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## APPROACHES TO ENSURING SUSTAINABLE BUSINESS DEVELOPMENT IN CRISIS CONDITIONS

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**Abstract.** The article is devoted to consideration of issues related to ensuring the existence of business as such and creating conditions for its sustainable development in the future in the circumstances of the worsening of the crisis in the economic and political relations of the external environment of business as a whole, and the implementation of business activities in the conditions of martial law in Ukraine, in particular. The significant complication of conditions not only for business existence, but also the possibility of ensuring its sustainable development require special attention to be paid to the economic and social components of sustainable business existence and development. The *economic component* of a sustainable business in such conditions requires the improvement of operational activities through the wide implementation of a management concept that would ensure the long-term competitiveness of the enterprise without significant capital investments and current costs based on the economical use of resources based on the creation of effective relationships both between the work performers and between counterparties of the enterprise. An example of such an approach can be the production and management system "lean production". The social component of sustainable business in such conditions requires the formation of a socially responsible attitude to the organization of business activities and the social policy of business, which is associated with a number of contradictions and even certain conflicts of interests. In the current conditions, special attention must be paid to the definition of the approach to the implementation of this or that concept of the implementation of business activities as a socially responsible business, as well as to the relationship between the internal and external social policy of the business and their practical implementation depending on the current situation.

**Keywords:** *business existence, crisis, economic and social components, lean production, socially responsible business, social policy, sustainable development*

**JEL classification:** *L23, L29, M14, O15.*

In today's conditions, both the aggravation of economic and political relations in the external environment of business as a whole, and the implementation of business activities in the conditions of martial law in Ukraine, in particular, the issue of ensuring the existence of business as such and creating conditions for its sustainable development in the future are gaining special relevance. The creation of conditions for the further coordination of all components of the concept of sustainable development in the form of the so-called "triune summary" of the 3"P" model ("*Profit, Planet, People*") requires a special concentration of attention both on a comprehensive approach to the model of sustainable development as a whole, and on individual its components precisely at the stage of overcoming crisis phenomena.

*The economic component* of the concept of sustainable development requires a focus on reorientation in the use of business resources (material, labor, financial, etc.) in favor of energy-efficient and resource-saving technologies, ensuring a reduction in the use of the share of non-renewable natural resources due to their more efficient use and transition to renewable resources. Thus, the need to solve the problem of the rational use of natural resources and create conditions that ensure their reproduction, in the context of an aggravating crisis and limiting access to the maximum use of natural resources, becomes a necessary transition condition for ensuring the sustainable development of the economy of the country (region) as a whole, and individual business structures,

in particular. Ensuring the economic conditions necessary for the constant strengthening of the competitive positions of the business both in the conditions of overcoming the crisis and in the conditions of ensuring the implementation of the concept of sustainable development at the enterprise requires paying special attention to the processes of continuous improvement of the implementation of operational activities. One of the most effective directions in this is the introduction of a management concept that would ensure the long-term competitiveness of the enterprise without significant capital investments and current costs. Among the modern trends in the economical use of resources based on the creation of effective relationships both between the work executors and between the enterprise's contractors, which have proven their effectiveness in practice, the production and management system "lean production" can serve. [1]

The central link of the "lean production" production and management system is the organization and implementation of processes aimed at minimizing necessary and eliminating unnecessary losses, and the key principle is the elimination of unreasonable costs and any processes in the enterprise's activities that consume resources without adding any value to the product or services. The "lean production" system consists of a complex of its individual tools, which are quite complex systems in themselves. The main tools of "lean production" include: [2]

- "5S" system — an acronym for Sort, Set in order, Shine, Standardize, Sustain;
- "TPM" system — an acronym for Total Productive Maintenance;
- "SMED" system — an acronym for Single-Minute Exchange of Deism;
- "JIT" system — an acronym for Just In Time;
- "ER" system — an acronym for Error Protection
- the "Kanban" system — ensuring a continuous material flow due to the fact that products are "pulled" by the customer, and not "pushed" by the manufacturer;
- "Kaizen" continuous improvement system — continuous improvement of production processes (providing services), as well as auxiliary business processes.

In the conditions of the aggravation of the economic and energy crisis and the state of war in Ukraine, less attention is paid to the *ecological component* of sustainable development, and special attention from both individual business owners and society as a whole is paid to the *social component*, which is an integral part not only of the existence of business in this period, but also ensuring its sustainable development in the future.

The implementation of the "TRM" (Total Responsibility Management) management concept in the course of business activity, which ensures the implementation of the principles of sustainable development, assumes that almost all areas of business activity (to a greater or lesser extent) must include certain socially significant components. So, for example, ensuring the competitive advantages of a business in its target market segments is possible, in particular, thanks to such elements of business responsibility as: [3]

- implementation of the marketing strategy and policy of the enterprise, which will provide for business activities both in the domestic and foreign markets, aimed at satisfying the needs of the consumer both in terms of quality characteristics and consumer properties of the goods, and in terms of their safety in use and consumption;
- the application of a set of measures and the use of certain mechanisms for building relations between the enterprise and its clients, state and local self-government bodies, as well as public organizations and society as a whole;
- compliance with safety and environmental standards, as well as labor protection and sanitary and hygienic standards during production processes;
- carrying out a certain policy of building relations with the personnel involved in production, which should take into account the market level of wages, the availability of a certain social package, a strategy for personnel development and overcoming the negative consequences of restructuring, downsizing, etc.;
- implementation of certain environmental protection measures, etc.

At the same time, taking into account the existing challenges to the modern conditions for ensuring the effective implementation of business activities and creating conditions for ensuring its sustainable development in the future, it is extremely necessary to establish close ties between all participants in market and economic relations and to strengthen a comprehensive system of protection of interests of each of them, which were both guaranteed by the state and accepted by society as a whole. Reconciliation of the existing relations between the participants of market-social relations and compliance with their interests requires the implementation of certain measures, in particular such as:

- formation of associations of participants in socio-economic relations in the form of parties to these relations by interests, the coordination of which should take place both at the national and regional levels, as well as at the sectoral and local levels - bodies of state administration and local self-government, employers and employees, public organizations, professional associations, etc.;
- clear definition of areas of responsibility of each of the parties participating in socio-economic relations;
- a mechanism for providing each other with objective and up-to-date information about their interests, intentions, and opportunities, agreed upon by all parties involved in socio-economic relations, whose interests must be coordinated;
- proof of each of the parties participating in socio-economic relations, the motivation of their positions, arguments and expectations to all participants in economic relations, etc. [4, p.152-153]

It is the creation of a certain system of taking into account and protecting the interests of participants in market-social relations that will allow a business to form, under certain defined conditions, the most acceptable interpretation of its own approach to the implementation of this or that concept of carrying out business activities as a socially responsible business. Among the most used business approaches to social responsibility, there are several models that are considered as "basic", in particular, such as: [5, p.193 – 216]

- The model of "*corporate selfishness*" (used under the name of the "*American*" model of social responsibility) – a model of building a socially responsible business based on taking into account the individual interests of its participants, which involves building business responsibility based on ensuring the most effective use of all components of business activity (resources, capital, workforce, etc.). Namely, the responsibility to: a) business owners - by increasing profits and paying appropriate dividends, royalties, etc.; b) by employees - by paying a decent salary that corresponds to the cost of labor on the labor market, the results of the employee's activity, existing legislative and regulatory acts in this area; creating the necessary conditions for employees to perform labor activities; c) by the civil society of a certain region where a business structure operates, by creating new (preserving existing) jobs and ensuring the effective use of hired labor; observance of general principles of environmental protection, health of the residents of the region and their safety, etc.; d) by society (the state) as a whole through timely and full payment of taxes and clear and perfect fulfillment of all requirements defined by legislative and regulatory acts regarding the role and responsibilities of business in relation to society.

- The model of "*corporate altruism*" (used under the name of the "*European*" model of social responsibility) is a model of building a socially responsible business on the basis of voluntary support and assistance of business structures for the development of the social environment as a whole and the solution of individual social problems, in particular. This approach divides the social responsibility of business into : a) the minimum level (standard) of social responsibility of business to employees, civil society and the state as a whole, which provides for the timely, transparent and full payment of all payments, taxes and charges provided for by legislation and current regulatory legal acts with a clear and flawless fulfillment of all requirements stipulated by them; b) an additional contribution of business to ensure the sustainable development of both its own organization and the community of the region, the functioning of business and society as a whole, which involves the acceptance of additional obligations by the business in the form of making certain special payments to support social projects and programs, as well as charitable donations, including: cash transfers, especially to support low-income population groups, to ensure a certain standard of living; charitable

contributions to various funds and other forms of charity; support of social projects and initiatives, etc.

- The model of "*reasonable selfishness*" (used under the name of "*mixed*" model, or model of "*corporate social responsibility*") - a model of building a socially responsible business that considers social aspects of business responsibility from the point of view that certain costs should not be considered as losses business, but as the creation of "good business", which should compensate for the reduction of own profits due to spending on social goals due to the opportunities that arise in the long-term dimension. This approach to the social responsibility of business considers the reduction of current business profits at the expense of its spending on social and philanthropic programs and other social activities as a tool for creating a favorable social environment around the business in the long term and, as a result, its sustainable development and stable profit.

In the conditions of aggravation of crisis phenomena and increasing influence of negative factors on business development, at first glance it seems inexpedient to carry out measures to conduct business as socially responsible. But it is in the context of corporate social responsibility that business creates an opportunity for itself to realize its basic needs for survival, security, stability and sustainable development in the future. That is why in crisis conditions, in our opinion, the model of corporate social responsibility of business (mixed model) should find distribution, because: [6]

- stakeholders of corporate social responsibility of business include both business owners and employees hired by them, as well as all business counterparties (customers, consumers, suppliers, individual contractors, etc.), local communities and public associations, state and local self-government bodies;

- costs of measures to ensure socially responsible business behavior are considered on the basis of project management, with the determination of both the economic justification of the measures and the effect of their implementation, as well as the cash flow, payback periods of the measures and risks arising in connection with their implementation.

A socially responsible business, regardless of the chosen approaches and models of such behavior on the market, must necessarily be determined by the formation of its own social business policy — a set of measures to implement the business development strategy in terms of its social relations and social responsibility. The implementation of these strategies should take place through a balanced social policy, as a component of the general business policy for the implementation of its general corporate strategy. Given that the social policy of business is divided into its internal (internal social policy) and external (external social policy) direction, depending on the conditions, it is necessary to pay attention and emphasize one or another component of this policy. [7]

The main tool for the implementation of *internal social policy* is the conclusion of collective agreements, which reflect the social benefits and guarantees of employees, the relationship between them and business owners (authorized by them), labor and environmental protection, etc., in the conditions of crisis phenomena, special attention should be directed to ensuring the interest and loyalty of employees in business activities. This primarily concerns issues such as:

- formation and development of the labor team;
- preservation of existing and creation of new jobs;
- compliance with state social standards and indexation of the wage level;
- preventing cases of untimely payment of wages and rewards and compensations;
- provision of targeted assistance to socially vulnerable categories working at the enterprise.

Individual components of the internal social policy of business in crisis conditions, regardless of their importance, receive less attention and lose their significance. Such components include, in particular, the following:

- creation and provision of normal conditions for labor activity and employment of the labor team;

- ensuring a close relationship between the results of the work of the employee and the labor team as a whole and the level of remuneration of workers as the main indicator of their level of income, as well as the moral and material remuneration of employees for work;

- concern for strengthening the health of the company's employees, development of physical culture and sports in the business structure, organization of leisure time and solving everyday issues of the company's employees;

- provision of social benefits and guarantees to former employees - veterans of the enterprise, etc.

Also, in the presence of crisis phenomena that affect the possibilities of business existence or create certain threats to its development, the specific weight of expenses for measures that are foreseen by the *external social policy* of business is reduced - the implementation by the business structure of certain expenses aimed at supporting civil society in the territory of presence business, as well as in relations with the authorities and society as a whole. At the same time, in cases where, in addition to economic, energy, and other crisis factors affecting business activity, there are significant threats to both the community of the business's presence and the country as a whole, it becomes justified to significantly increase the attention of the business to measures specifically external social policy of business. In such conditions, business structures are forced to focus on protecting the key interests of the majority of the population of the territory of their presence, because it is impossible to work in the territory and be aloof from the problems of its existence and development. Among the measures of the foreign policy of business in such conditions, the following are put forward in the foreground, in particular:

- participation in volunteering and charity events — provision of material assistance and sponsorship based on the appeal of citizens, public organizations, state and local self-government bodies, political parties, non-governmental associations, etc.;

- spread of social partnership of business with state administration bodies, local self-government, public organizations, which provides clarification and regulation of spheres of participation and responsibility of the parties in the general solution of socially significant issues;

- participation in the implementation of social programs as business projects (with a focus on the final result and subsequent evaluation of effectiveness), etc.

Taking into account the above, *it can be concluded that* in the presence of crisis phenomena both in the economic sphere and in political relations (as their maximum embodiment is a military confrontation), the conditions of not only the existence of business, but also the possibility of ensuring its sustainable development are significantly complicated. In such conditions, it is recommended to pay special attention to:

- implementation of a management concept that would ensure the long-term competitiveness of the enterprise without significant capital investments and current costs based on the economical use of resources based on the creation of effective relationships both between the contractors and the enterprise's counterparties. An example of such an approach can be the production and management system "lean production";

- the formation of a socially responsible attitude regarding the organization of business activities and the social policy of business, associated with a number of contradictions and even certain conflicts of interests. In the current conditions, it is necessary to pay special attention to the definition of the approach to the implementation of this or that concept of the implementation of business activities as a socially responsible business, and to the relationship between the internal and external social policy of the business and their practical implementation depending on the situation

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