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Legal and Corporate Social Responsibility of Business Entities: Ukrainian and European Aspects

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ABSTRACT

In the current context of European integration, the problem of harmonizing Ukrainian legislation with European standards is of particular importance. Legal responsibility of business entities is one of the significant categories of legal relations that determine the effectiveness of the state's economic system and ensure the protection of the rights of participants in economic relations. The topicality of the study is due to the fact that the national legal system has to be brought in line with EU standards, which, in turn, implies the thorough analysis of the mechanisms of corporate responsibility and their adaptation to the European principles. The process of bringing together Ukrainian and European legislation in the sphere of entrepreneurship is a complex scientific phenomenon. The purpose of the study is to analyze the legal mechanisms of legal and corporate social responsibility of business entities in Ukrainian and European legislation to determine the directions of their harmonization and improvement of the national legal system. The study has shown that there are significant differences between the Ukrainian and European legal regulation of corporate responsibility. The need to optimize the mechanisms of economic responsibility and include the principles of sustainable development into the State legislation for the effective convergence of the legislation has been identified. The study shows that successful adaptation of the Ukrainian legislation to the European standards in the field of corporate responsibility requires a systemic approach and includes the modernization of legal institutions, the introduction of new forms of corporate responsibility, as well as the implementation into the national legal system of international principles on their responsibility.

KEYWORDS

legal liability, corporate liability, convergence, adaptation, implementation, harmonization, business entities, legal entities, civil liability, tort liability, business partnership, obligations.



СОЦІАЛЬНИЙ РОЗВИТОК: економіко-правові проблеми

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Юридична та корпоративна соціальна відповідальність суб'єктів підприємництва: український та європейський аспект

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СТАТТЯ

АНОТАЦІЯ

Дослідницька

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У сучасних умовах євроінтеграційних процесів проблема гармонізації українського законодавства з європейськими стандартами набуває особливої актуальності. Юридична відповідальність суб'єктів підприємництва є однією зі значущих категорій правовідносин, що визначає ефективність функціонування економічної системи держави та забезпечує захист прав учасників економічних відносин. Актуальність дослідження зумовлена тим, що національну правову систему необхідно привести у відповідність до стандартів ЄС, що своєю чергою, передбачає ґрунтовний аналіз механізмів корпоративної соціальної відповідальності та їх адаптацію до європейських принципів. Процес зближення українського та європейського законодавства у сфері підприємництва є складним науковим явищем. Метою дослідження є аналіз правових механізмів юридичної та корпоративної соціальної відповідальності суб'єктів підприємництва в українському та європейському законодавстві для визначення напрямків їх гармонізації та вдосконалення національної правової системи. Дослідження показало, що між українським та європейським правовим регулюванням корпоративної соціальної відповідальності існують суттєві відмінності. Визначено необхідність оптимізації механізмів економічної відповідальності та включення принципів сталого розвитку до державного законодавства для ефективної конвергенції законодавств. Дослідження показує, що успішна адаптація українського законодавства до європейських стандартів у сфері корпоративної соціальної відповідальності вимагає системного підходу та включає модернізацію правових інститутів, впровадження нових форм корпоративної соціальної відповідальності, а також імплементацію в національну правову систему міжнародних принципів щодо їхньої відповідальності.

КЛЮЧОВІ СЛОВА

юридична відповідальність, корпоративна відповідальність, конвергенція, адаптація, впровадження, гармонізація, суб'єкти підприємницької діяльності, юридичні особи, цивільно-правова відповідальність, деліктна відповідальність, господарське товариство, зобов'язання.

1. Introduction

The current stage of development of the Ukrainian state is characterized by the intensification of the processes of European integration, which requires the harmonization of national legislation with the legal standards of the European Union. In this regard, the issue of legal responsibility of business entities is of particular importance, since the effective functioning of the state economic system is directly related to the level of legal regulation of economic relations and the mechanisms for ensuring the responsibility of their participants.

The transformation of the Ukrainian legal system against the background of European integration involves a complete rethinking of traditional approaches to the regulation of entrepreneurial activity and the introduction of new standards of corporate social responsibility. This is due not only to political and economic factors, but also to the objective need to create a favorable investment climate and competitiveness of the national economy in the European market.

Jurisprudence as a science is designed to provide a theoretical justification of the processes of legal convergence and to develop practical recommendations for improving the mechanisms of legal and corporate social responsibility in the field of entrepreneurship. A comparative analysis of Ukrainian and European legislation allows us to identify both common trends in the development of legal systems and specific features of national legal regulation that require adaptation to international standards.

2. Literature Review

The issue of adaptation of Ukrainian corporate legislation to European standards is studied in detail in the work of I. Horodyskyy et al. [1, p. 58], where the authors analyze the main directions of harmonization of legal norms. V. Korol, O. and Nebyltsova [2, p. 170] consider the convergence of EU and Ukrainian legislation on the criteria for classifying sustainability reporting entities, which has a direct impact on the formation of a system of corporate social responsibility.

The legal status of business entities in Ukraine in the context of changes in the current legislation is analyzed by Y. M. Yurkevych, and M. Z. Vovk [3, p. 25], emphasizing the need to modernize legal regulation. O. Kurepina [4, p. 35] examines the legal regime of stimulating economic activity through the prism of the convergence of Ukrainian legislation with EU law based on the Sustainable Development Goals.

The implementation of EU acts in the field of capital markets in Ukrainian legislation is considered by Y. O. Koval [5, p. 42], which is important for understanding the mechanisms of legal responsibility in the financial sector. I. Timoshenkov et al. [6, p. 18] analyze the institutional foundations of Ukraine's transition to a green economy, which affects the formation of new standards of corporate social responsibility.

The modernization of EU legislation on the reporting of economic entities on sustainable development is studied by V. Korol, and O. Nebyltsova [7, p. 40], which is directly related to the issues of corporate social responsibility. M. V. Danylova et al. [8, p. 15] consider international principles and standards of labor law as a basis for improving the labor legislation of Ukraine.

The legal regulation of economic responsibility in accordance with the legislation of Ukraine is analyzed in detail by S. O. Nishchymna, and T. S. Andrushchenko [9, p. 43], which is directly relevant to this study. V. Cherneha [10, p. 12] examines the mechanism of legal regulation of tort obligations of business entities in Ukraine.

The important role of comparative legal research is emphasized by M. Z. Islam, and M. Uddin [11, p. 35], which substantiates the methodological approach of this work. S. Mancuso [12, p. 8] considers legal landscapes in the context of the semiotics of law. G. A. Mashkurov [13, p. 20] analyzes legal monitoring of the implementation of legislative acts through the prism of comparative legal analysis. I. Vuletic [14, p. 30] presents an overview of the Croatian model of corporate criminal liability after 20 years of practice, which allows us to evaluate European approaches to the regulation of business liability. The legal provision of information security of legal entities in accordance with Lithuanian and Ukrainian legislation is studied by M. Pleskach, and I. Tumasoniene [15, p. 18], which expands the understanding of the mechanisms of corporate social responsibility in the information sphere. V. V. Anatiichuk [16, p. 135] analyzes the peculiarities of the legal regulation of general and limited

partnerships in Ukraine and European countries, which is important for understanding various forms of entrepreneurial responsibility. I. V. Bushuieva et al. [17, p. 8] consider the aspects of the analysis of Ukrainian legislation regulating the production of veterinary drugs, demonstrating the sectoral features of legal regulation.

The issue of legal responsibility of social service providers under the legislation of Ukraine is considered by P. D. Pylypenko, and S. M. Synchuk [18, p. 55], which expands the understanding of the scope of application of the principles of entrepreneurial responsibility. D. Luchenko et al. [19, p. 25] investigate the implementation of the principles of open science in Ukrainian legislation through European experience and national characteristics, which demonstrates the complexity of the processes of legal harmonization.

According to the "Association Agreement between Ukraine and the EU", on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand [20, p. 293, 422]: "The Parties shall make efforts to facilitate trade in goods to promote sustainable development, in particular goods that are subject to "fair and ethical trade", as well as those related to the principles of corporate social responsibility and accountability."

The Parties promote the establishment of corporate social responsibility and accountability, as well as encourage socially responsible economic activities.

The Commission, within the framework of A renewed EU strategy 2011-2014 for Corporate Social Responsibility [21, p. 6], proposes a new definition of CSR (corporate social responsibility) as "the responsibility of enterprises for their impact on society". Compliance with current legislation and collective agreements between social partners is a prerequisite for the fulfillment of this responsibility. To fully fulfill their corporate social responsibility, businesses must implement a process of integrating social, environmental, ethical, human rights and consumer issues into their business activities and core strategy, in close cooperation with their stakeholders.

According to Kolohoida et al. [22, p. 296, 299]: "Corporate Social Responsibility is aimed at fostering a responsible attitude of enterprises to their social duties, educating corporations in a responsible attitude to their social duties while maximizing corporate profits, including achieving an important social effect. According to the authors, "CSR has a mutual impact on other types of liability: on the one hand, the law defines the rules of conduct that the corporation is obliged to follow; On the other hand, legal regulations are designed to ensure the profitability of the company and establish environmental and basic ethical standards."

At the same time, Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 [23] details the reporting requirements for business entities on sustainable development, which has a direct impact on corporate responsibility standards in the EU. This document serves as a basis for harmonization of the national legislation of the Member States with the European principles of sustainable development.

3. Problem Statement

The current stage of Ukraine's development is characterized by intensive processes of European integration, which necessitate a fundamental rethinking of the system of legal responsibility of business entities. The Ukrainian legal system, formed in the context of post-Soviet transformation, needs comprehensive modernization to bring it in line with European standards of legal regulation of economic relations.

The problem is that there are significant differences between the Ukrainian and European approaches to the regulation of corporate social responsibility, which can create obstacles to the effective integration of the national economy into the European economic space. The lack of uniform standards of responsibility causes legal uncertainty, reduces the business attractiveness of Ukraine and the process of doing business for foreign investors.

Of particular relevance in this regard is the need to create effective mechanisms for harmonization of national legislation with European legislation in the field of corporate social responsibility. It is not only about the issue of formal compliance of regulations with European directives, but also about the development of an effective law enforcement system that will ensure real convergence of legal systems and promote the development of entrepreneurship in Ukraine.

The scientific problem of the study is the lack of a comprehensive comparative analysis of the mechanisms of legal responsibility of business entities under Ukrainian and European legislation, which does not allow for formulating reasonable recommendations for improving the national legal system and its harmonization with European legislation.

4. Methods and Materials

The purpose of the study is to analyze the legal mechanisms of legal and corporate social responsibility of business entities in Ukrainian and European legislation to determine the directions of their harmonization and improvement of the national legal system.

This goal corresponds to the relevance of European integration processes and the need to bring Ukrainian legislation in line with European standards. There are several approaches to understanding the relationship between corporate and legal responsibility. 1) Corporate responsibility includes both legal and social components. Corporate responsibility is a complex category that goes beyond the purely legal field. 2) Corporate responsibility and legal responsibility as parallel but interrelated categories. This approach emphasizes that corporate responsibility is neither completely legal nor exclusively social.

The study applied a mixed approach to the analysis of the ratio of corporate and legal responsibility of business entities, which made it possible to take into account both legal and broader socio-economic aspects of this category. The first approach, which is considered in the work, treats corporate responsibility as an integrated concept that includes both legal and social components. This interpretation goes beyond purely legal regulation, encompassing the responsibilities of business to society, reflecting modern requirements for sustainable development and corporate social responsibility. The second approach, which is also reflected in the analysis, considers corporate and legal responsibility as parallel but interrelated categories. This view emphasizes that corporate responsibility is not limited only to legal obligations or exclusively to social initiatives, but is formed on the basis of their complementarity. Such a mixed methodological approach provided a comprehensive understanding of the phenomenon of responsibility in the context of harmonization of Ukrainian legislation with European standards, contributing to the development of balanced recommendations for its improvement.

The relevance of the disclosure of this topic is due to a number of factors. Firstly, the processes of European integration imply the need to bring national legislation to European standards, and this is impossible without a deep understanding of the mechanism of legal convergence. Secondly, the successful operation of the economic system of Ukraine requires the development of an effective system of legal responsibility of business entities, which will contribute to attracting investments and business development. Thirdly, the practical significance of the presented study lies in the possibility of using the results of the study to improve the current legislation and legal doctrine in the field of responsibility in business.

5. Results and Discussion

The analysis of Ukrainian and European legislation in the field of legal responsibility of business entities shows that there are significant differences in approaches to legal regulation. The article by I. Horodyskyy et al. [1, p. 60] presents the idea that the adaptation of Ukrainian corporate legislation to European norms implies systemic changes in the mechanism of corporate social responsibility. The authors note that it is necessary to develop consolidated approaches to the regulation of responsibility, which will ensure the effective integration of the national economy into the European space.

The interaction of Ukrainian and European legislation, considered by V. Korol, and O. Nebyltsova [2, p. 172], is especially pronounced in the field of sustainability reporting, which has a direct impact on the development of new standards of corporate social responsibility. These authors support the need to harmonize the criteria for classifying reporting entities to comply with the European principles of transparency and accountability.

In order to systematize the main directions of adaptation of Ukrainian legislation to European standards in the field of corporate social responsibility, it is advisable to analyze the features of important elements of legal regulation.

To assess the level of harmonization of Ukrainian and European legislation in terms of legal responsibility of business entities, it is advisable to use a comparative approach to conduct a comparative analysis of key aspects of legal regulation. In particular, it would be useful to systematize the differences in approaches to corporate social responsibility, sustainability reporting, economic responsibility, and tort liability regulation. Such an analysis allows for the identification of the main gaps in national legislation and assesses the priority areas of its alignment with European standards. The comparative cumulative characteristics presented in Table 1 give an idea of the current state of comparative convergence in legal systems and indicate areas that require priority reforms.

Table 1. Comparative characteristics of the mechanisms of legal responsibility of business entities

Comparison criterion	Ukrainian legislation	European legislation	Degree of convergence
Corporate Social Responsibility	Fragmented adjustment	Integrated approach	Low
Sustainability reporting	Partial implementation	Mandatory standards	Medium
Economic responsibility	Traditional mechanisms	Innovative approaches	Low
Tort obligations	Classic adjustment	Extended interpretation	Medium

Source: Developed based on [1-4].

As shown in Table 1, the greatest differences are observed in the field of corporate social responsibility and economic responsibility, which require priority measures to harmonize national legislation.

The results of the comparative analysis presented in Table 1 confirm the need for a comprehensive modernization of Ukrainian legislation to bring it in line with European standards. Fragmentation of corporate social responsibility regulation and the use of traditional mechanisms of economic responsibility are obstacles to Ukraine's effective integration into the European economic space. At the same time, the partial implementation of sustainability reporting standards shows some progress, but needs further improvement. In the area of tort obligations, the average level of convergence provides opportunities for adaptation through the assimilation of European experience. Thus, the results of the analysis are a call for targeted reforms in order to fully converge legislation and increase the competitiveness of the national economy.

The legislation of Ukraine provides for the main types of liability of business entities: administrative, criminal and civil, which are contained in the Code of Ukraine on Administrative Offenses, the Criminal Code of Ukraine and the Civil Code of Ukraine, respectively. At the same time, within the framework of this study, considerable attention is paid to corporate, economic and environmental responsibility, which characterize modern challenges and features of the regulation of entrepreneurial activity. Corporate social responsibility, in this sense, refers to the obligations of legal entities to the law and society, which overlap in part with civil liability, but focus on internal management and reporting systems. Economic liability refers to traditional mechanisms of compensation for damages, which is related to the norms of civil law, but also has new approaches characteristic of European standards.

The legal status of business entities in Ukraine, studied by Y. M. Yurkevych, and M. Z. Vovk [3, p. 27], is characterized by dynamic changes that reflect the general trends in adaptation to European standards. The authors emphasize the need to modernize approaches to determining the legal status of various organizational and legal forms of entrepreneurship to ensure their compliance with European principles.

O. Kurepina [4, p. 37] examines the legal regime of stimulating economic activity through the prism of the convergence of Ukrainian legislation with EU law based on the Sustainable Development Goals. This study demonstrates that the effectiveness of mechanisms of legal stimulation of entrepreneurship directly depends on the degree of harmonization of national norms with European standards of corporate social responsibility.

For a visual representation of the process of adaptation of Ukrainian legislation to European standards, it is advisable to consider the structural model of this process, shown in Figure 1.

For a systematic understanding of the process of harmonization of Ukrainian legislation with the standards of European legislation in the field of legal responsibility of business entities, it is necessary to take into account the stages of adaptation of the national legal system. This is a complex procedure that includes several tasks implemented sequentially to analyze, compare and optimize legal

regulations. The rational chain of actions in the structural adaptation model, as described in Figure 1, can be considered as the reason for the successful approximation of Ukrainian legislation to the European one and the creation of a favorable legal environment in which business activities can be carried out.

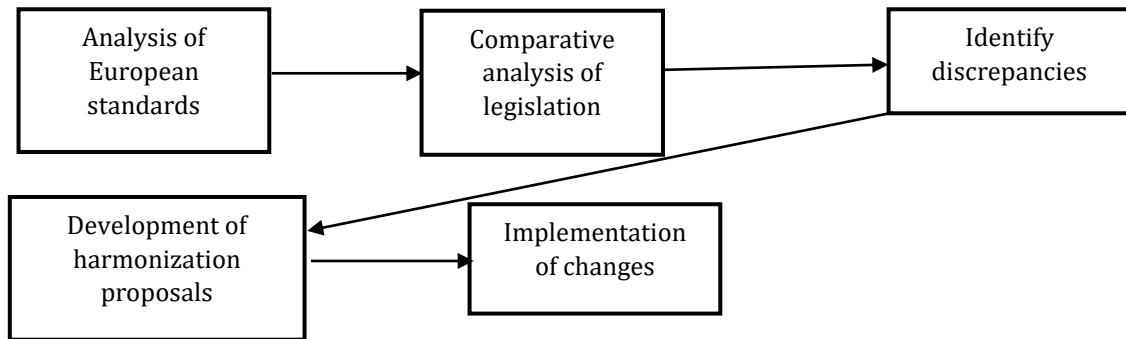


Figure 1. Adaptation of Ukrainian legislation to European standards of the structural model

Source: Author's development.

The process of adaptation of Ukrainian legislation, as can be seen from Figure 1, is systemic and involves the sequential passage of all phases from the analysis of European standards to the implementation of changes in the national legal system in practice.

Figure 1 shows a systemic model of harmonization of Ukrainian legislation, consisting of five stages: from the analysis of European standards to the practical implementation of changes. Each step also has its own meaning; in particular, an important comparative analysis allows you to understand the differences between national and European approaches to the regulation of legal liability, and the creation of proposals for harmonization is the basis for the development of an effective legal mechanism. Such a structured model guarantees the consistency and complexity of the adaptation process, which is of great importance for the successful integration of Ukraine into the European legal and economic space.

The implementation of EU acts in the field of capital markets in the Ukrainian legislation, studied by Y. O. Koval [5, p. 44], is of particular importance for understanding the mechanisms of legal responsibility in the financial sector. The author emphasizes that the priority areas of adaptation include the creation of effective mechanisms for supervision and control over the activities of financial institutions, which requires the improvement of the system of their legal responsibility.

The institutional foundations of Ukraine's transition to a green economy, analyzed by I. Timoshenkov et al. [6, p. 20], demonstrate the need to form new standards of environmental responsibility of business entities. The study shows that an effective transition to sustainable development requires a radical rethinking of traditional approaches to corporate social responsibility.

For a better understanding of the mechanisms of harmonization of Ukrainian legislation in the field of legal responsibility of business entities with European standards, it is necessary to classify the types of main liability and assess the level of their compliance with European standards. The analysis of civil, administrative, criminal and environmental liability makes it possible to determine the level of readiness of the national legal system for integration into European approaches. Such a classification, which is reflected in Table 2, demonstrates the status quo of the regulation of various types of legal liability in Ukraine and future expectations for their harmonization with EU norms, which is valuable for formulating specific reforms.

Table 2. Classification of types of legal liability of business entities

Type of responsibility	Ukrainian regulation	European standards	Prospects for harmonization
Civil law	of the Civil Code of Ukraine	EU Directives	High
Administrative	Code of Administrative Offenses	EU regulations	Average
Criminal	of the Criminal Code of Ukraine	Framework solutions	Low
Environmental	Special legislation	EU Green Deal	High
Corporate	Association Agreement	EU Directive	High

Source: Developed based on [5-9].

Table 2 shows the different degree of readiness of certain types of legal responsibility for harmonization with European ones. Civil and environmental liability has great potential for adaptation due to the compliance of the principles of the Civil Code of Ukraine with European directions and the intensive development of special legislation in the context of the EU Green Deal. In turn, administrative liability, which requires harmonization of the provisions of the Code of Administrative Offenses with EU regulations, has an average chance. The greatest difficulties are related to criminal liability, in which the lack of convergence is explained by differences between the national norms of the Criminal Code of Ukraine and the EU framework decisions. Thus, the results of the classification emphasize the need for a differentiated approach to reforming legal regulation in order to ensure effective legal convergence.

Although environmental responsibility is regulated by special legislation, it has common features with administrative and civil liability, but it is aimed at implementing the principles of sustainable development (including the EU Green Deal). This connection brings to the fore the need to expand and change the legal framework in such a way that there is a holistic approach to the harmonization of legislation.

Modernization of EU legislation on reporting of economic entities on sustainable development, studied by V. Korol, and O. Nebyltsova [7, p. 42], has a direct impact on the formation of new standards of corporate social responsibility. The authors substantiate that the implementation of ESG principles in corporate governance requires a radical rethinking of traditional approaches to the legal responsibility of business entities.

International principles and standards of labor law as a basis for improving the labor legislation of Ukraine are considered by M. V. Danylova et al. [8, p. 17]. The study demonstrates that the harmonization of labor legislation with European standards requires improving the mechanisms of responsibility of employers for violation of labor rights of employees.

The legal regulation of economic responsibility under the legislation of Ukraine is analyzed in detail by S. O. Nishchymna, and T. S. Andrushchenko [9, p. 45]. The authors emphasize that the current system of economic responsibility needs to be significantly improved to bring it in line with European standards of effectiveness and proportionality of sanctions.

For a proper analysis of the legal responsibility of business entities, it is important to consider such responsibility as a systemic category that combines different types of responsibility into a single logical structure. This system is based on a regulatory system and covers civil, administrative and criminal liability, which are gradually implemented through special mechanisms. Figure 2 presents a systemic model of legal responsibility, which represents the relationship between the main components and demonstrates the consistency of its functioning in the context of harmonization of Ukrainian legislation with European standards.

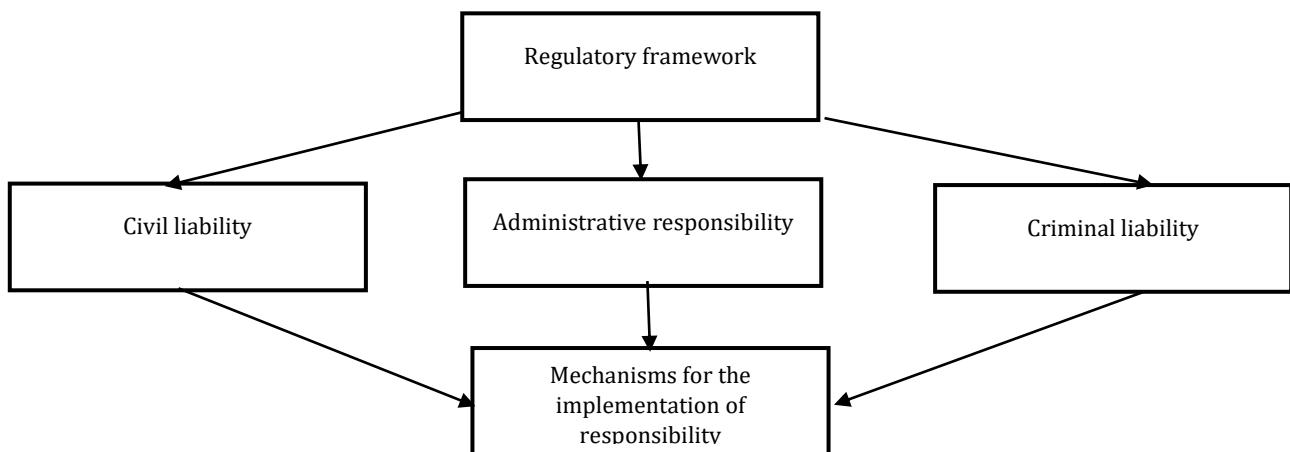


Figure 2. System model of legal responsibility of business entities

Source: Developed based on [10; 11].

Figure 2 shows a comprehensive approach to understanding the legal responsibility of business entities, where the regulatory framework is the basis for civil, administrative and criminal liability, which are ultimately implemented through effective mechanisms. Such a structure emphasizes the need for consistency of legal norms with practical means of their application, which is important for the adaptation of national legislation to European standards. The system model shows that the

improvement of each of the components – from the level of the regulatory framework to the implementation mechanisms – contributes to increasing the efficiency of legal regulation and the fair functioning of entrepreneurial activity in the context of Ukraine's integration into the European economic space.

The mechanism of legal regulation of tort obligations of business entities in Ukraine, studied by V. Cherneha [10, p. 14], demonstrates the specific features of the national approach to the regulation of non-contractual liability. The author emphasizes the need to modernize legal mechanisms to ensure their compliance with European principles of fair compensation for damages.

The importance of comparative legal research, substantiated by M. Z. Islam and M. Uddin [11, p. 37], emphasizes the methodological importance of comparative analysis for understanding the processes of legal harmonization. The authors emphasize that effective adaptation of national legislation to international standards is impossible without a deep comparative analysis of different legal systems.

To ensure effective harmonization of the legal frameworks of Ukraine and European models in the field of legal responsibility of enterprises, a clear action plan should be developed, the implementation of which should be organized in stages. This procedure should be organized and will include activities such as the preparation, development of regulatory changes, their practical implementation and continuous monitoring of their effectiveness. The stages of implementation given in Table 3 make it possible to determine the main measures, expected results and deadlines of implementation that will contribute to the successful approximation of the national legal system to European requirements.

Table 3 demonstrates a step-by-step approach to the implementation of European standards, which ensures the consistency and effectiveness of the process of legal adaptation in the field of entrepreneurial responsibility. The monitoring phase, which is of an ongoing nature, assesses the effectiveness and possibility of policy change. Such a structure emphasizes the importance of uniformity in the implementation of reforms to achieve stable integration of Ukraine into the European legal space.

Table 3. Stages of implementation of European standards of entrepreneurial responsibility

Stage	Main activities	Expected results	Implementation period
Preparatory	Analysis of current legislation	Gap detection	6 months
Legislative	Development of amendments to legislation	Draft regulations	12 months
Implementation	Adoption and enactment	Updated legal framework	18 months
Monitoring	Performance control	Evaluation of results	Constantly

Source: Developed based on [12–15].

The data in Table 3 demonstrate a step-by-step approach to the implementation of European standards, which ensures consistency and predictability of the harmonization process. The preparatory stage of 6 months involves the identification of gaps in the current legislation, and the stage of development of legislative acts lasting 12 months forms the basis for new regulations. The implementation phase, designed for 18 months, guarantees the implementation of changes at the practical level (updating the legal framework).

The legal landscapes studied by S. Mancuso [12, p. 10] in the context of the semiotics of law allow a deeper understanding of the processes of transformation of legal systems. The author emphasizes that successful harmonization of legislation requires not only formal harmonization of norms, but also ensuring their semantic and functional coordination.

Legal monitoring of the implementation of legislative acts through the prism of comparative legal analysis, conducted by G. A. Mashkurov [13, p. 27], demonstrates the importance of systematic control over the processes of legal adaptation. The study shows that the effectiveness of the implementation of European standards largely depends on the quality of legal monitoring and the timely adjustment of legislative initiatives.

Corporate criminal liability, considered by I. Vuletic [14, p. 32] on the example of the Croatian model after 20 years of practice, provides valuable experience for Ukraine in the formation of an effective system of criminal liability of legal entities. The author emphasizes that the success of the Croatian model lies in a balanced approach to establishing the criminal liability of corporations, which provides both a preventive effect and fairness of punishment.

Legal provision of information security of legal entities in accordance with Lithuanian and Ukrainian legislation, studied by M. Pleskach, and I. Tumasoniene [15, p. 20], expands the understanding of modern aspects of corporate social responsibility in the information sphere. The authors emphasize the need to form special mechanisms of responsibility for information security violations that meet European standards of personal data protection and cybersecurity.

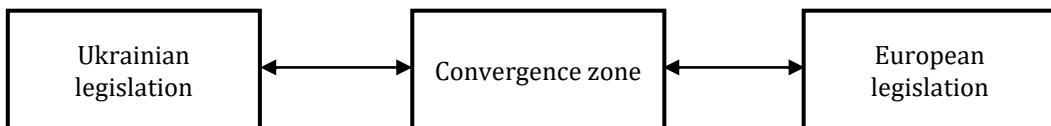


Figure 3. Conceptual model of harmonization of Ukrainian and European legislation
Source: Author's development.

Figure 3 demonstrates a conceptual model of the harmonization process, where the convergence zone is a space of interaction and mutual influence of legal systems, which ensures a gradual approximation of national legislation to European standards.

The peculiarities of legal regulation of general and limited partnerships in Ukraine and European countries, analyzed by V. V. Anatiichuk [16, p. 137], are important for understanding the specifics of responsibility of various organizational and legal forms of entrepreneurship. The author emphasizes that the harmonization of the legal status of companies requires taking into account the European experience in the distribution of responsibility between participants.

The aspects of the analysis of the Ukrainian legislation regulating the production of veterinary drugs, considered by I. V. Bushuieva et al. [17, p. 12], demonstrate the sectoral features of legal regulation and the specifics of responsibility in the field of pharmaceutical activity. The study shows the need to adapt industry legislation to European quality and safety standards.

Table 4. Projected Effects of Harmonization of Legislation in the Field of Entrepreneurial Responsibility

Sphere of influence	Positive effects	Possible risks	Mitigation measures
Investment climate	Increasing investor confidence	Temporal uncertainty	Transitional provisions
Corporate governance	Improving standards	Increased costs	Phased implementation
Enforcement	Unification of practice	Adaptation difficulty	Law enforcement training
International competitiveness	Integration into the EU	Loss of national specificity	Maintaining basic principles

Source: Developed based on [18; 19].

Table 4 illustrates the complex nature of the impact of harmonization processes on various areas of legal regulation of entrepreneurial activity, emphasizing the need for a balanced approach to reforming legislation.

The issues of legal responsibility of social service providers under the legislation of Ukraine, considered by P. D. Pylypenko, and S. M. Synchuk [18, p. 57], expand the understanding of the scope of application of the principles of entrepreneurial responsibility to the social sphere. The authors substantiate the need to create special mechanisms of responsibility for entities providing social services.

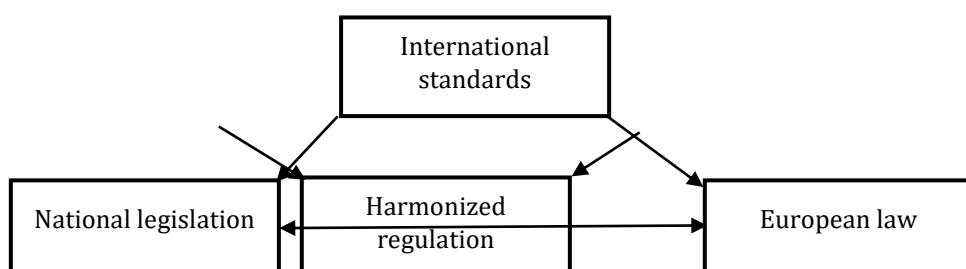


Figure 4. Integrated model of legal regulation of entrepreneurial responsibility
Source: Author's development.

Figure 4 presents an integrated model of legal regulation, where harmonized regulation is the result of the interaction of international standards, national legislation and European law, which provides an integrated approach to the formation of a system of entrepreneurial responsibility.

The implementation of the principles of open science in Ukrainian legislation on the basis of European experience and national characteristics, studied by D. Luchenko et al. [19, p. 30], demonstrates general trends in the harmonization of legal systems. The authors emphasize that the successful implementation of European principles requires taking into account national specifics and the gradual nature of legal changes. The results of the study show that the harmonization of Ukrainian and European legislation in the field of legal responsibility of business entities is a complex and multifaceted process that requires a systematic approach and taking into account many factors. The key areas of further research are the development of specific mechanisms for adapting national legislation to European standards and the creation of an effective system of legal monitoring of harmonization processes.

The analysis of legal mechanisms for harmonization of Ukrainian legislation with European standards in the field of legal responsibility of business entities is based on key international and national documents. The Association Agreement between Ukraine and the EU [20, p. 293, 422] establishes a general framework for the adaptation of Ukrainian law to the EU norms, in particular in the field of business regulation, which provides for the introduction of corporate social responsibility standards.

The updated EU Strategy on Corporate Social Responsibility for 2011–2014 [21, p. 6] defines strategic directions for the development of business responsibility in the European space, focusing on social and environmental aspects that can serve as a guide for Ukraine.

Corporate social responsibility (CSR) is a key element of modern business, combining legal, economic, social and environmental aspects of business entities. Responsibility in this area is regulated by both the national legislation of Ukraine and international standards, such as ISO 26000, GRI Standards and EU directives, in particular the CSRD. It covers not only binding legal norms, but also voluntary initiatives aimed at ensuring sustainable development, protecting the rights of stakeholders and minimizing the negative impact on society and the environment. In the context of globalization and the growing demands of investors and partners, in particular in European markets, business entities are forced to adapt to new standards that imply both legal and reputational liability. For a systematic understanding of the grounds and forms of liability of business entities in relation to CSR, Table 5 is given below, which details the legal bases, subjects, grounds for occurrence and forms of liability.

Table 5. Grounds and forms of liability of business entities in relation to CSR

Type of responsibility	Legal framework	Responsible entities	Grounds for liability	Forms of responsibility
1. CIVIL (PROPERTY) LIABILITY	Civil Code of Ukraine (Article 96), Law of Ukraine No. 4196-IX "On Peculiarities of Regulation of Legal Entities" (from 28.08.2025)	All legal entities (LLC, JSC, PJSC) Individual entrepreneurs State and municipal enterprises Other business companies	Non-fulfillment or improper performance of contractual obligations Causing property damage to other entities Violation of consumer rights Production of low-quality or dangerous products Intellectual property infringement	Indemnification (real losses + lost profits) Payment of penalties (fines, penalties) Payment of compensation for moral damage Late payment penalty 3% per annum for the use of other people's funds
2. ECONOMIC AND LEGAL LIABILITY	Commercial Code of Ukraine (expired on 28.08.2025) Law No. 4196-IX (transition period)	Business entities of all forms of ownership Participants in economic relations Management bodies of enterprises	Violation of commercial contracts Failure to fulfill economic obligations Supply of low-quality products Violation of antimonopoly legislation Unfair competition	Indemnification Penalties Penalty for delay Operational and economic sanctions Administrative and economic sanctions
3. ADMINISTRATIVE RESPONSIBILITY	Code of Ukraine on Administrative Offenses (Code of Ukraine on Administrative Offenses)	Since 2017: only officials of enterprises (director, chief accountant, managers) Exception: sole proprietorship as individuals Legal entities are NOT administratively liable	Violation of tax legislation Violation of sanitary standards Violation of trade rules Violation of fire safety Violation of landscaping rules Violation of license conditions	Administrative fine from 5 to 100 tax-free minimum incomes of citizens (from 85 to 1700 UAH) Warning Confiscation of items Suspension of activities (temporary)

Type of responsibility	Legal framework	Responsible entities	Grounds for liability	Forms of responsibility
4. CRIMINAL LIABILITY OF LEGAL ENTITIES	Criminal Code of Ukraine (Chapter XIV-1) Law No. 4111-IX of 04.12.2024 (effective from 26.12.2024)	NEW FROM 2024: Legal entities (for certain crimes) Officials of enterprises (managers, owners)	Bribery of officials of foreign states Money laundering Corruption crimes Financing of terrorism Environmental crimes (significant damage) Criminal liability is possible without a suspected individual	To legal entities: Fine up to 75,000 tax-free minimums (up to UAH 1.275 billion) Temporary restriction of activities (from 1 to 3 years) Confiscation of property Liquidation of a legal entity To officials: Imprisonment Fines Restriction of the right to hold positions
5. LABOR LIABILITY	Labor Code of Ukraine (Article 265), Law on Labor Protection	Employers (legal entities) Individual entrepreneurs with employees Directors, managers Responsible officials	Late payment of wages Non-compliance with the minimum wage (minimum wage from 01.04.2025 = UAH 8,000) Admission of employees without registration Violations of labor protection Violation of the work and rest regime Discrimination against employees	Financial sanctions (fines) under Art. 265 of the Labor Code: - For late payment of wages: 10 times the minimum wage (up to UAH 80,000)- For non-compliance with the minimum guarantees: 10 times the minimum wage - For non-registration of employees: 30 times the minimum wage (up to UAH 240,000) Compensation for moral damage to employees During martial law, the State Labor Service suspended fines
6. ENVIRONMENTAL RESPONSIBILITY	The Law "On Environmental Protection" (Articles 68-70), the Code of Administrative Offenses (Chapter 7), Law No. 3855-IX "On Integrated Prevention and Control of Industrial Pollution" (effective from 08.08.2025), Law "On Environmental Impact Assessment" (Art. 15-16)	All business entities Nature users Polluting Enterprises Officials of Enterprises	Environmental pollution (air, water, soil) Exceeding emission standards Work without an Integrated Environmental Permit (IDP) Violation of waste management rules Destruction of natural objects Non-payment of environmental tax	Administrative fines from UAH 510 to 18,000 (Code of Administrative Offenses) Compensation for environmental damage (according to special methods) The obligation to restore the environment Penalty of 10% of unpaid eco-tax Suspension or TERMINATION of the activity of the enterprise Revocation of permits NEW: mandatory IDP for major pollutants
7. TAX LIABILITY	Tax Code of Ukraine (Chapter II)	All taxpayers (legal entities) Individual entrepreneurs Tax Agents	Late payment of taxes Failure to submit tax reports Understatement of tax liabilities Violation of the accounting procedure Non-withholding of tax by an agent	Penalty of 25% of the amount of unpaid taxes Penalty of 120% of the NBU key policy rate Penalty for late reporting from 170 to 1020 UAH Fine for gross violation of accounting up to UAH 5100 Criminal liability (in case of an amount of more than UAH 18 million)
8. LIABILITY IN THE FIELD OF COMPETITION PROTECTION	Law "On Protection of Economic Competition"	Monopolistic business entities Enterprises abusing a dominant position Participants in anti-competitive concerted actions	Abuse of monopoly position Anti-competitive concerted actions Unfair competition Violation of public procurement rules	Fine up to 10% of the company's annual income Penalty of up to 5% of annual income for repeated violations Obligation to indemnify Forced distribution of the subject
9. RESPONSIBILITY FOR ESG/NON-FINANCIAL REPORTING	Draft Law No. 13598 (registered on 04.08.2025, expected adoption) EU Directive 2022/2464 (CSRD)	SUBJECT to mandatory reporting: Large enterprises (revenue >40 million euros, assets >20 million euros, employees >250)	Failure to submit non-financial reporting (ESG reporting) False or incomplete information in an ESG report Lack of audit (assurance) of reporting	PLANNED: Penalties for non-submission of reports Administrative Responsibility of Officials Reputational risks

Type of responsibility	Legal framework	Responsible entities	Grounds for liability	Forms of responsibility
	European ESRS standards	Medium-sized enterprises of public interest Subsidiaries of large EU groups	Non-compliance with ESRS standards	Restriction of access to EU funding Inability to participate in EU tenders Implementation stages: 2026-2027: large enterprises 2028-2029: medium-sized enterprises
10. SOCIAL RESPONSIBILITY OF BUSINESS (CSR) - VOLUNTARY	International standards: ISO 26000, SA 8000, GRI Standards UN Global Compact Strategy of the Cabinet of Ministers of Ukraine on Sustainable Development	Large and medium-sized companies (voluntary) Socially responsible enterprises Participants of the UN Global Compact Exporters to the EU (actually mandatory)	Violation of ethical standards of doing business Failure to fulfill obligations to stakeholders Human rights violations in the supply chain Negative impact on the community Non-compliance with ESG principles	Reputational losses Loss of investors and partners Exclusion from the lists of socially responsible companies Reducing brand value Consumer rejection of products Loss of access to European markets Note: formally, there is no legal responsibility, but the actual liability is growing due to the demands of partners and investors

After analyzing Table 5, which systematizes the grounds and forms of responsibility of business entities in relation to corporate social responsibility (CSR), it can be concluded that responsibility in this area is multifaceted and covers a wide range of legal, economic, social and reputational aspects. Civil and economic liability focuses on compensation for damages and penalties for non-fulfillment of contractual obligations, production of low-quality products or violation of consumer rights, which is regulated by the Civil Code of Ukraine and Law No. 4196-IX. Administrative liability defined by the Code of Ukraine on Administrative Offenses concerns officials and provides for fines for violation of tax legislation, sanitary standards or licensing conditions. Criminal liability of legal entities, introduced in 2024 by Law No. 4111-IX, includes significant fines, confiscation of property and even liquidation for corruption crimes, legalization (laundering) of property obtained by criminal means, and others. Labor liability regulated by the Labor Code focuses on the protection of employees' rights, in particular through fines for late payment of wages or failure to formalize labor relations. Environmental liability, based on environmental legislation, is aimed at preventing industrial pollution and provides for fines, compensation for damages and suspension of activities. Tax liability and liability in the field of competition protection further increase regulatory pressure on business entities. Particular attention is drawn to CSR corporate social responsibility, which, although it has no formal legal basis, is gaining actual weight due to reputational risks, loss of markets, and stakeholder requirements, especially in the context of exports to the EU and compliance with ESG standards. Thus, an integrated approach to CSR requires business entities not only to comply with legal norms, but also to actively implement ethical and socially responsible practices to ensure sustainable development and competitiveness.

O. Kolohoida et al. [22, p. 296, 299] analyze the legal foundations of corporate social responsibility in Ukraine, emphasizing the need to integrate European principles into the national legal system to increase business competitiveness.

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 [23] details the obligations of business entities to report on sustainable development, which is an important element of harmonization of legislation.

6. Conclusions

The study allows us to formulate several fundamental conclusions on the state and prospects for the development of legal regulation of legal responsibility of business entities in the context of harmonization of Ukrainian and European legislation.

Firstly, it has been established that the modern system of legal responsibility of business entities in Ukraine is characterized by fragmentation of legal regulation and an insufficient level of integration

with European standards. The biggest disagreements are observed in the areas of corporate criminal liability, environmental responsibility and mechanisms for ensuring social responsibility of business.

Secondly, it is revealed that the process of convergence of legal systems requires not only the formal implementation of European norms, but also a deep transformation of the legal culture and institutional structure. Effective harmonization is possible only if national legal traditions are preserved while adapting to international standards.

Thirdly, the need for a differentiated approach to the regulation of liability of different categories of business entities, taking into account their organizational and legal form, size, scope of activity and socio-economic significance, has been proved. Small and medium-sized enterprises need special attention, for which simplified procedures and proportionate sanctions should be created.

Fourthly, the critical importance of developing preventive mechanisms of legal responsibility that would stimulate compliance with the law and ethical standards of doing business has been established. European experience demonstrates the effectiveness of a combination of punitive and stimulating measures of influence.

Fifthly, priority areas for further development of legislation have been identified, including: the creation of a comprehensive corporate governance system, the introduction of ESG standards, the modernization of consumer and investor protection mechanisms, and the development of alternative dispute resolution institutions.

Future research in this area should be directed to a detailed analysis of the sectoral features of legal regulation of liability, the study of foreign experience in the functioning of specialized corporate supervision bodies, as well as the development of a methodology for assessing the effectiveness of legal liability mechanisms. The study of the impact of digitalization on the transformation of traditional approaches to corporate social responsibility and the need to adapt legal mechanisms to the challenges of the digital economy is of particular relevance.

As of 2025, corporate social responsibility in Ukraine is transforming from a voluntary initiative to mandatory regulation, combining traditional forms of liability (civil, labor, tax) with new ones (criminal for legal entities, enhanced environmental), while ESG reporting is in the process of legislative consolidation, and CSR remains formally voluntary, but actually mandatory for companies cooperating with the EU.

The practical implementation of the results of the study requires coordinated efforts of the legislative and executive authorities, the scientific community, representatives of business and civil society. Only with a comprehensive approach and consistent implementation of the proposed measures can it be ensured that an effective and fair system of legal responsibility can be ensured, which will contribute to the sustainable development of the national economy and the successful integration of Ukraine into the European economic space.

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