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APPROACHES TO THE ASSESSMENT OF SUSTAINABLE DEVELOPMENT OF COMPANIES

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Abstract. Recently, the problem of using modern models by companies to achieve sustainable development is extremely relevant. The issue of assessing the sustainability of entrepreneurship development is particularly difficult due to the relative novelty of the concept, the peculiarities of integration into practice, as well as the rate of development of theoretical foundations and practical approaches, which are also constantly accelerating. Further development of the practice of assessing the sustainable development of companies is possible due to the expansion of the scope of its application at the level of small and medium-sized businesses, which can and should be developed within the framework of a state initiative.

Keywords: sustainable development, socio-economic system, management systems, innovative technologies, development models, economic transformation.

Introduction.

When developing and implementing sustainable development practices, established approaches and methodologies in this area should be kept in mind. On the one hand, there are quite a few sustainability standards for individual areas or areas of economic activity, such as Fairtrade, Rainforest Alliance, UTZ Certified, Organic, Sustainable Tourism, etc. These established standards usually cover specific aspects, but not the entire concept of the trinity of economic, environmental and social components of sustainable development. On the other hand, there are several international and national standards, as well as ratings compiled mainly by expert agencies, each of which uses its own approach to evaluating sustainable practices in companies.

Basic approaches to the assessment of sustainable development of companies

Below is an overview of the main global standards and ratings of sustainable development of companies with a brief description of their methodologies [1]:

1. ISO (International Organization for Standardization) has sustainability standards for specific areas, but there is no comprehensive standard for the entire



concept of the trinity. As an example of standards for specific areas, you can cite the ISO 26000 social responsibility guide or the ISO 14001 environmental management system guide and many others.

The implementation of sustainable development goals using ISO standards is determined by a certain system of indicators for structured and coordinated support of sustainable development. In particular, all goals and tasks related to the implementation and implementation of the sustainable development system are oriented towards the UN goals in the field of sustainable development and their potential implementation in communities; all strategies, programs, projects, plans and services must be aimed at achieving goals, taking into account tasks. At the same time, if additional or alternative tasks are to be considered in communities, iterative cross-analysis of goals and objectives becomes necessary to determine their relevance and timeliness.

2. The Dow Jones Sustainability World (DJSI World) index, which is historically one of the oldest existing approaches (effective since 1999) to measure the performance of companies around the world based on the ESG methodology (environmental, social and corporate governance). The index is limited to the largest public companies whose shares are sold on the global market.

For example, in 2021, the DJSI World index recognized Siemens as the best in the field of sustainable development (81 points out of a possible 100) [2]. The company was recognized as a global leader in six categories, including innovation and cyber security, as well as environmental protection. Siemens presented its DEGREE sustainability program at Capital Market Day in June 2021. This strategic concept became the reference point for all Siemens companies worldwide – with clearly defined priorities and measurable goals. Each letter in DEGREE represents a dimension in which the company intends to make even more efforts to make progress: "D" stands for decarbonization, "E" for ethics, "G" for governance, "R" for resource efficiency, and double "E" » at the end means equality and equal employment opportunities for people who work at Siemens.

3. Bloomberg is another popular source of sustainability data, with metrics from over 11,500 companies in over 80 countries and covering metrics such as air quality, climate change, water and energy management, materials and waste, and more. This publication also offers services to provide its own data to evaluate the ESG methodology for the oil and gas sector. The data is provided to Bloomberg clients as a paid service.

In 2019, The Coca-Cola Company joined the Bloomberg Gender-Equality Index, a list of companies around the world that publicly demonstrate their commitment to gender equality and the career advancement of women. The Coca-Cola Company has been involved in the Index to promote efforts and initiatives related to gender equality in the workplace. The goal is to make Coca-Cola a great place for people to be their best – to grow and feel valued, engaged and respected. Involvement of all company employees, especially women, is important for the company's development, as a business driver and a key element of the company's values [3].

The Bloomberg Gender Equality Index (GEI) is the world's only source of



investment quality data on gender equality. The 2019 index includes 230 companies from ten sectors with headquarters in 36 countries and regions. The index tracks the performance of companies that are leaders in the advancement of women on a global scale. Inclusion in the Bloomberg Gender Equality Index has become a golden seal for companies around the world to publicly demonstrate their commitment to equality and fairness in the workplace [4].

In addition, Corporate Knights, Sustainalytics, and ISS (Institutional Shareholder Services) can be noted among other well-known agencies that form ratings of sustainable development companies.

Therefore, international standards are based on the following principles:

- production of quality products and services for consumers;
- investments in the development of production and human potential;
- strict compliance with the requirements of legislation (tax, labor, environmental);
- building good-neighborly and mutually beneficial relations with all stakeholders;
- business concept focused on increasing national competitiveness;
- consideration of social expectations and generally accepted ethical norms in business practice;
- formation of civil society through partnership programs and social development projects.

Thus, the existing approaches to assessing the sustainable development of companies can be characterized as follows:

- they are developed and used mainly by private companies (expert agencies);
- are unavailable to the general public or partially available, as they are aimed at investors;
- based on different methodologies used by specific agencies, but the ESG methodology is used by several agencies;
- the object of their study is mainly large business;
- some ratings compare companies from different industries, while others compare companies within the same industry.

Further development of the practice of assessing the sustainable development of companies is possible by expanding the scope of its application at the level of small and medium-sized businesses, which can and should be developed within the framework of a state initiative. At the first stage, it is possible to perform in the format of collecting statistical data, which can then be used as a basis for standardization in specific industries. Benchmarking of best-in-class or best-in-industry companies can also be used to determine recommended performance ranges.

In our opinion, the main factors of sustainable development of companies are:

1. Competitiveness — the formation of long-term competitive advantages of the company, with the help of the formation of unique intangible assets of the company, such as: intellectual, human, social, reputational capital.

2. Reduction of financial and non-financial risks (personnel, professional, social, environmental).

3. Adaptability to dynamically changing business conditions.



4. Transparency — maximum openness of the company at the level of two-way communication.

5. Responsibility for the entire life cycle of external effects of the main activity, negative effects on the environment and consequences of activity.

6. Openness - partnerships with society, suppliers, customers and competitors, based on the company's reputational capital.

7. Long-termism — long-term understanding of corporate processes, investments and external effects.

8. Economic (financial) stability — the economic condition of the enterprise, which allows it to be in the break-even zone; maintaining solvency and creditworthiness.

9. Social sustainability — loyalty of internal and external stakeholders of the organization.

10. Environmental sustainability — impact on the environment within acceptable limits.

11. The company's contribution to the sustainable development of society.

Since the implementation of sustainable business practices can have many negative consequences, it is important for the management apparatus of companies to be able to track the indicators of their implementation in priority areas. Measuring work efficiency and productivity is one of the cornerstones of running a successful company. Assessing the sustainability of business development is particularly difficult due to the relative novelty of the concept, the peculiarities of integration into real business situations, and the rate of development of theoretical foundations and practical approaches, which are also constantly accelerating.

It should be recognized that in recent years there has been a steady trend of commitment of many large companies to the concept of sustainable development. In this way, companies strive to achieve both socially beneficial goals (increasing the welfare of society, supporting certain groups of the population, improving the environmental situation), and their own goals - positioning themselves as a responsible corporation, obtaining the expected growth of business reputation, which in the long term will allow to increase capitalization, and definitely increasing their investment attractiveness.

Conclusion.

It is important to emphasize that in the concept of sustainable development, the central figure is a person as a subject of development, who takes a proactive position and takes responsibility for his own future and the future of future generations. It follows that each person should be involved in the processes that shape his sphere of life and are aimed at satisfying his own needs without harming the satisfaction of other people's needs; it should participate in the processes of making, implementing and controlling the implementation of decisions.

Today, the goals of sustainable development have turned into mandatory criteria by which the activities of companies will be evaluated in the near future. This encourages companies to demonstrate innovative models and solutions for the key challenges of humanity in the 21st century. The need to meet new requirements and standards puts companies in conditions of growing competition, changes in corporate



strategies in order to integrate ways of achieving sustainable development goals into their activities. Such a trend demonstrates that the contribution of business to sustainable development lies in its activity itself, while critically assessing its own impact on society and the environment.

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Анотація. Останнім часом надзвичайно актуальною є проблема використання компаніями сучасних моделей для досягнення сталого розвитку. Питання оцінки стійкості розвитку підприємництва є особливо складним через відносну новизну концепції, особливості інтеграції в практику, а також темпи розвитку теоретичних засад і практичних підходів, які до того ж постійно прискорюються. Подальший розвиток практики оцінки сталого розвитку компаній можливий за рахунок розширення сфери її застосування на рівні малого та середнього бізнесу, який можна і потрібно розвивати в рамках державної ініціативи.

Ключові слова: сталий розвиток, соціально-економічна система, системи управління, інноваційні технології, моделі розвитку, економічна трансформація.