media, being truly the fourth power, are capable of genuinely investigations and the identification of real corruption schemes with their subsequent publicity.

At first glance, it may seem that the ideas presented have a lot of populism, but we believe that it is not populism, but the objective need of the present. If in Ukraine there is a problem with fair distribution and efficient spending of budget funds, it is more advisable to redistribute less funds through budgets of different levels (where there is a risk that they will be stolen through various schemes with public procurement, despite the existence of the Prozorro system), and leave more in pockets of the residents, increasing their solvent demand and economic independence.

The changes that are taking place in the country today, in spite of some really correct measures, in our subjective opinion, are not capable of becoming a

breakthrough for the Ukrainian economy, as they lack the basic powerful stimulating drivers to overcome the crisis.

Without a fundamentally different approach to governing the national economy, the country is doomed to further degradation and loss in the hybrid war. This fundamentally new approach should be to reform the economy with a focus on maximizing the simplification of business conditions and increasing the economic freedom index.

It depends on how thoughtful the steps are today to reform the economy and improve social policy, whether it will be possible to win the final victory over the hybrid political technologies of the attacker. Only the improvement of the investment climate and the real increase in the well-being of the population in Ukraine can become an effective response to the propaganda of the aggressor.

Thus, we believe that the implementation of the measures proposed by us will be a significant contribution to countering the hybrid war and significantly accelerate its completion.

5.4. Trust as a Determinant of Social Capital

The potential and processes of an economic network in a post-industrial economy directly depend on trust at both the macro and micro levels. Purposeful activity on the formation and development of trust allows using social capital to increase the efficiency and competitiveness of both individual enterprises and the entire economic system.

The social capital analysis requires assessing the factors of the formation and destruction of trust in the country. Such factors are the firm's stable relationships with counterparties, staff stability, reputation in the media, independent analytical rankings, investment rankings, etc.

For research, social capital is important to generate output data, which includes data on key stakeholders of the enterprise, their relationships, cost of social capital formation, factors of formation and destruction of trust in the company from internal and external stakeholders (business capital formation).

This paper investigates whether social capital has an economic payoff. The paper focuses primarily on the role of trust, as authors feel it is the most important indicator of social capital. The empirical measure that they use to proxy for trust is

based on WVS question. The results of Knack and Keefer (1997) point to a statistically significant effect of trust on growth. They state: «The coefficient for trust indicates that a ten percentage point rise in that variable is associated with an increase in growth of four-fifths of a percentage point». Trust – again measured by the «generally speaking» question – has a positive and significant impact on economic growth.

Macroeconomic reasoning regarding the transaction-cost-reducing effect of trust is based on the micro insights derived mainly from management and organization studies. Given that trust is a multi-level phenomenon, its measurement becomes even more important. Implicitly, many economists assume that the measurement of trust using this World Values Survey question captures the micro aspects.

The research does not intend to diminish the value of past research, but rather to broaden the correlations between social capital and economic development, not only at the state but also at the enterprise level, based on their past results.

The results of the existing research on social capital indicate that trust is an important factor contributing to economic growth as it has an impact on the macro and micro levels of the economy.

Arrow (1972) attributed the backwardness of an economy with a low level of trust, or none at all since any economic transaction has a trust factor. Thus, he argued that a significant number of developing countries could not accelerate economic development due to a lack of mutual trust.

Fukuyama (1995) noted that trust is a key factor of economic development. He considered social capital as a form of materialized trust. People without trust can only cooperate within a system of formal rules and regulated systems. Such systems lead to unjustified growth in transaction costs, which hinder business growth and, as a result, the state. That is, the mistrust that is widespread in society imposes additional taxes on all economic activity that a high-level society does not pay.

Putnam, et al. (1993) examined the correlation between economic development and trust. They showed that social capital contributes to economic growth in various ways, but there is a threat that economic development can destroy social capital.

The impact of the war on the economy and society is undeniable. The study of social capital raises the question of its impact in times of war. First, its manifestation is observed in the association of citizens aimed at pursuing any common interests. This trend is confirmed by Tocqueville (1864). He succeeded in proving that the desire of the Americans to unite to meet the common needs and common interests

was a prerequisite for democracy. Social capital, which is the origin of the group, contributes to the growth of cooperation, improves management efficiency and the level of socialization. The result is a strengthening of collective norms and trust.

Hilary and Huang (2016) note that companies operating in regions where trust is more prevalent (using a general social trust survey) are less affected by agency problems, are more profitable, and have higher rates, while Hasan, Hoi, Wu, and Zhang (2016) found that firms operating in regions with higher levels of social capital have moderately better borrowing conditions and lower transaction costs. Social networks as an element of social capital are the subject of individual research. Networks that are more trusted than other types of networks tend to share more complete and confidential information. This is due to sustained interaction and a situation where counterparties trust each other.

Boele and van Vlissingen (2018) note that a strong reputation, transparent reporting, and a 'do not harm' approach are certainly important ways to maintain trust. Collectively, all are necessary inputs to enhancing trust, but other shifts and new capabilities are required in response to the current trust crisis.

Whiteley (2000) analyzed GDP per capita growth in 34 countries and found a relationship between trust and economic growth. All trust indicators are positively correlated, and they have the same significant impact as social capital on economic growth.

Empirical studies of Neira, Vázquez, and Portela (2008), Helliwell and Putnam (1995), Peiró-Palomino and Tortosa-Ausina (2015) indicate that the level of social capital region or country is positively correlated with its economic indicators. Society and business must clearly understand that trust is a real investment that requires resources: financial, intellectual, labor, innovation, and more. Formation, existence, and accumulation of social capital is the prerequisites for the development of a modern business environment.

New research on social capital aims at quantifying it at the enterprise level and demonstrating its quantitative and qualitative impact on the firm's economic performance (Engbers, Rubin, & Aubuchon 2017; Oh, Lee, & Bush, 2014). The question of major risks in the creation of social capital and the destruction of trust, especially in times of economic crisis, remains relevant. That is, how companies can influence the preservation or restoration of social capital, formal and informal networks and associations, which may be threatened or destroyed in crises.

Formation of counterparty loyalty occurs at the expense of advertising costs, expansion of the customer base, maintenance of the high quality of products (an increase of the consumer value of the offer), high standards of service, reduction of prices.

Social capital in relation to suppliers is the trust of market contractors, which reduces the degree of uncertainty and riskiness in the enterprise, allows optimizing costs, and improving product quality.

Corporate social responsibility is a tool for increasing the level of trust and the formation of social capital. Research shows the significant benefits of CSR for business. Advantages include increasing the market value (Edmans, 2011; Flammer, 2015; Harjoto & Jo, 2015), reducing the risk and cost of capital raised (Dhaliwal, Radhakrishnan, Tsang, & Yang, 2012; El Ghouli, Guedhami, & Kim, 2017), increasing the level of ease of investment attraction (Cheng, Ioannou, & Serafeim, 2014). The same studies indicate that businesses with better CSR rates minimize information asymmetry both within the firm and between key stakeholders.

Corporate social responsibility generates trust within the enterprise, creates a special internal environment that stimulates innovative processes, propensity for learning and experimentation, which is extremely important for the development of human and intellectual capital. Corporate social responsibility of the enterprise takes into account the values of the main shareholders, customers, and employees, and promotes their trust in the enterprise. Corporate social responsibility is important for achieving a high level of employee satisfaction, improving the efficiency of doing business, innovative activity. Corporate culture has an impact on value growth in three ways: increasing the work motivation and involvement of employees in the work process, increasing the company's reputation as an employer, improving the ethics of communication with clients and partners.

The value of effective corporate social responsibility is reflected in the market value of the enterprise. Complex financial structure and non-transparent corporate governance have a significant impact on cost reduction. The significant role of corporate social responsibility in creating social capital and building trust in an enterprise is conditioned by the fact that it ensures a balance of interests between shareholders, staff, clients, and the public, and determines strategic decisions that promote responsible and ethical business conduct.

Thus, it is corporate social responsibility that the company set of dominant values and behaviors plays a decisive role in the formation of trust at the micro-level.

Lins, Servaes, and Tamayo (2015) found that during the 2008–2009 financial crisis, firms with high social capital, measured as corporate social responsibility (CSR) intensity, had stock returns that were four to seven percentage points higher than firms with low social capital. High-CSR firms also experienced higher profitability, growth, and sales per employee relative to low-CSR firms, and they raised more debt. This evidence suggests that the trust between the firm and both its stakeholders and investors, built through investments in social capital, pays off when the overall level of trust in corporations and markets suffers a negative shock.

The data used in the study were obtained from World Values Survey (WVS). WVS is the largest research project to study the values and beliefs of people in the world. Data were used from the latest wave of surveys for 2010–2014. According to the World Values Survey, using a sampling method as a data collection method, a systematic and standardized approach to collecting information through surveys of representatives of different nationalities and residents of different countries, has created a chart that allowed showing the dependence of economic development of 43 countries on the level of trust in society. The main stages of a sample survey are questionnaire, sampling, data collection and analysis.

To ensure sustainable economic development, it is important to accumulate not only physical but also social capital. Trust in this case is one of the main representative factors of social capital from an economic point of view, as more and more research shows the dependence of economic growth on social capital.

Knack and Keefer (1997), Zak and Knack (2001), and Beugelsdijk, De Groot, and Van Schaik (2004), have been considered important studies on the dependence of economic development and trust. Beugelsdijk, De Groot, and Van Schaik (2004) found that in contrast to the findings of Knack and Keefer (1997), the results on trust and growth obtained by Zak and Knack (2001) were robust. Zak and Knack (2001) add 12 less developed countries to the sample of 29 countries used by Knack and Keefer, and it results in increased variance on the lower side, i.e., low trust countries, resulting in increased robustness.

Sample-specific effect is shown in Table 32, which is taken from Beugelsdijk, De Groot, and Van Schaik (2004). It shows the effect of adding countries to the sample of Knack and Keefer (1997). Countries are added according to their trust score, from high to low. Using extreme bounds analysis and controlling for a large number of additional variables, the third and fourth columns show the effect on the

mean effect size of the estimated coefficient of trust and the fraction of significant estimates of trust, respectively.

Table 32. Effects of the composition of the sample on trust using EBA analysis

<i>Step (N)</i>	<i>Sample (country added to previous sample)</i>	<i>Mean value of estimated coefficient of trust</i>	<i>Fraction of significant coefficients (%)</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
29	Knack and Keefer sample (29 countries)	0.030	4.5
30 (50)	Greece (GRC)	0.025	0.9
31 (42)	Oman (OAN)	0.036	11.2
32 (37)	New Zealand (NZL)	0.037	16.6
33 (32)	Luxembourg (LUX)	0.036	17.6
34 (26)	Dominican Republic (DOM)	0.038	22.7
35 (22)	Ghana (GHA)	0.040	28.1
36 (22)	Uruguay (URY)	0.042	49.2
37 (21)	Bangladesh (BGD)	0.042	42.7
38 (14)	Venezuela (VEN)	0.043	56.2
39 (10)	Colombia (COL)	0.044	67.2
40 (6)	Philippines (PHL)	0.051	91.6
41 (5)	Peru (PER)	0.061	99.9

The result indicates that countries with weak institutions and low confidence lack economic development. Beugelsdijk, De Groot, and Van Schaik (2004) also found that the effect of the trust variable on growth is dependent on the underlying sample (see column 3 of Table 32).

The work of Arrow (1972) is one of the most important studies concerning the dependence of GDP per capita on the level of trust in society. The study states, «Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a while.»

Table 33 presents the results of the application of this method to the sample of Zak and Knack (2001). Next to the variables belonging to the standard growth model, it shows the results of the two trust variables reflecting the below-mean trust countries and the above-mean trust countries.

Table 33. Sub-sample estimation of trust

Variables	Results
Constant	-1.60 (0.77)*
Initial GDP per capita 1970	-0.274 (0.088)**
Price of investment	0.176 (0.035)**
Years of education	-0.084 (0.133)
Trust 1: low trust countries	0.064 (0.028)*
Trust 2: high trust countries	0.009 (0.028)
R-squared	0.54
N	41
Dependent = growth 1970–1992	
Method = OLS	

Note: The figure in parentheses reflects the standard error; ** $p < 0.01$, * $p < 0.05$.

Source: Data are taken from Zak and Knack (2001).

The mean value of trust in this sample is 32.35 (technically, the two trust variables are created by applying the following spline function $\text{trust1} = \min(\text{trustinit}, 32.35)$ and $\text{trust2} = \max(\text{trustinit}, 32.36)$). Table 33 shows that trust is only significant in the low trust part of the sample, coinciding with the developing countries. Besides, it shows that the effect size differs considerably between the two sub-samples, 0.064 in the low trust part and 0.009 in the high trust part.

This implies that, whereas Knack and Keefer have argued that their negative interaction effect suggests that the effect of trust on growth is larger for less developed countries with lower levels of economic development, the results of Table 33 suggest that the trust variable is significant in the developing countries (with low scores on trust) and not significant in developed countries (with high scores on trust).

WVS data for 2014 indicate a stronger correlation between confidence and GDP per capita. The study compared trust levels in 43 countries with their GDP per capita in 2014. The chart below confirms the authors' assumptions (see Figure 24).

The linear regression equation (Formula 15).

$$y = bx + a. \quad (15)$$

The estimated regression equation (constructed from sample data) will be of the form (Formula 16).

$$y = bx + a + \varepsilon, \quad (16)$$

where ε – random error (deviation, perturbation), a and b , respectively, of the estimated parameters α and β of the regression model.

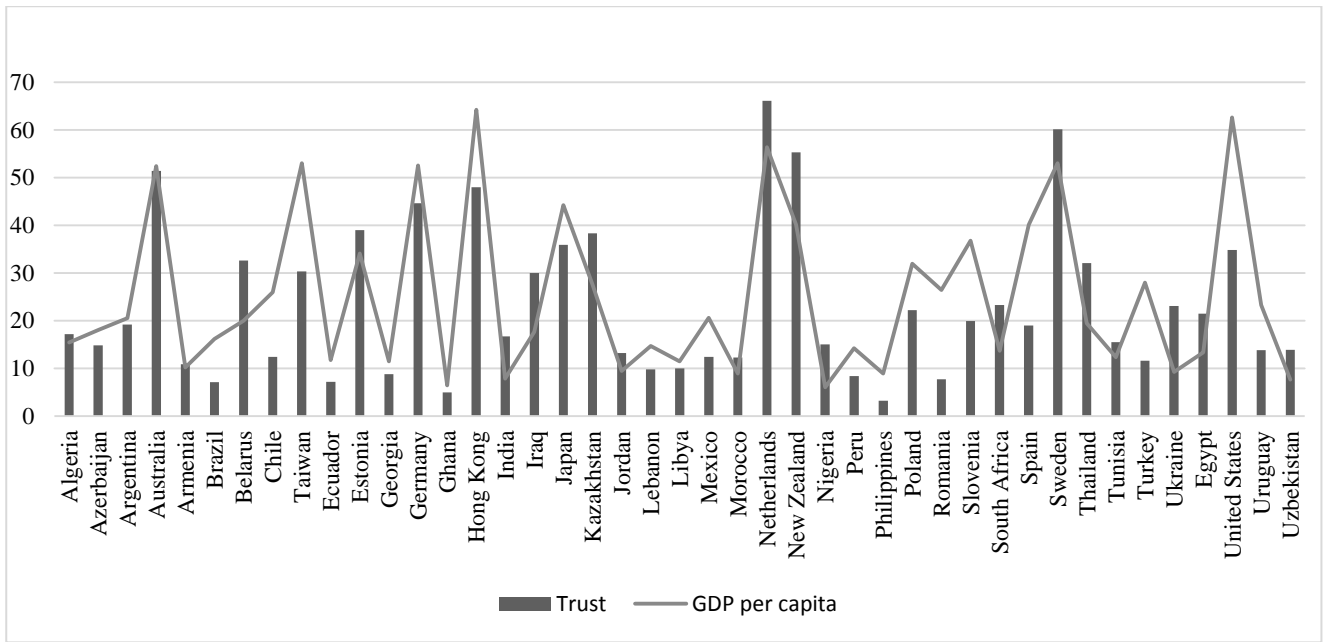


Figure 24. The correlations between trust and GDP per capita

Source: World Value Survey (2014), IMF (2014).

Since the deviations ε_i for each particular observation i are random and their values in the sample are unknown, then:

1) from observations x_i and y_i , only estimates of the parameters α and β can be obtained;

2) the estimates of the parameters α and β of the regression model are, respectively, the values of a and b , which are random in nature, because match a random sample; to estimate the parameters α and β , the least-squares method was used.

The least-squares method gives the best (consistent, effective, and unbiased) estimates of the parameters of the regression equation. The criterion can be denoted as follows (Formula 17).

$$S = \sum (y_i - y_i^*)^2 \rightarrow \min. \quad (17)$$

The system of normal equations (Formulas 18,19).

$$a \cdot n + b \cdot \sum x = \sum y, \quad (18)$$

$$a \cdot \sum x + b \cdot \sum x^2 = \sum y \cdot x. \quad (19)$$

To calculate the regression parameters, we construct the calculated regression parameters (Table 34).

Table 34. Regression parameters

Country	x (trust)	y (GDP per capita)	x^2	y^2	xy
1	2	3	4	5	6
Algeria	17.2	15.44	295.84	238.3936	265.568
Azerbaijan	14.8	18.076	219.04	326.7418	267.5248
Argentina	19.2	20.537	368.64	421.7684	394.3104
Australia	51.4	52.373	2641.96	2742.9311	2691.9722
Armenia	10.9	10.176	118.81	103.551	110.9184
Brazil	7.1	16.154	50.41	260.9517	114.6934
Belarus	32.6	20.003	1062.76	400.12	652.0978
Chile	12.4	25.978	153.76	674.8565	322.1272
Taiwan	30.3	53.023	918.09	2811.4385	1606.5969
Ecuador	7.2	11.718	51.84	137.3115	84.3696
Estonia	39	34.096	1521	1162.5372	1329.744
Georgia	8.8	11.485	77.44	131.9052	101.068
Germany	44.6	52.559	1989.16	2762.4485	2344.1314
Ghana	5	6.452	25	41.6283	32.26
Hong Kong	48	64.216	2304	4123.6947	3082.368
India	16.7	7.874	278.89	61.9999	131.4958
Iraq	30	17.659	900	311.8403	529.77
Japan	35.9	44.227	1288.81	1956.0275	1587.7493
Kazakhstan	38.3	27.55	1466.89	759.0025	1055.165
Jordan	13.2	9.433	174.24	88.9815	124.5156
Lebanon	9.8	14.684	96.04	215.6199	143.9032
Libya	10	11.469	100	131.538	114.69
Mexico	12.4	20.602	153.76	424.4424	255.4648
Morocco	12.3	8.933	151.29	79.7985	109.8759
Netherlands	66.1	56.383	4369.21	3179.0427	3726.9163
New Zealand	55.3	40.135	3058.09	1610.8182	2219.4655
Nigeria	15	6.027	225	36.3247	90.405
Peru	8.4	14.224	70.56	202.3222	119.4816
Philippines	3.2	8.936	10.24	79.8521	28.5952
Poland	22.2	31.939	492.84	1020.0997	709.0458
Romania	7.7	26.447	59.29	699.4438	203.6419
Slovenia	19.9	36.746	396.01	1350.2685	731.2454
South Africa	23.3	13.675	542.89	187.0056	318.6275
Spain	19	40.139	361	1611.1393	762.641
Sweden	60.1	52.984	3612.01	2807.3043	3184.3384
Thailand	32.1	19.476	1030.41	379.3146	625.1796
Tunisia	15.5	12.372	240.25	153.0664	191.766
Turkey	11.6	27.956	134.56	781.5379	324.2896
Ukraine	23.1	9.283	533.61	86.1741	214.4373
Egypt	21.5	13.366	462.25	178.65	287.369
United States	34.8	62.606	1211.04	3919.5112	2178.6888
Uruguay	13.8	23.274	190.44	541.6791	321.1812
Uzbekistan	13.9	7.665	193.21	58.7522	106.5435
Σ	993.6	1078.35	33600.58	39251.835	33796.2383

For the data, the system of equations is as follows Formulas 20,21:

$$43a + 993.6b = 1078.35, \quad (20)$$

$$993.6a + 33600.58b = 33796.238. \quad (21)$$

Let us multiply the equation (see Formula 15) of the system by (-23.107), then, the system is obtained being solved by the algebraic addition method (Formulas 22,23).

$$-993.6a - 22959.115b = -24917.433, \quad (22)$$

$$993.6a + 33600.58b = 33796.238. \quad (23)$$

getting $10641.465b = 8878.805$, where $b = 0.8344$.

Now (Formula 24) the coefficient «a» is found from equation (see Formula 15):

$$43a + 993.6b = 1078.35,$$

$$43a = 249.33, \quad (24)$$

$$a = 5.7984.$$

The empirical regression coefficients are obtained: $b = 0.8344$, $a = 5.7984$.

Regression equation (empirical regression equation) (Formula 25):

$$y = 0.8344x + 5.7984 \quad (25)$$

The empirical regression coefficients a and b are only estimates of the theoretical coefficients β_i , and the equation itself reflects only the general tendency in the behavior of the variables in question.

1. Parameters of the regression equation (Formulas 26-28).

Sample averages:

$$\bar{x} = \frac{\sum x_i}{n} = \frac{993.6}{43} = 23.107, \quad (26)$$

$$\bar{y} = \frac{\sum y_i}{n} = \frac{1078.35}{43} = 25.078, \quad (27)$$

$$\overline{xy} = \frac{\sum x_i y_i}{n} = \frac{33796.24}{43} = 785.959. \quad (28)$$

Sample variances (Formulas 29,30):

$$S^2(x) = \frac{\sum x_i^2}{n} - \bar{x}^2 = \frac{33600.58}{43} - 23.107^2 = 247.48, \quad (29)$$

$$S^2(y) = \frac{\sum y_i^2}{n} - \bar{y}^2 = \frac{39251.84}{43} - 25.078^2 = 283.93. \quad (30)$$

Standard deviation (Formulas 31,32)::

$$S(x) = \sqrt{S^2(x)} = \sqrt{247.48} = 15.731, \quad (31)$$

$$S(y) = \sqrt{S^2(y)} = \sqrt{283.93} = 16.85. \quad (32)$$

Correlation coefficient b (Formulas 33,34):

$$b = \frac{\overline{x \cdot y} - \bar{x} \cdot \bar{y}}{S^2(x)} = \frac{785.959 - 23.107 \cdot 25.078}{247.48} = 0.8344, \quad (33)$$

$$a = \bar{y} - b \cdot \bar{x} = 5.7984. \quad (34)$$

Covariance (Formula 35)::

$$\text{cov}(x, y) = \overline{x \cdot y} - \bar{x} \cdot \bar{y} = 785.959 - 23.107 \cdot 25.078 = 206.48. \quad (35)$$

Communication tightness indicator (Formula 36):

$$r_{xy} = \frac{\overline{x \cdot y} - \bar{x} \cdot \bar{y}}{S(x) \cdot S(y)} = \frac{785.959 - 23.107 \cdot 25.078}{15.731 \cdot 16.85} = 0.779. \quad (36)$$

The linear correlation coefficient takes values from -1 to $+1$.

The relationship between the symptoms can be weak and strong (close). Their criteria are graded on the Cheddok scale:

$$0.1 < r_{xy} < 0.3 : \text{weak};$$

$$0.3 < r_{xy} < 0.5 : \text{moderate};$$

$$0.5 < r_{xy} < 0.7 : \text{noticeable};$$

$$0.7 < r_{xy} < 0.9 : \text{high};$$

$$0.9 < r_{xy} < 1 : \text{very high}.$$

In this case, the connection between the sign Y and factor X is high and direct.

Besides, the linear pair correlation coefficient can be determined through the regression coefficient b (Formula 37):

$$r_{x,y} = b \frac{S(x)}{S(y)} = 0.834 \frac{15.731}{16.85} = 0.779. \quad (37)$$

2. *Regression equation* (Formula 38):

$$y_x = r_{xy} \cdot \frac{x - \bar{x}}{S(x)} \cdot S(y) + \bar{y} = 0.779 \frac{x - 23.107}{15.731} \cdot 16.85 + 25.078 = 0.834x + 5.798. \quad (38)$$

Linear regression equation: $y = 0.834x + 5.798$.

The regression coefficient $b = 0.834$ shows the average change in the effective indicator (in units of measure y) with an increase or decrease in the value of factor x per unit of measurement. With an increase of 1 unit of trust, GDP per capita rises by an average of 0.834.

3. *Coefficient of determination*: $R^2 = 0.779^2 = 0.6068$.

The coefficient of determination indicates that 60.68% of cases of changes in x lead to a change in y . The accuracy of the selection of the regression equation is average. The remaining 39.32% of the change in Y is explained by factors not taken into account in the model (as well as specification errors).

The correlation between GDP (in US dollars) per capita and trust of countries, plotted in a chart diagram (Figure 25).

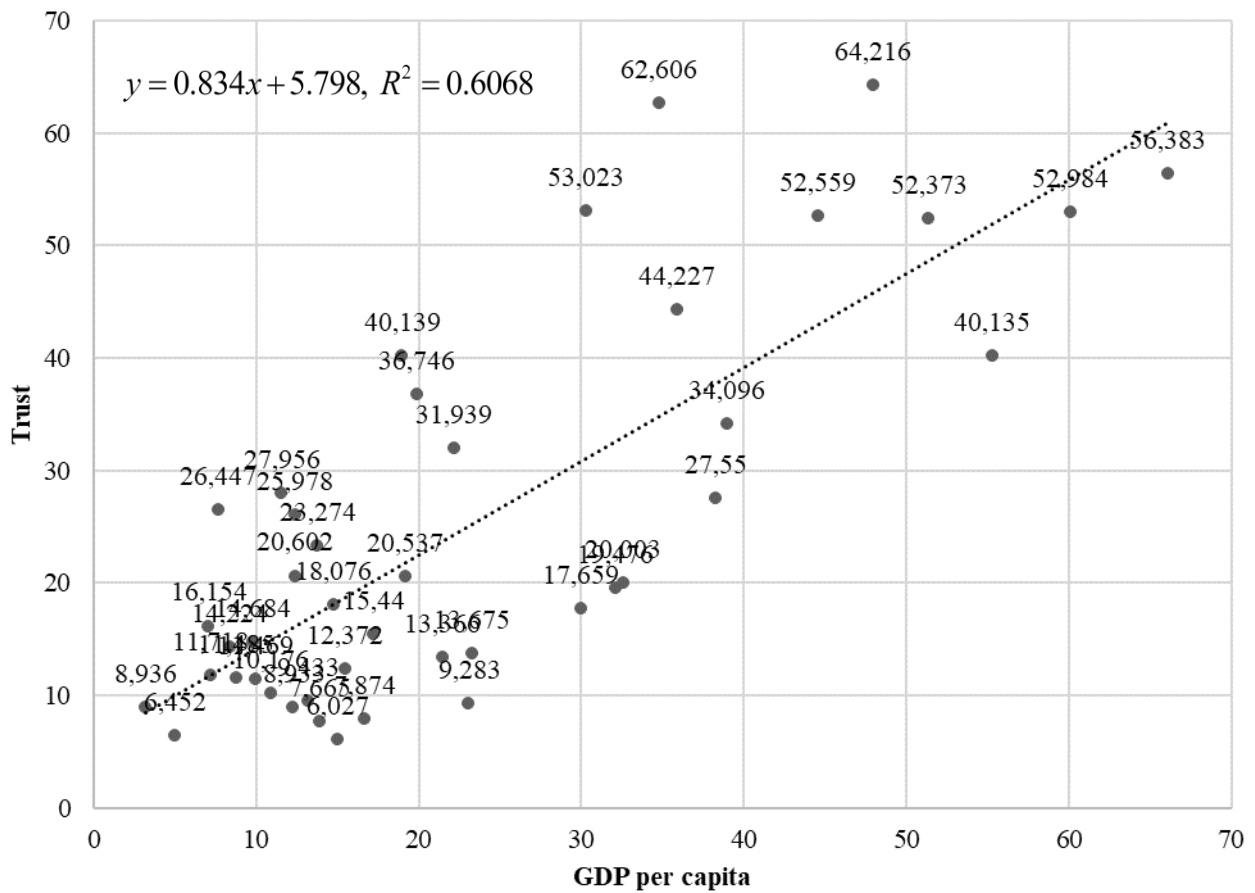


Figure 25. The correlations between trust and GDP per capita in the European countries

Source: World Value Survey (2014), IMF (2014).

The dependence of GDP per capita on confidence has been studied. At the specification stage, paired linear regression was chosen. Its parameters are estimated by the least-squares method. The statistical significance of the equation is verified using the coefficient of determination. It is established that in the studied situation, 60.68% of the total variability of GDP per capita is explained by a change in the level of confidence.

The problem of the developing country, its regions, and enterprises through increasing competitiveness is extremely important. This problem is particularly acute for countries with fragile economies. A productive theory to justify approaches to finding ways to solve problems in the country is the concept of social capital and trust. Within the framework of this concept, it is possible to identify resources that will be basic for economic and social development and to evaluate non-economic

factors of development. However, despite the considerable amount of research on social capital, this concept is not yet fully used; there is no full understanding of it and its prospects. This is due, first, to the lack of approaches to its evaluation and the complexity of measurement.

The development of war-affected states today is unlike the needs of disaster-stricken states or Western Europe after the end of World War II. The biggest difference is that rebuilding countries tend to be «weak» when they are required to have a broad institutional capacity.

When building institutional capacity, the basis for its effective functioning is a socio-economic system capable of quality growth and self-development. Given that Ukraine is a country with diverse conditions for development in the regions, it is important to emphasize the lack of a single model of transformation.

Today, businesses seeking growth and development are increasingly paying attention to the formation of social capital. This problem is of particular relevance to us in the context of hybrid warfare. Thus, a new requirement is put forward for the management system: increasing the level of trust as an element of social capital, internally and with contractors. Trust building is considered at two levels: trust that exists within businesses and trust between businesses.

Figure 26 presents the process of developing trust between counterparties.

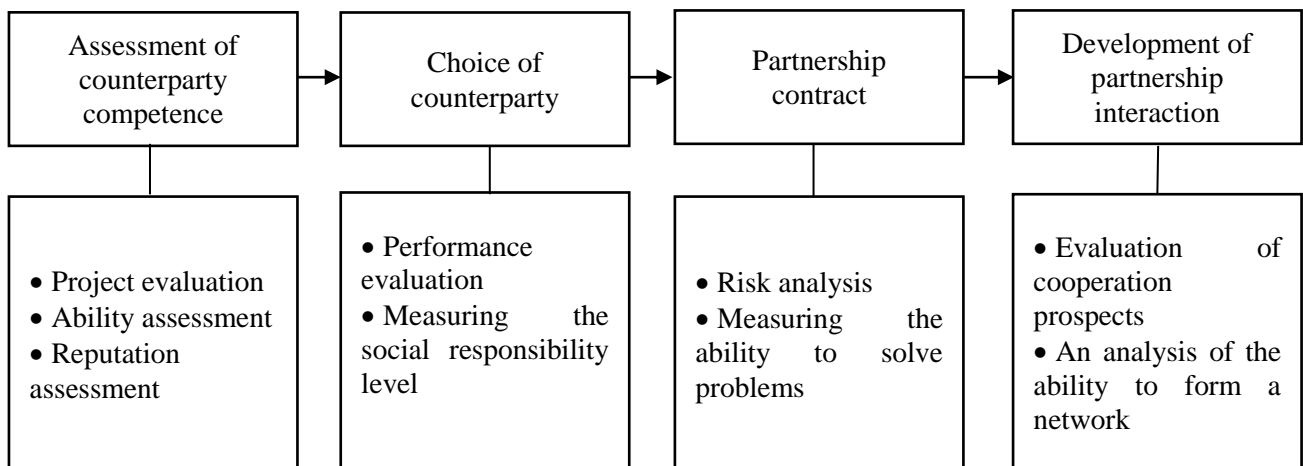


Figure 26. The process of developing trust between contractors

Competency assessment can be important as an indicator of the counterparty's ability to work together over the long term. This is because competence is tangible and is generally considered an early stage of trust-building. Trustworthiness is formed when contracting. As cooperation begins, it is anticipated that business-to-business friendliness will affect information sharing, communication, and quality

control. The clear fulfillment of the contract terms leads to increased cooperation. This enables, in times of hybrid war, to keep in touch with businesses.

Other factors influence the formation of trust within the enterprise. Social capital concerning shareholders is the shareholders' trust in the company, its management, and its policies. It is necessary to note the «double» role of shareholders in the process of building trust as an element of social capital. On the one hand, under their influence, corporate culture is formed; on the other hand, they provide capital inflows. The role of controlling shareholders in the formation of social capital is key. They define corporate culture and shape common norms and values that are important in building trust with other stakeholders.

Ukrainian enterprises do not consider social capital as an object of investment, but develop some of its elements in the context of implementing the concept of sustainable development. Yet, non-financial and integrated reporting of the most transparent enterprises does not contain information on the formation of social capital. However, virtually every business is engaged in charity, volunteering, social work with the community.

Social capital can be external and internal because it is formed in interaction with both the external (buyers, suppliers, creditors, investors, society) and internal (shareholders, employees, management) environment. The internal capital has a significant impact on external one. Thus, the corporate culture depends on the shareholders and management, which builds the trust of external stakeholders in the enterprise, its products, and activities in general. Therefore, social capital analysis is a process of gradual assessment of the level of stakeholder trust.

In assessing social capital at the meta, macro and micro levels, indicators such as the level of trust and the number of social groups in society are key. Despite the relativity of this indicator, it is important for forming the socio-economic policies and assessing the degree of social development.

Speaking of increasing trust, several elements need to be addressed: 1) the essential characteristic of trust is the fact that it is embodied in the social relations of the subjects, and not in the subjects or objects as such; 2) being essentially a public good, trust grows in the process of its use; it builds strong relationships based on engagement, embodied in the creation of shared values; 3) manifesting itself in social relations, trust reflects the structure of relationships and can be useful in analyzing the social structure of society. Being involved in a particular network of relationships

at a certain social level allows the entities to use the resources of that network to achieve their goals.

According to marketing agency Cone/Roper (Cone Communications, 1993), 78% of adult consumers are more likely to buy goods from a company whose product is associated with a «good cause». More than 86% of European consumers tend to buy products from companies that are involved in socially significant projects.

Besides, corporate social responsibility increases the level of trust between employees, promotes cohesion, mutual support, cooperation, social interaction, and provides a reduction of staff turnover, increase of professionalism, increase of productivity, collective growth of knowledge, improvement of product quality. These aspects affect social capital as they increase the motivation to increase the professionalism of employees, which increases the value of social capital. Corporate social responsibility has been identified as a key tool for generating social capital and increasing trust in the enterprise. CSR defines the parameters of corporate governance, which promotes the trust of contractors of all levels and improves the efficiency of the enterprise's activity. Trust creates the conditions for a willingness to act together, which can be seen as an indicator of trust measurement. The result suggests that trust serves as a tool in assisting economic growth and company's value.

An important aspect of internal social capital formation is the fair distribution of income received by the enterprise. The sources of internal social capital formation are the integrity, reliability, and responsibility of the enterprise concerning staff, that is, actions that maintain trust in the enterprise of its employees. Sustainable enterprise credibility helps reduce any risk associated with hybrid war.

In most cases, trust is the result of the firm's strong relationships with suppliers, customers, contractors, distributors. Despite differing definitions of trust, trust is generally considered an important process of network and partnership development, and partners are expected to rely on commitment. In practice, trust is associated with activities that help establish a reputation, form an alliance, share the information, and effectively develop a common cause. Trust can be viewed from different levels, such as interpersonal, organizational, inter-firm, and international levels in the field of cross-border cooperation.

Social capital is considered and represented as a limited real or potential social interaction resource. It can reproduce collective accumulation and convert to other forms of capital. The social capital of the group, enterprise, and society as a whole is

formed based on the values of trust, which are the basis of the system of social interaction, the socio-cultural regulator of a higher systemic level than other components of social capital. The enterprise has a mechanism for reproducing social capital, which includes a system of values, norms, and rules of conduct, and in particular rules of mutual assistance. Trust acts as a basis for social and economic cooperation, internal and external organizational unification processes.

Society's trust in business is particularly diminished in times of crisis. Accordingly, depending on the strategy that a company develops during a crisis, its social capital can both increase and decrease, down to a negative value. Keeping up with the positive trend requires finding new ways of engaging business with its stakeholders and working with counterparties to build a sustainable business partner network.

Trust develops based on the synergy of competence and further development of relationships in the long term. The proposed process can be refined through quality trust studies. Research can better help consider the stages of trust development, as well as identify the main areas for decision-making and the mechanism for increasing trust within each stage.

Such social capital is realized if they find mutual understanding, which is transformed into a market mutually beneficial interaction. Strategic relationships can be built in different forms – marketing agreements, alliances, joint activities. The success of these relationships depends on many factors, including the ability to work together to achieve common goals, the fulfillment of promises, openness, and flexibility, taking into account the interests of partners, the ability to make long-term forecasts. The interaction of enterprises within professional associations, industry associations, and unions enables them to improve the business environment and increase the investment attractiveness of the industry. Such forms of cooperation avoid the effects of fierce competition in the form of price wars and unfair competition. However, such cooperation should not facilitate the implementation of anti-competitive strategies and evasion of antitrust regulation.

Business is a major entity that directly affects the economy. Thus, a low level of trust in the enterprise indicates a low level of trust in the state and vice versa. To ensure sustainable development, it is necessary to increase trust not only in government institutions, but companies need to formulate their corporate social responsibility policies as the main tool for increasing trust. Firms should incorporate

CSR practices to enhance their strategic investment and sustain a strong relationship with its stakeholders for building a sustainable social network.

Today, the state, businesses, and investors are becoming more aware of the importance of social resources for development. This is especially important for businesses. Each enterprise has its specificity depending on the accumulated capital, material, human, and social. At the same time, it is important for management to define a strategy and build a management policy so that it is consistent with the goals and interests, first of all, of its employees and the population of the region where the enterprise is located. Changing priorities in this direction helps to create complex social tasks with minimal cost. The study aims to identify the factors that influence the formation of trust at the state and enterprise levels. For example, if Ukraine raises the level of trust to the one in Taiwan (approximately a one-standard-deviation increase), the growth rate would increase by almost 1%. The significance of the relationship depends to some degree on the inclusion of other variables that simultaneously affect growth. Controlling for possible endogeneity of trust, the analysis provides strong evidence that trust actually causes growth. An increase in trust by 1-unit leads to an increase in per capita GDP by an average of 0.834 units.

However, trust is strongly related to variables of economic development that promote growth but also affect trust, which gives rise to a reverse effect from growth to trust, especially in the long run. The study of trust requires the study of multidisciplinary sources: economics, sociology, psychology, behavior, and management. Within a company, trust can be interpreted as an extension of interpersonal trust based on acquaintance between people in a previous interaction. In a business network, enterprise performance is largely dependent on trusting relationships between individuals and groups. At the macroeconomic level, trust continues to interact with institutions and organizations, especially in transnational cooperation.

CONCLUSIONS

The following conclusions are summarized in the monograph «Social Capital and Social Investments in Conditions of Hybrid War: Theory, Accounting, Government Regulation»:

1. Social capital as an object of economic research is considered as a potential that is capable to be accumulated and transformed into other resources. A significant number of Ukrainian enterprises during their activities does not take an advantage of social capital, or does not pay attention to its formation. Thus, the purpose of the research is to determine the current state of the formation of social capital in Ukraine and its impact on business. The subject of the research is the assessment and predictors of social capital, description of the characteristics and practices of its formation. The work is based on information taken from public sources, reports of international and Ukrainian companies with the purpose to highlight key research questions. Ukrainian enterprises are in need of social capital. The state should assist in the social capital formation of the company through financial and non-financial instruments.

2. The research analyzes the theoretical content of the concept of social capital, considering the economic point of view. Furthermore, it defines the place of charitable assistance expenses in the social capital, as well as the peculiarities of reflection of these expenses in the accounting.

3. It is accepted to highlight three components of social capital: trust, social networks, and social norms. The size of social capital is the result of the synergistic effect of all its components. The components of social capital are estimated in part of the relationship with the stakeholders of the enterprise, including counterparties. Indicators of liquidity and financial stability are the criteria for choosing counterparty and assessing the prospects for cooperation with it. Organizational transparency and disclosure of data point out that the company seeks to be open to stakeholders at all levels in order to increase their confidence. Thus, the level of transparency of activity and the stability of the social network are interdependent. This research made it possible to conclude that the reliability of the company as the counterparty is not a determining factor in defining the stability of the social network.

4. It is stated that for quantitative measurement of social capital at the enterprise level, it is necessary to establish its precise framework, to determine its structure and key features. As an object of accounting, social capital should be regarded as an

intangible asset. Five main levels of social intangibles are identified and grounded. It allowed forming an appropriate matrix to analyze the effectiveness of their use in the enterprise. The research substantiates the essence of the concept of «social capital» as a resource in the form of formed, permanent, established forms of highly effective socio-economic interactions. The main directions of social capital manifestation and its structural elements are defined.

5. The peculiarity of modern international relations is the steady tendency to strengthen the conflict-related potential due to the complexity and increase in the number of international, local and regional conflicts.

One of the environmental factors affecting the development of the national accounting system is military actions that affect both their direct participants and other actors whose activities are influenced by hostilities. On the basis of the analysis of scientific publications, four main directions of development of accounting in the context of conducting military operations are distinguished: 1) accounting at the subjects of the implementation of military operations; 2) accounting at the enterprises that perform a providing function during military conflicts; 3) accounting of property of enterprises, whose activities were directly influenced by military actions; 4) accounting as a political tool in the conduct of military conflicts.

In the conditions of military operations, the transformation of existing approaches to the organization of accounting in the direction of its simplification, as well as the adaptation of the methodology of accounting for assets and liabilities as a result of changing the normal conditions of operation of enterprises take place. Under conditions of hybrid warfare, the methodology of valuation of assets over which control has been lost, and the methodology for assessing specific assets, the performing of contracts whose functioning was endangered by the opportunistic behavior of counteragents or changes in the normative regulation of enterprises, are needed to be developed.

6. In order to form theoretical aspects of the concept of the variability of the accounting methodology, its basic concepts – imperative behaviour and accounting choice are substantiated. The following types of variability in accounting are distinguished: complete univariability; limited multivariability; full unlimited multivariability.

After analysing the basic provisions of the concept of accounting variability, we believe that further development of the NAS should be considered in the context of the following aspects:

1) at the enterprise level, there is the choice of accounting alternatives presented in the accounting standards of alternatives to accounting, which takes place under the influence of a significant number of objective and subjective factors. The existence of the ability to make accounting choices is associated with the use of a multivariable model as the basis of the NAS. In the light of this, one of the most relevant areas of accounting research is the theoretical justification of the place and role of accounting choice in the functioning of the accounting system, the search for analytical models that would allow users to take into account the possibility of influence of accounting choices on financial reporting indicators, the development of recommendations for improving the procedure for making accounting choices with the aim of eliminating abuses from the side of subjects of its implementation and increasing the relevance and fair presentation of financial statements. Of particular relevance this area of research is in terms of the hybrid war, when there is a gap between the owners of enterprises and their management, as a result of which the subjects of accounting organization can carry out opportunistic behaviour regarding the enterprise performance in order to achieve their own selfish interests that conflict with interests of owners.

2) the imperatives and alternatives to accounting presented in IFRS and in national P(S)A are not certain theoretical dogmas that cannot be changed or improved but are fixed in the standards by the accounting information models chosen by the regulator (the developer of accounting standards) from the set of the most common world accounting practices and at the present time meet the needs of users of accounting information. Further development of accounting methodology necessitates the improvement of accepted imperatives and alternatives (the set of all possible accounting variants presented in the accounting standards) by excluding certain components from them (for example, as happened with the LIFO method) in case of changing the needs of users of accounting information, or vice versa – by expanding them, through the inclusion of new components from the accounting methodology, which is chosen by the enterprise, is fixed by the order on the accounting policy.

7. The identified problem of disclosing information in the reports of socially responsible companies about significant risks, their consequences and opportunities, their quantitative measurement (assessment) and impact factors is due to the inability of the enterprise information system (including integrated) to provide the necessary information. Also the reason for this is an improper organized management system in

general and/or risk management system in particular. Regarding socially-oriented business risks, it has been concluded that only a small number of surveyed companies noted such information in their reports (public, social, personnel, environmental risks, corruption risk, etc.) and this indicates a low/insufficient level of corporate social responsibility of certain enterprises.

Prospects for further research are to solve the problem of integration of all systems of company to create the most effective integrated information system of the business entity, which will provide a high level of business management and satisfy the interests of stakeholders.

8. In the context of the hybrid war that continues in Ukraine, measures are being taken at the state level to ensure information security. However, enterprises should also take measures to protect information that, if leaked, could harm them. A significant part of such information is generated precisely in the accounting system, and taking into account the peculiarities of its organization in modern conditions, this happens using information and computer technologies.

Illuminating the peculiarities of information security in a hybrid war, one should define concepts such as information security and cybersecurity, which are often used as synonyms. We believe that cybersecurity should be considered as an extension of information security, it also provides the protection of an enterprise that uses resources in cyberspace and the protection of any other assets, including those belonging to the enterprise, that are at risk due to the use of information and computer technologies. Information security and cybersecurity intersect precisely in terms of the use of information and computer technologies.

Information, technologies and reputation may be at risk of a cyberattack, which is actually discovered through such objects as: personal information, financial documents, business plans, new business ideas, marketing plans, product design and etc.

In summarizing the research of scientists at the state level, the main tasks that reduce the threats posed by the use of software include: 1) improving security control of systems by implementing security analysis technologies, first of all, penetration testing; 2) enhancing software security controls by implementing code security auditing technologies; 3) development of technologies for the functioning of systems in the presence of threats associated with the use of untrusted software products. Performing these tasks allows you to identify malware and their subsequent inclusion in the sanction list, which is an important preventive measure to prevent cyberattacks in the conditions of hybrid war. Thus, in a hybrid war, we find it inappropriate to use

cloud-based accounting and reporting software for large and medium-sized enterprises. Such programs can only be used by small businesses for which it is essential to reduce the level of hardware and software costs.

That is why we believe that the protection of accounting information, a significant portion of which is stored electronically today, should be undertaken using the following measures: 1) logical security (risk identification; consideration of providing information security of the enterprise as part of corporate culture); 2) physical security (data encryption; physical protection of technical support).

Management rarely pays much attention to protecting accounting information against cyberattacks. However, recent events that have taken place in Ukraine in the context of hybrid war have shown a high level of information threats, which can be reduced at the enterprise level through the implementation of these measures.

9. The US experience shows that the development of entrepreneurship among veterans has a positive effect on their adaptation to civilian life, the country's economy, creates new jobs and increases the social welfare. This can be useful for Ukraine only in conditions of overcoming the economic crisis, implementing and ensuring guarantees of transparency of the competitive environment and investment attractiveness. In the future, it is necessary to promote the image of veterans, to perceive them as heroes for society and valuable personnel for the state. One of the effective ways to realize the labor potential of veterans (participants in hostilities) in the near future is the development of franchising and the search for new ways to support. Self-employment, involvement of veterans in entrepreneurial activity can be not only an effective tool for their adaptation to civilian life, but also become a powerful catalyst for socio-economic changes.

Social franchising becomes effective and efficient so as to undo growth and employment generation possibilities. Applying resource scarcity and agency theories to concept of social franchising has allowed to develop important conceptual insights. Based on the results of study conducted the following key motives were identified. Firstly, access to resources (capital, managerial expertise, and local knowledge) is a key motivation for social franchising. When choosing franchising as route of employment mentioned above reason makes it possible for veterans to increase their own self-confidence, training opportunities, and professional networking with other parties, especially valuable to raise sense of social responsibility. Given the lack of veteran's business experience, this support from the franchisor is crucial and dramatically increases the prospects of success for the potential franchisee.

Consequently, the franchisor does not need to spend a significant amount of money and other capital on research and development, market analysis, architecture, engineering, etc. to create a new product or service, without generating any profit. Second, it is unlikely that social venture franchisors will re-integrate outlets in their ownership structure over time. Third, social enterprise franchises are likely to result in higher procurement costs, because franchisees are companies rather than individuals, and franchisors are judged for their ability to accomplish both social and economic goals.

The results of this research will enable a wide variety of stakeholders involved in franchising, including the government, the private sector and local authorities, to improve the general awareness and knowledge of franchising, in particular social franchising. It allows analysts and scholars to pursue more work in market growth who would be involved in social franchises in the future.

Future work may benefit from exploring how different business model modifications and their success in terms of social and commercial missions differ in both the structural framework and the role of the social actor.

10. Today for enterprises-recipients of social investments it is important to develop and implement a venture finance management system based on proper accounting and analytical support, which will contribute to the sustainable development of such an enterprise or successful implementation of a social project and ensure maximum efficiency of social investment of recipient.

Thus, the use of the principles of social entrepreneurship on the basis of venture philanthropy forms an interesting approach to the implementation of charitable activities and achieve the greatest social effect. This type of charity for Ukraine today, taking into account the unresolved military conflict in eastern Ukraine, could be an alternative solution in finding socially active investors who want to help servicemen from military conflict sites, families of the wounded and dead in the Anti-Terrorist Operation (ATO) zone and Joint Forces Operations (JFO), because under such conditions there is not only the attraction of much-needed financial resources, but also the experience of investors, their time, reputation, personal and professional contacts. This, in turn, makes it possible to achieve a much broader impact in solving the most important social problems of Ukrainian society today.

11. The vast majority of currently existing studies regarding the phenomenon of venture capital business are focused on the macroeconomic and financial aspects of the venture industry, in particular, issues of venture financing, venture investment are

considered, and the features of the functioning and transformation of the activities of venture industry entities (venture enterprises, start-up companies, business angels, asset management companies, domestic and foreign venture investors) are examined. At the same time, almost no attention is paid to information support of the activities of venture enterprises and start-up companies. Since they are ordinary enterprises that carry out innovative developments and market innovative products, and on the other hand, to ensure their effective activity, it is necessary to develop a new transformed accounting and analytical support system that takes into account the specific features of venture capital enterprises (high level of risk, intensive attraction and use of intellectual capital, the possibility of obtaining super-profits / high probability of bankruptcy, the use of specific assets, etc.).

Thus, the solution of the issues of information support development of the process of creating innovative infrastructure and attracting venture investments in the innovative activities of business entities by domestic and foreign investors is extremely important for any state, which has the goal of steady and sustainable development, ensuring its national security, and complying with international advanced concepts of economic development of the country.

12. Analyzing the major trends of SRI both globally and in Ukraine, considering the hybrid war in the East, it was found that in addition to criteria such as profitability, liquidity and risk, another one is sustainable development. The authors suggest performance indicators for the 16th goal at the company level. The achievement of the goal should be based on the principles of sustainable development, inclusion in the general context of reforming Ukrainian society, harmonious reintegration of the affected territories and their population into the all-Ukrainian socio-economic, socio-political and legal space.

13. The study of theoretical approaches to the economic analysis of venture financing of innovative enterprises in modern conditions will provide an opportunity to determine the efficiency of obtaining information by management staff regarding the availability, state and composition of the attraction of this type of financing. Taking into account the lack of a comprehensive methodology for economic analysis of venture financing of innovative enterprises and the importance of its availability and efficiency in the enterprise, a step-by-step methodology of economic analysis of venture financing at the innovation enterprise has been suggested, which involves the implementation of a general assessment of the financial state of the innovation enterprise and an in-depth analysis of venture financing at the enterprise. At the stage

of carrying out a general assessment of the financial state of the innovation enterprise it has been suggested to carry out: 1. Analysis of the economic potential of the innovative enterprise. 2. Analysis of the development and performance of the innovative enterprise. 3. Analysis of the probability of insolvency and bankruptcy. Conducting in-depth economic analysis of venture financing in the company depends on the management's decision. The procedure of in-depth analysis of venture financing has been suggested, which involves assessing the availability and state of venture capital, conducting factor analysis of the profitability of own and borrowed venture capital, analyzing the impact of the amount of used venture financing on total profit by constructing multiple regression, analyzing the effectiveness of a venture investment project.

The ultimate performance of an innovative business depends on its ability to effectively use financing of venture investors. In the process of in-depth analysis of venture financing, much attention should be paid to factor analysis of the effectiveness of its use. Factor analysis of the efficiency of the use of venture financing of innovative enterprises determines the need to identify the direct factors that affect it. The efficiency of using venture capital depends on many factors, in particular, on external factors such as the general economic situation in the country, the level of targeted financing, interest rates on loans, etc. It is also important to analyze the impact of the level of venture financing of innovative enterprises on the financial result of operating activities by constructing multiple regression, since the ultimate operating performance of any business entity depends on its ability to effectively use available financial resources that are involved by venture financing, which occupies a significant place in the financing of risky innovation projects.

14. The analysis carried in the study revealed that the activities of startup companies, which are characterized by a high level of innovation, are under the constant influence of a significant number of economic risks. To ensure the effectiveness of innovation risk management, it is suggested to form and use a number of accounting reserves.

Suggested accounting reserves of startup companies (mandatory reserve capital, reserve capital of startup companies; guarantee service fund of innovative activities; fund of social development of innovative activities; fund of material incentives in innovative activities; fund for other needs of innovative activities; reserve of leave for employees, engaged in the manufacture and promotion of innovative products (works, services), the reserve of doubtful debts incurred in the course of innovative

activities) are means of influencing the risks of its activities and means of minimizing (neutralizing) the negative consequences of risks that have already occurred.

An important aspect concerning the formation of reserves in startup companies is the creation of only those collateral (funds) that are really necessary for the continuation and development of innovative activity (this does not apply to required reserves, which are allowed by current legislation), namely minimize the impact of negative consequences of risks.

15. The study outlines the problematic issues of key economic and social transformations in the country, in the context of this the own vision of approaches to comprehensive reform of the national economy in the contour of counteracting the negative consequences of hybrid war has been proposed. The arguments about the importance of the implementation of the tool «Green card for doing business in Ukraine» have been presented. The positive impact of the implementation of the proposed provisions in the field of customs, monetary, land, medical, accounting and fiscal reforms on business conditions, investment climate and purchasing power of the population has been substantiated, which allows for a substantial increase in the country's happiness index and strengthen the population's immunity from aggressor propaganda.

In order to reduce the social tension among the population, a number of measures have been proposed to address the problems of social policy towards the members of the families of fallen servicemen in the ATO/JFO area. In particular, the analyzed practice indicates that the mechanism of obtaining the status of a member of the family of a fallen serviceman in the ATO/JFO area is not sufficiently developed. The list and procedure for submission of documents for obtaining the status of a family member of a deceased, dead (missing person) while participating in ATO/JFO have been presented. The recommendations on amendments to the regulatory documents for taking into account the disclosed proposals have been given.

In order to increase the effectiveness of the existing system of benefits and compensations for the members of the families of fallen servicemen, it has been proposed to establish a clear procedure for out-of-competition admission of children of fallen servicemen in the educational establishments, and to provide them with psychological assistance at the local level. In order to strengthen control over the implementation of social benefits, in particular to members of the families of fallen servicemen, the expediency of introducing electronic registration of benefits and compensations has been substantiated.

16. Despite the existence of state programs and privileges in Ukraine aimed at supporting veterans, there are a number of obstacles to their implementation. The current state of legislative regulation of charity in Ukraine does not ensure access of people to charitable assistance and does not ensure observance of the right to social protection and support, health care, safe life and health, etc. The low level of business stimulation for volunteering or targeted charity reflects the lack of such activity at some of Ukraine's largest enterprises. An analysis of the status of provision by material assistance to combatants and members of their families pointed out the need to develop new directions of business stimulation or increase the number of state programs to support citizens who protect the territorial integrity of Ukraine. The directions of improvement of the tax system in the part of VAT have been suggested by introducing a number of privileges, such as: allowing to include in the tax credit on VAT amounts paid by business entities to suppliers when purchasing services, which will later be transferred in the form of charitable assistance to ATO/JFO participants; not to include VAT in the price of goods, works, services purchased by participants ATO/JFO or members of the families of deceased ATO/JFO participants.

The study developed an alternative model of simplification of administration of a single social contribution, personal income tax and military levy for individual-entrepreneurs in Group 2 in the simplified tax system during employment of ATO/JFO veterans. The quintessence of the new model implies the existence of a special official state website, through which entrepreneurs will be able to enter data on hired workers and receive bills for PIT, military levy and SSC. Verification of the paid bill is a universal check, which will serve as the only necessary proof of official employment of the employee and will be a substitute for all other documents, including tax statements, which will significantly increase the level of economic freedom and will facilitate the process of detenzation of salaries.

17. In the framework of the pilot project, this model could only concern the employment of the ATO/JFO veterans. Subsequently, the proposed simplified procedure may cover all, without exception, employees whose employers are individual-entrepreneurs in Group 2 in the simplified tax system. The reason for the special emphasis in the study on the simplified system of taxation within Group 2 was that this category of entrepreneurs plays an important role in the economic processes of the country, in addition, independently employing themselves and up to ten other people, fill the budget and do not apply for the state unemployment assistances.

The study also did not ignore the problematic issues of the productive relationship between the state, commercial and non-profit sectors of the economy. As a result, own vision of setting priorities for intersectoral partnerships is consistent with the concept of social responsibility and specific legislative changes have been proposed, in particular, in the Tax Code of Ukraine, which will reduce unemployment among ATO/JFO veterans and remove obstacles to providing charitable assistance to veterans, their families and internally displaced persons.

18. The research explores social capital and its impact on economic development. The interdependence of GDP per capita and trust level as an element of social capital has been analyzed. The correlation between trust and GDP per capita in 43 countries has been reflected. World Values Survey (WVS) was used to obtain empirical trust data. To determine the relationship between confidence level and GDP per capita, the correlation model was built. The result suggests that trust serves as a tool in assisting the economic growth and company's value. Corporate Social Responsibility has been identified as a key tool for generating social capital and increasing trust in the enterprise. CSR defines the parameters of corporate governance, which promotes the trust of contractors of all levels and improves the efficiency of the activity of the enterprise. Trust creates conditions for a willingness to act together, which can be seen as an indicator of trust measurement. The result suggests that trust serves as a tool in assisting economic growth and company value. The problem of economic development is particularly acute for countries with fragile economies. To solve the problem, it is critically important to identify the resources that will be essential for economic and social development and to evaluate the non-economic factors of development.

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