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# *Strategy for ensuring sustainable development of enterprises*

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## **Abstract**

*The article is devoted to theoretical and practical aspects of ensuring the sustainable development of enterprises in an uncertain environment. The characteristics of the sustainable development main components are provided and their relationship is clarified. The principles determining the practice of applying the mechanisms of enterprises sustainable development are presented: dynamism, the system integrity, the material and information base balance, adaptability. The stages of the sustainable development mechanisms formation process are considered. The nature of the management tool is revealed and the purpose of its application is determined. Tools for ensuring the sustainable development of enterprises are listed from the point of view of three main components: economic, social and environmental. Particular emphasis is placed on the fact that the achievement of goals and the effectiveness of measures to ensure the enterprises sustainable development are possible taking into account certain characteristics, such as the nature of the enterprise's production development, the nature of the enterprise's functions, and the nature of the strategies used by the enterprise.*

**Key words:** *stability; development; sustainable development; mechanism; instrumental support; enterprise.*

**JEL Classification:** *JEK23, JEL10, JEL11.*

## **Introduction**

As a result of Russia's full-scale aggression in Ukraine, the industrial and agricultural sectors of the economy suffered great losses and destruction. Many enterprises in the war zone and in the occupied territories were forced to stop, a large number of production facilities were destroyed or disabled. In addition, the access of enterprises to resources, raw materials and sales markets was complicated. Significant land areas have become unsuitable for agricultural activities. Sea ports are blocked, which made it impossible to

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export agricultural products through traditional trade routes. Food supply in the frontline areas is problematic. Despite the unprecedented damage, the food industry functions and demonstrates resilience to the challenges and risks of war.

In the conditions of martial law and post-war reconstruction, the key role of the food industry and the agricultural sector in ensuring the stability of the Ukrainian economy is as follows: the need to specify the directions of state policy and measures to support reforms; initiatives aimed at adapting business entities to the challenges and war risks; laying the foundation for restoration of growth potential. Therefore, every enterprise must adapt to rapid and serious negative changes in the external environment, while maintaining its functions and characteristics. Fulfillment of these conditions is possible on the basis of the enterprise sustainable development strategic provision.

### **1. Literature review.**

Many scientists S. Anokhin, I. Blank, B. Kolas, and O. Kolodizev are devoted to the problem of enterprises sustainable development, who consider sustainable development from the point of view of the enterprise development sustainability, under the economic system dynamic equilibrium conditions [1]. Researchers A. Derkach, O. Semenov consider this concept as a «balance of economic, ecological and social goals.» In the context of the harmonious and balanced functioning of enterprises, sustainable development was studied by scientists O. Novikova, O. Amoshya, V. P. Antoniuk, and others.

### **2. Research methodology, data and hypotheses.**

The theoretical and methodological basis of the research is the development of domestic and foreign scientists in the field of strategic support for the enterprise sustainable development. In the research process, general scientific methods were used, including: monographic (to identify factors, mechanisms, strategic support for sustainable development of the enterprise); terminological (with a descriptive and constructive interpretation of the concept of «sustainable development»); system approach (with a comprehensive study of strategic support for the sustainable development of the enterprise); statistical, grouping, factor analysis (to present the current state and development trends of enterprises); logical generalization (for the formation of general conclusions and proposals).

### **3. Sustainable development of the enterprise.**

The study of the «enterprise sustainable development» concept as an economic category is determined by many reasons, the most important

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of which is the creation of the unified approach to understand this category within the framework of modern economic theory. For the first time, the term «sustainable development» was considered in the context of environmental transformation at the UN conference in Stockholm (1972) [2]. In the document «Global Conservation Strategy: Conservation of Existing Resources», «sustainable development» is defined as «improving the quality of life within the limits of the ecosystems' capabilities.» It is defined as an increase in the quality of life within the capabilities of ecosystems to maintain a state of relative equilibrium [3].

At the meeting of the International Commission on Environment and Development (1987), a definition of the «sustainable development» concept was given, which emphasizes the need to meet the current needs of humanity and protect the needs of the future: «Sustainable development is the satisfaction of the present needs without compromising the ability of future generations to satisfy their own needs» [4].

In the conditions of a full-scale armed invasion of the Russian Federation, the state agrarian policy should contribute as much as possible to ensuring the sustainability of enterprises and maintaining the efficiency of the «production - processing - storage - food supply» chain. The most important tasks of such a policy are: ensuring food security, providing material and technical resources to agricultural producers, increasing primary and advanced processing of agricultural raw materials in the country, and increasing the share of ready-made food products and value-added products exports. As a result of the full-scale war deployment on the Ukrainian territory, more than a third of industrial enterprises stopped working [5].

According to analytical data, as of the beginning of September 2022, 412 industrial enterprises were damaged or destroyed; by the end of 2022, the total direct losses caused to enterprises are estimated at \$13 billion [6].

According to the Ministry of Agrarian Policy of Ukraine, the total losses suffered by the agricultural sector amounted to \$6.6 billion. This is equivalent to 23% of all assets of Ukrainian agriculture (by categories: agricultural machinery and equipment - \$285.4 million; warehouses - \$662.5 million; livestock - \$362.5 million; perennial crops - \$34.5 million, means of production (fuel, fertilizers, plant protection products) - \$95.4 million, goods for production purposes - \$1,872 million [6].

The total number of objects that suffered losses as a result of armed attacks is 2,653 (1.9 million hectares of arable land and 9,000 hectares of perennial crops). In addition, about 1 million hectares of land must be examined for the presence of explosive substances. According to forecasts of the Ministry of Agrarian Policy, the harvest of grain and oil crops in Ukraine

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in 2022 will exceed 67 million tons, which is one of the five best results over the past 30 years [6].

In general, the agricultural sector of Ukraine demonstrated high resilience and adaptability to wartime risks. During the martial law, the productivity of all groups of crops exceeded the needs of domestic consumption by 1.5-3 times. As of March 12, 2023, the harvested area of grain and leguminous crops amounted to 11.1 million hectares (97.6% of the sown area of these crops), 53.9 million tons of grain were harvested, of which wheat accounted for 2.2 million t (with domestic consumption of two types of wheat - forage and food - about 8 million tons per year). 5.8 million tons of barley (annual domestic consumption in Ukraine is 3 million tons) and 158.5 thousand tons of buckwheat (domestic consumption is 110 thousand tons) were collected [6].

In total, in 11 months of 2022, Ukraine exported 50.9 million tons of agricultural and food products worth \$21.1 billion. The largest volume of exports fell on corn (21.9 million tons worth \$5.3 billion), wheat (9.6 million tons worth \$2.3 billion), sunflower oil (3.9 million tons, worth \$5 billion), rapeseed or rapeseed (2.9 million tons, worth \$1.4 billion) and vegetable cake (2.9 million tons, worth \$671.2 million) [ 7].

When formulating the strategic direction of the enterprise sustainable development, the following options for resource allocation should be determined: directing limited internal resources to long-term reduction of losses; effective resolution of contradictions between different spheres of the enterprise's activity in the formation of strategic stability. In order to ensure the enterprises strategic stability, it is necessary to implement the following directions: firstly, achieving a sufficient level of strategic stability in the conditions of an unstable market environment, secondly, ensuring the achievement of strategic goals and competitive advantages in the market, thirdly, changes in the process of managing the enterprise throughout its life cycle.

The main principles that regulate the implementation of the enterprise sustainable development mechanism are the principles of dynamism, system integrity, adaptability, balance of material and informational bases.

It should be noted that the formation of a mechanism for ensuring the sustainable development of enterprises is a continuous process that takes place in conditions of constant changes in the factors of the external and internal environment. The elements of this mechanism should be characterized by mobility and regularity, the degree of flexibility, which depends on the norms of the current legislation, the organizational and legal form of the enterprise, the internal organizational structure, the qualifications and motivation of the staff, competition and financial resources.

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The main stages of the sustainable development mechanism formation at enterprises are:

1) determination of the company's development strategy: assessment of the external environment, analysis of the current state, determination of target benchmarks of activity results, the mission formation, determination of goals, a set of strategies for sustainable development of the company;

2) diagnosis of the overall development potential: analysis of the resources and opportunities availability; assessment of the «resources - opportunities - results» chain; assessment of actual inter-level interaction, balanced development of development potential components;

3) design of sustainable development: the sustainable development projects effectiveness indicators evaluation; a system development of goals and tools for ensuring sustainable development; modeling and forecasting future conditions;

4) implementation of sustainable development strategies: monitoring of the external environment; adaptation of the resources and capacities interaction to the external environment conditions; analysis and evaluation of results; adjustment of goals, their priorities and a set of used strategies; adaptation of the company's mission to the new environment.

The mechanism of industrial enterprises sustainable development in the conditions of an unstable external environment requires appropriate management tools for the implementation of all stages. The management toolkit is a set of specific methods, tools and techniques used to collect, analyze and process information in order to determine the state of the management system, solve specific problems and make effective management decisions that help determine the optimal way of enterprise development. It is used to evaluate the results of management decisions regarding the development of business activities and to prevent future erroneous decisions in monitoring the development goals achievement.

The process of forming effective mechanisms for ensuring sustainable development involves assessing the type and profile of the enterprise's activity, establishing target guidelines and taking into account the enterprise specifics, the industrial situation in the country and other criteria for ensuring the sustainability of the enterprise, i.e. strategic priorities of sustainable development. It is necessary to determine the order of priority. Strategic priorities of sustainable development are a set of the company's activities primary goals in individual sectors, taking into account the specifics of the industry, the achievement of which can characterize the company's development as sustainable in accordance with the established criteria.

Achieving goals and implementing measures aimed at ensuring the sustainable development of enterprises is possible only if the following

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characteristics are fully taken into account: the nature of the enterprise's industry development (production specifics, market infrastructure development, dynamics of changes in public needs, the possibility of forecasting market demand, problems of limited resources, availability of information about competitors); the nature of the enterprise's functioning (the degree of the management system flexibility, the state of the main economic indicators, the complexity of the processes and their relationship).

### Conclusion

The conducted research made it possible to systematize approaches to the interpretation of the «enterprises sustainable development» concept proposed in modern scientific literature. The systematization of approaches to the interpretation of the «enterprises sustainable development» concept emphasizes the importance of developing mechanisms for ensuring sustainable development at enterprises. According to our recommendations, the mechanism of sustainable development should consist of successive stages and have appropriate management measures to ensure the relationship between the three key elements (economic, environmental and social) for any business entity. The urgent task of further research is the improvement of management tools for ensuring the sustainable development of enterprises and the development of methodological techniques for assessing the sustainable development mechanisms effectiveness.

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