



Theoretical Foundations of Sustainable Development

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Abstract: *The article formulates the theoretical foundations of sustainable development of enterprises. The problems that complicate the implementation of the main provisions after the global coronavirus crisis for the development of industrial enterprises are identified, and recommendations for their solution are given.*

Keywords: *Sustainability, Principles, Thermal Energy System, Competitiveness.*

1. INTRODUCTION

Analysis of the problem of sustainability of an industrial enterprise showed that research in this area is being conducted quite intensively, but the attention of researchers is focused mainly on its financial and economic aspects. Although sustainability is a complex category that cannot be a reflection of only one of the aspects of an enterprise's activities.

In recent years, the problems of the mechanism of sustainability have been dealt with by economists. However, many issues remain systematically unresolved in domestic science, and Western experience requires careful rethinking and analysis and in most cases does not correspond to the conditions of a transitional economy.

Many problems remained outside the scope of research: there is no consensus on such categories as "sustainability", "sustainable operation", "sustainable development" of the enterprise, the issue of

the correctness of the use of the static term "stability" to dynamic systems, conditions and models that allow predicting stable functioning and, moreover, sustainable development of an enterprise have not been considered.

The category "sustainability" is interdisciplinary, it is used in various sciences and studies, changing the meaning over time. The word "sustainability" is derived from the word "abutment", which means "a firmly rooted tradition, a fundamental principle, the basis of something" [1].

In industrialized countries, the problems of sustainability of an industrial enterprise are considered in connection with the possible avoidance of bankruptcy and competitiveness.

The term "sustainable development" became widespread after the publication of the report "Our Common Future", prepared in 1987 by the International Commission on Environment and Development, created under the auspices of the United Nations [2]. The concept under consideration was introduced to study the relationship between man, society and nature.

As a rule, in modern scientific literature the definition of the concept of "sustainable



development" is used, which is given in the book "Our Common Future" [4]: generations to satisfy their needs ". The new strategy for the development of civilization does not proceed from the priorities of the present day, but makes an attempt to put the present and future generations on the same level, to equate them in terms of the possibilities of satisfying vital needs.

In works on sustainable development, a systematic approach is used, in which a complex structure is considered, including social and ecological systems, social, economic and natural interactions. Taking into account the target orientation, the considered indicators are divided into three categories - input impact indicators, state indicators, management indicators.

Sustainable development of an enterprise, according to most authors, is the state of functioning of an enterprise, which, under the influence of external and internal environmental factors, retains the ability to maintain and increase the initial state in the considered time period. The key reference point is the stable economic condition of the enterprise in the long term. Ensuring sustainable development of an industrial enterprise involves solving a triune scientific and practical task: substantiating principles, searching for opportunities, forming and testing sustainable development tools. The transition from the scientific formulation of the problem to its practical solution presupposes a clear understanding of the specifics of the object of research itself and the environment of its functioning.

For further research, such a definition of the concept of "sustainable development of industry" is proposed - this is a complex process of interdependent quantitative and qualitative transformations in industry, which reflects its ability to provide for a long time the target needs of society, its own economic efficiency, preservation of the environment and resource base [4] O.N. Grigorova concludes that along with ensuring the stability of the company, this process includes the development, implementation, implementation and operation of innovations [5] The economic component of the concept of sustainable development is based on the definition of income proposed by J. Hicks. He called an individual's income stable, which allows maintaining, at least, the initial level of well-being after consumption for the period under consideration. [6]

The former characterize human activities, processes and characteristics that affect sustainable development. The latter characterize the current state of various aspects of sustainable development. Still others are indicators of response, allowing political choices or some other way of responding to change the current state. For objective assessments of sustainable development, it is not enough to use conventional economic indicators. From our point of view, solving such new problems requires non-standard approaches. From this point of view, the developments of the World Bank researchers deserve the closest attention. Mogan Munasing includes several elements in the total economic cost of a resource, in particular, direct use value, which is determined by the contribution of the environmental resource to current production or consumption, indirect use value, including benefits from the function of maintaining current production or consumption, and IS opportunity cost (optional value, potential use value). Opportunity cost interpretation is often associated with the premium that a consumer is willing to pay for an unused resource.

The essence of sustainable development is to ensure that high indicators of the social, economic and ecological state of a country or region are provided over a long period of time.



So, for example, Z.V.Korobkova notes that “in essence, this is a new type of social development, in which the achievement of a stable socio-economic state in a country or region, constituting a development [7]”.

The "center of gravity" from high quantitative indicators and levels of development, including production and consumption in the present, should move towards maintaining their high potential in the future. The present generation of the population is obliged to take care of the future and provide not deteriorating, but improving social, economic and environmental conditions of life for future generations. Achieving sustainable development in a differentiated industry is impossible without achieving sustainable development of its individual subsystems. Each region has a lot that is specific, which determines the need to search for regional features of models for the transition to sustainable development.

The study of economic processes at the level of enterprises, the main link of the national economy, is of key importance. It is at this level of management that it is necessary to deeply understand what opportunities each economic entity has to achieve and maintain sustainable and effective economic development.

Ensuring sustainable effective development of the enterprise is reflected in the achievement of systems of goals (social, economic, technical and environmental) based on the consistent implementation of the principle of responsibility to society. In this case, profit is no longer the ultimate goal, which should be guided by management activities. It is one of the economic goals and performs an important function - it acts as a means of achieving the entire system of goals. It is proposed to consider the following indicators as a criterion for assessing the sustainable effective development of an enterprise: achieving sustainable rates of economic growth of the main activity of the enterprise, making a profit sufficient for self-financing of economic development and ensuring its sustainable growth in dynamics.

The quality of the economy and society, necessary for entering the phase of economic growth, is just beginning to form, especially at industrial enterprises. Currently, there are efficient enterprises for which the interests of all participants in economic activity are mutually balanced. To increase the number of such enterprises, the process of their transition from the current to the desired state (sustainable and effective development) should be supported by the state by organizing the development of programs for the reform of enterprises, especially industrial ones.

The principles of sustainable industrial development are proposed to include:

- the principle of interconnectedness - for the implementation of interdependent quantitative and qualitative transformations;
- the principle of connection between productive forces and production relations - as the basis for the selection of useful results of labor;
- the principle of innovation - as a source of self-development of the industry;
- the principle of environmental friendliness - for the preservation of the environment and the resource base;
- the principle of development security - as counteraction to the negative influence of the external and internal environment.

1. The principle of interconnectedness

characterizes industry as a system that has a structure - organization, structure and orderliness,



a certain configuration (relative location) of elements - areas, and the relationship between sets of parameters - indicators of development. A change in structure is a change in the proportions between comparable elements of a system. Comparable, as a rule, are structural elements that belong to one level of the economic system, namely: the sectoral structure, ownership structure, structure of production assets, labor resources, consumption, accumulation, investment, foreign trade (exports and imports), etc.

2. The principle of interconnection of productive forces and production relations.

The factor of the relationship between productive forces and production relations is labor productivity, which is an essential characteristic of the economic system. In the modern economic system, which is based on the achievements of scientific and technological progress and the regulation of socio-economic processes by the state, the connection between industrial development and productivity has recently become more and more obvious. The experience of countries with developed market economies suggests that only an increase in labor productivity makes it possible to maintain trends in the development and competitiveness of industrial enterprises in the market.

3. The principle of innovation.

Almost all modern economic processes are either conditioned or accompanied by innovations. J.A. Schumpeter proved the possibility of overcoming crises through entrepreneurial activity, in the basis of which he laid the constant innovative activity to combine resources. In his book, he states: "Economic development in our understanding occurs in the form of the implementation of new combinations of existing goods ... Economic development is a substantially new use of the services of work and land ..." [8].

4. The principle of environmental friendliness

Ensures the development of industry, taking into account the preservation of the environment and the resource base. The problem of balanced nature management is one of the first among the problems of economic development of industrial enterprises. The qualitative aspects of the problem include the spatial, geographic unevenness of industrial influence, due to the uneven distribution of productive forces. The concentration of industry coincides with the concentration of the population in large cities and urban agglomerations.

5. Development security principle

Which allows you to counteract the influence of the external and internal environment. It is known that the basis of the economic security of society lies in the creation of conditions for simple reproduction, the survival of the national economic complex, its basic areas and the formation of the prerequisites for their long-term sustainable development. For industrial enterprises, the principles of development security contain a set of factors associated with the internal state of the enterprise itself, and with the influence of the external environment, with its subjects, with which the enterprise has a relationship. Safety factors are a system that provides mobilization and the most optimal management of the resources of industrial enterprises in order to ensure their sustainable development, actively counteract all kinds of negative environmental influences.

It should be noted that the study of the effectiveness of management and its influence on the



sustainability of the development of industrial enterprises has shown that in modern conditions it is extremely important to orient management measures towards economic growth, and at the same time the problem of measuring the sustainability of the development of industrial complexes and enterprises has become fully clear, the solution of which, by its own internal logic presupposes the existence of scientifically based methodological approaches in this area. The movement towards sustainable development in recent years has become more significant and ambitious. In 2020, it reached a new level: despite the Covid-19 pandemic, at the end of the year, the value of ESG's global assets reached \$ 37.8 trillion, showing an increase of 24% in just two years. This is an absolute record. By 2025, ESG's global assets will exceed \$ 53 trillion, which is more than a third of the projected total assets under management (\$ 140.5 trillion) [9].

Today, under the influence of the activities of leading companies, investors, buyers and the state, even those companies that have always been far from the goals and objectives of sustainable development have begun to implement them into their strategies and become more responsible. The ESG (Environment, Social, Corporate Governance - ESG) * factors, used to assess the performance of companies in relation to the environment, society and corporate governance, are monitored by investors and other stakeholders along with the indicators of companies' profitability.

But despite all the efforts of the business, the sustainable development goals seem unattainable and the current results are not enough to change the vector development and transition to a more sustainable model.

To achieve meaningful results by 2030, companies need ambitious goals and fundamental changes in the way they do business.

According to a study by the UN Global Compact, only 25% of companies set goals in accordance with the needs of society or the environment, and 35% of companies pursue corporate strategy in accordance with sustainable development goals [10]. Business transformation with ambitious sustainability goals across the value chain will provide much-needed accelerated progress.

Transformation also applies to new business collaborations - the role of partnerships in achieving such ambitious goals can hardly be overestimated.

The introduction of sustainable development practices is a new era, but already now companies are noticing the need for a large number of resources. However, market participants help each other: there are more and more inspiring examples, mutually beneficial partnerships, breakthrough technologies. With their help, sustainable development will fully become a part of our life, and responsible behavior will become the hallmark of every business.

Companies distinguish different effects: for example, the motivation of employees increases, shareholders and stakeholders begin to evaluate the effectiveness of a responsible business higher, the company becomes more attractive to potential partners and buyers, etc. The development of green investment is also supported by a study by Morgan Stanley, which studied investments of almost 11,000 funds from 2004 to 2018. The study has shown that in a period of market volatility, portfolios of responsible investment funds fall in price by an average of 20% less compared to conventional funds [11]. Even during the coronavirus

pandemic in 2020, ESG-focused funds showed more growth than the market as a whole: according to the American analytical company Morningstar, in 2020. 75% of responsible



investment funds outperformed their peers in terms of their returns. The companies we surveyed have different expectations for their financial and economic performance to improve following the implementation of sustainable development goals. At the same time, 55% of companies that note the impact of the implementation of the SDGs assess it as “significant” [12].

The greatest effect is expected by companies from the Energy and Resources sector, which is associated with the trend towards decarbonization and energy transition. Consumer goods manufacturers have the least confidence in the financial results from sustainable development. The reasons are difficult to establish, but it is possible that companies doubt the readiness of heat and energy enterprises and consumers to switch to new brands only because of their sustainability. Despite the global trend, buyers are often more conservative than foreign ones. In addition, a sustainable approach can often lead to higher food prices, which can be a serious blow to consumers, especially in times of economic and social volatility. However, according to analysts at Deutsche Bank, who examined 2,250 cases, in 62,

Major international players who are actively promoting the topic of sustainable development have long demonstrated the impact of the SDGs on financial results. For example, the chemical concern DuPont reported that investments in the development of environmental goods in the amount of \$ 879 million, received income from them in the amount of \$ 11.8 billion. Improving the efficiency of waste, water and energy management has saved Unilever more than 600 million euros since 2008.

In our opinion, the principles of formation of conditions for sustainable development for enterprises of the thermal energy system are an ideal guideline, which should be guided by state bodies. Management and managers of enterprises, specialists - managers in the development of development strategies, both of the entire industrial complex, and of individual enterprises. Taking into account the above principles will make it possible to fully study the foundations of sustainable development, develop recommendations for improving the development process, and reduce the risks of lost profits.

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