Type of manuscript: *Theoretical paper* DOI: 10.21272/esbp.2025.2-02

**Sustainable Development of Industrial Enterprises as an Object of Strategic Management**

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**Received:** 21.01.2025 **Revised:** 28.05.2025 **Accepted:** 11.06.2025

**Abstract:** The article reveals the features of implementing the Concept of sustainable development in the practice of strategic management of enterprises. The Concept of sustainable development determines the development of an increasing number of enterprises. At the same time, the processes of implementing the Concept of sustainable development in practice are complex and require comprehensive management since, in modern conditions, the Concept itself is also being refined. Sustainable development management requires the use of a long-term approach and increasingly involves the use of strategic management methods. The basis of sustainable development management of enterprises should be an understanding of the content of the Concept and the constituent elements of sustainable development. As studies have shown, most scientists distinguish three main elements of the Concept of sustainable development: economic, social, and environmental, which reflect the key vectors on which the emphasis is placed. These components may have different priority levels in the management process, but they are considered an integral system and complement each other. To understand the reflection of the main components of sustainable development in strategic management processes, the main types of sustainability are revealed, their characteristics and threats to their provision are given. The identified types of sustainability are objects of management; however, ensuring sustainable development is not the algebraic sum of achieving separate social, economic, and environmental sustainability. The article also states that achieving a certain type of sustainability can often be achieved by ignoring other types. To ensure the direct sustainable development of an enterprise, the specified types of sustainability should be considered as complementary elements. The article also reveals modern trends in the development of the Concept of sustainable development, which is manifested in the separation of managerial and organizational components. The basis of the managerial aspect is the dynamics of the external environment, and counteraction ensures the achievement of organizational sustainability. The components of sustainable development in the traditional sense are in the plane of the strategic interests of the enterprise, and managerial and organizational sustainability can be considered as a condition for achieving overall sustainability.
**Keywords:** sustainable development, concept, economic sustainability, environmental sustainability, social sustainability, management, components, implementation.

**Funding:** There is no funding for this research.

**Cite as:** Tarasenko, I., & Olefirenko, K. (2025). Sustainable Development of Industrial Enterprises as an Object of Strategic Management**.** *Economic Sustainability and Business Practices,* *2*(2), 9-14. https://doi.org/10.21272/esbp.2025.2-02

**1. Introduction.** Sustainable development issues are increasingly becoming the basis for managing the development of enterprises. This is due to: firstly, the spread of ideas of sustainable development in society; secondly, the formation of requirements of the stock market for trading participants in terms of transparency and responsibility; thirdly, the development of environmental technologies, which increases the expediency of their use from the standpoint of economic efficiency. Society as a whole, as well as residents of the regions where enterprises are located, have a significant interest in increasing the environmental responsibility of enterprises. Enterprise employees are interested in improving social conditions for activity. Increasing economic performance is the motive for business functioning. And if previously the specified goals were considered separately, then with the spread of the principles of sustainable development, their implementation takes place in the management system, and in addition, this acquires strategic importance.

Enterprises not only consider the components of sustainable development in a complex, but also formulate strategies for sustainable development, and this activity requires the development and use of effective mechanisms and implementation tools. On the other hand, the concept of sustainable development itself is undergoing an inevitable transformation and requires understanding, because development is a multifaceted process. Traditionally, issues of sustainable development combine three main aspects: economic, social, and environmental; however, from the point of view of strategic management, the issues of the innovation component, the technological component, and management in general, which must respond to the dynamics of conditions, are no less important.

Another problematic aspect of implementing the principles of sustainable development is that mainly large enterprises ensure progress in these issues, while small and medium-sized enterprises are primarily focused on obtaining economic results. If a business is oriented to a long-term period, then the goals of sustainable development must also be considered in the current period. The key issue for enterprises of different types and industries is how much the implementation of sustainable development principles affects their development dynamics, especially in the long term.

That is why the issue of implementing the concept of sustainable development at the enterprise level remains relevant from the standpoint of clarifying the aspects of sustainable development that are important for enterprises, as well as taking into account long-term development vectors.

**2. Literature Review.**

The basic provisions of the Concept of Sustainable Development, which were formulated in the Report of the Brundtland Commission (WCED, 1987), have changed to some extent and received clear goals and objectives within the framework of the 2030 Agenda (Transforming our world, 2015). The complexity and interconnectedness of sustainable development goals for implementing the Agenda require developing national plans and strategies for the sustainable development of individual countries, sectors of the economy, and enterprises.

The concept of sustainable development, which scientists interpret as a set of transformations in economic, social, institutional, and demographic structures (Makhrout & Ait Hbibi, 2023), has found its reflection in various areas of scientific research. Over time, it has acquired a transparent vector of ensuring not just development but also sustainable development, which in general began to reflect the goals of sustainable development of society as a whole. Development was definitely considered appropriate through the change of quantitative indicators, and sustainable development is more about the issue of forming common social values and belief systems that are shared and implemented by the world community, international organizations, governments of countries, companies, and individuals.

The multifaceted nature of the concept of sustainable development is traced by scientists P. Vare and W. Scott, who understand sustainable development as a process of change that occurs through the accumulation of resources, primarily investment, which focus on the development of technologies, which in aggregate contributes to increasing the potential for satisfying human needs (Vare & Scott, 2007).

S. Bukovova and L. Foltinova emphasize the interdisciplinary nature of the concept of "sustainable development" and note the importance of such characteristics of sustainable development as: continuity, i.e., taking into account the short-term and long-term prospects for the development of the object; resource provision of development, which requires special attention, etc. (Bukovová & Foltínová, 2020).

T. Strange and A. Bayley propose to consider sustainable development as:

a conceptual framework for the development of society, which determines the change of the dominant worldview to a more holistic and balanced one;

a process - the integration of the principles of sustainable development into the process of making all decisions;

the ultimate goal - is formulated in the context of solving specific problems and is fixed in the form of the Global Goals for Sustainable Development (Strange & Bayley, 2008).

Thus, in literary sources, the concept of sustainable development is considered in terms of three main aspects: economic, environmental, and social. However, there is also a view of scientists on the need to expand the concept and study it in a broader aspect, from the standpoint of implementation and ensuring functioning, and this is the task of strategic management.

**3. Methodology and research methods.**

This article aims to conduct theoretical research into the essence and components of the concept of sustainable development at the enterprise, as well as the mechanisms for its implementation in the practice of strategic management.

The implementation of the concept of sustainable development is a complex subject of scientific research, since the concept itself is transformed and requires the application of complex management tools in practice. The methodological basis of this article is the principles of sustainable development formulated by international institutions, which in the form of the concept have been developed in the works of scientists.

Within the framework of the study of the processes of implementing the concept of sustainable development in the practice of strategic management, a complex, fragmentary, and heterarchical approaches were used. The fragmentary approach allows us to consider the components of the concept of sustainable development and clarify their list; the complex approach allows us to study the processes of ensuring sustainable development in relation to the external environment; the heterarchical approach allows us to analyze different components and study them in relation to each other.

The following basic methods were used in the research process: historical - allows us to consider the change in approaches to identifying the main elements of sustainable development; logical method - allows us to trace the cause-and-effect relationships between aspects of sustainability, types of sustainability, threats to their provision, and impact on strategic management.

**4. Results.**

The modern vision of the Concept of Sustainable Development is based, first of all, on a comprehensive approach, and although the main aspects are highlighted somewhat inconsistently, there is still an emphasis on the importance of solving environmental problems at different levels and within various sectors of economic and social development.

Quite often, scientists studying complex processes emphasize the study of individual elements. Since sustainable development is a complex and multi-level process, its study requires decomposition into basic elements, allowing them to be specified as an object of management. Before describing individual components, we will present general approaches to their isolation.

Thus, M. Keiner considers the basic model of sustainable development, which is called the “three-pillar model” or “three-circle model”, according to which sustainable development is based on the economic, environmental, and social dimensions (Keiner, 2005).

J. Spangenberg and B. Odile substantiated the feasibility of separating sustainable development's economic, environmental, social, and institutional dimensions. In the context of the study of these dimensions, the authors use the scheme "causes - symptoms - solutions" and conclude that the organizational or institutional basis is essential for implementing the concept of sustainable development as a whole (Spangenberg & Odile, 1998).

We will consider the economic and social characteristics of sustainable development of the enterprise in a fragmentary manner, since they are the ones, most widely disclosed in the scientific literature.

The economic component at the macro level reflects the production and exchange of goods and services that form the income of the population (Baum, 2021). At the enterprise level, the economic component reflects the orientation towards positive financial results. The key issue from the management's point of view is to ensure an effective resource management process that considers current and future needs.

M. Ogryzek provided a critical assessment of the concept of sustainable development from the perspective of the economic component. The key contradiction between the economic and other components is the need to ensure, for example, economic freedom, freedom to make decisions, and achieve social development goals. Another complex problem is rooted in the desire to meet the needs of current and future generations simultaneously. From the perspective of ensuring the needs of future generations, when it is impossible to predict or foresee these needs, it is also the basis of certain contradictions (Ogryzek, 2023).

The social component is understood as social cohesion, that is, solidarity and social equality, which are considered equality in meeting basic needs and the possibility of using fundamental rights (Baum, 2021). In other words, social sustainability can be defined as a state of society in which social tension does not escalate, but is resolved peacefully (Ketschau, 2017). At the enterprise level, the social component is manifested in a set of created conditions that should be oriented towards a high standard of living for employees and the protection of their rights.

L. Shulhina and Q. Dong consider the role of social responsibility and note that these issues are gaining particular importance in modern conditions. Corporations are trying not only to increase their social stability (in terms of formal relations at the enterprise regarding ensuring the safety and health of employees, their rights), but must also take on increasing responsibility to various stakeholders, customers and employees, and contribute to the formation of a sustainable, just society and achieving a state of social sustainability (Shulhina & Dong, 2024).

The environmental component reflects the compatibility of the enterprise's activities with the basic requirements for environmental protection, technological ability to ensure efficient use of resources, and production of environmentally friendly products (Oželienė & Drejeris, 2023).

The implementation of the concept of sustainable development by industrial enterprises in practice involves significant attention to the environmental component, since increasing production volumes implies increasing resource use, and without the introduction of material and energy-efficient technologies, it is impossible to achieve sustainable development goals. Environmental protection at the level of individual industrial enterprises becomes a priority, and at a particular stage, this process ceases to be costly, because reducing the negative impact of production processes and products significantly improves the enterprise's image, and therefore, customer trust and sales volumes. In practice, the integration of the environmental component into management practices occurs through the use of the following mechanisms: implementation of ISO 14001 standards, assessment of life cycle stages, orientation towards the creation of eco-innovations (Oželienė & Drejeris, 2023).

J. Mensah gave characteristics of types of sustainability in terms of the components of sustainable development. It is based on the identified types of sustainability that we will use to determine the main tasks for managing the components of sustainable development (Mensah, 2019). The mechanism of influence of the concept of sustainable development on strategic management is given in Table 1.

**Table 1.** Characteristics of types of sustainability and their impact on strategic management

| Components of the concept of sustainable development | Types of sustainability | Characteristics of sustainability | Threats to sustainability | Impact on strategic management |
|---|---|---|---|---|
| Economic component | Economic Sustainability | The main objective is to ensure economic growth. | The impact of exhaustion and pollution is ignored. | Financial justification of management decisions. Effective resource management. |
| Environmental component | Environmental Sustainability | The natural environment remains productive and sustainable to support human life. | Economic goals are relegated to the background. | Prioritization of environmental impacts of enterprise activities. |
| Social component | Social Sustainability | Covers the concepts of equity, empowerment, accessibility, participation. | The need for workers to recover and develop professionally is ignored. | Taking into account social demands of employees and society. |

Sources: systematized and improved by the authors based on (Mensah, 2019)

Ensuring a certain type of sustainability is based on a specific limitation and ignoring other types of sustainability. This is the key contradiction of the concept of sustainable development.

Certain types of sustainability become objects of management. In managing types of sustainability, the conditions necessary to achieve sustainability as a whole are specified. However, achieving sustainable development of an enterprise cannot be considered as a simple sum of types of sustainability. Therefore, when studying sustainability, it is advisable to take other components and conditions that scientists propose to expand the concept of sustainable development at the micro level.

Thus, R. Baum studied the three main components of sustainable development and came to the conclusion that the concept should be considered more broadly, through the prism of needs and rights, long-term prospects, and relationships, for example, from the perspective of the development of institutional and democratic factors (Baum, 2021).

J. Platje; R. Ciegis, J. Ramanauskiene and B. Martinkus substantiate the expediency of taking into account the institutional (organizational) aspect, which reflects the role of the organizational basis for implementing the concept of sustainable development. They prove that the strengthening of integration between the elements that characterize sustainable development occurs in conditions of high-quality organization, that is, a formed institutional basis for making managerial decisions. The formal or informal institutional basis of processes is important for their successful implementation. In general, sustainable development should be considered as an integrated system of economic, social, environmental, and organizational dimensions (Platje, 2008; Ciegis et al., 2009).

Another component that stands out is the management component, which reflects the independence, integrity and transparency of management; taking into account the rights of shareholders, disclosure of information, which is important from the perspective of interaction with consumers, investors and other stakeholders; the use of transparent decision-making processes, compliance with confidentiality. Ensuring transparency and quality of management, focusing management on maximizing the productivity of each employee helps enterprises not only improve the image of the enterprise, but also increase financial performance.

The implementation of the concept of sustainable development largely depends on the quality of the enterprise management system. As a result, management factors are considered along with environmental and social factors, which is reflected in the concept of corporate sustainability, which is based on environmental, social, and governance (ESG) factors (Fuadaha et al., 2023; Aman & Pascal, 2013; Fuente et al., 2023).

H. Aman and N. Pascal studied the impact of corporate governance on the credit rating of Japanese firms and proved the importance of such management characteristics as transparency, flexibility, and coordination.

G. Fuente, M. Ortiz, and P. Velasco, using the example of American companies, considers ESG practices in relation to growth options (GO). The effectiveness of ESG affects the GO portfolio, which in turn determines the ability of the enterprise to create value. Accordingly, scientists insist that ESG mechanisms have value, since they determine growth options in the long term. Growth and expansion of business are necessary in a dynamic competitive environment, and the choice of growth options (GO), on the one hand, is of strategic importance, and on the other hand, depends on the ESG management component (Fuente et al., 2023).

R. Morrison notes that ESG theory is essential in the process of determining the feasibility of investment and allows managers to assess financial risks and make "responsible investments more carefully" (Morrison, 2021).

The combination of environmental, social, and management objectives within the framework of a holistic concept of ESG was a response to the request of various categories of users for information on the performance of corporations (Who Cares Wins, 2005).

After that, interest in ESG grew, and the formation of ESG theory took place, the development of which resulted from combining the Global Sustainable Development Goals and the goals of the corporate sector.

The development of corporate governance theories occurs as a response to the world's complex problems: economic, social, and environmental. The corporate sector must play an increasingly active role in solving the complex problems, and the application of ESG principles and methods allows us to strengthen them. The use of ESG theory strengthens the orientation of companies towards achieving sustainable development goals and ensures, through effective management, improved financial performance.

**5. Discussion.**

Enterprises that implement the Concept of Sustainable Development based on a strategic approach not only develop a sustainable development strategy but, accordingly, implement the entire range of measures for strategic management: formulate strategic goals, carry out strategic analysis, determine mechanisms for implementing the strategy, monitor the achievement of the plan and review it. Strategic management of sustainable development of an enterprise is based on the general Concept of Sustainable Development, which is embodied in the definition of 17 Global Goals for Human Development. These goals are not only a specification of the economic, social, and environmental components but also guidelines that become the basis for the formation of strategic goals of the enterprise. In fact, by setting strategic goals for the sustainable development of the enterprise, its orientation toward socially significant goals occurs.

The strategic management process of sustainable development in practice requires proper information support, and its basis is sustainable development reporting, which is becoming widespread and being published by an increasing number of enterprises. It is debatable and unregulated which aspects of the enterprise's activities are considered in the Sustainable Development Report, and these include traditional economic, social, and environmental aspects, as well as issues of ethics and corruption in management and activities, compliance with transparency and responsibility, and issues of information security in the digital environment. An important analytical tool for the strategic analysis of sustainable development is the reflection of the 17 Global Sustainable Development Goals in reports.

**6. Conclusions**.

Implementing the Sustainable Development Concept is a complex process that affects all functional areas of the enterprise's activities and requires a strategic approach. Sustainable development goals as an object of strategic management are transformed into a holistic strategy in which, first of all, economic, social, and environmental aspects are defined and coordinated. In recent years, the content of the sustainable development concept has been expanding. Thus, the modern understanding of the concept of sustainable development goes beyond the management of economic, social, and environmental aspects of activity since it depends on the use of appropriate business models and organizational structures and involves expanding the management tools, considering development trends and the external environment. Thus, using a strategic approach to implementing the concept of sustainable development leads to its complication and deepening in content. Further research is required on the issue of the influence of the content of the concept of sustainable development on the processes of strategic analysis and the formation of sustainable development reporting.

**Author Contributions:** conceptualization: I.T.; methodology: K.O.; theoretical analysis: O.K.; writing - original draft: I.T. and K.O., supervision: I.T.

**Conflicts of Interest**: Authors declare no conflict of interest.

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**Стійкий розвиток промислових підприємств як об'єкт стратегічного управління**

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У статті розкрито особливості імплементації концепції сталого розвитку у практику стратегічного управління підприємствами. Концепція сталого розвитку визначає розвиток все більшої кількості підприємств. Разом з тим процеси реалізації концепції сталого розвитку на практиці є складними та потребують комплексного управління, оскільки в сучасних умовах відбувається й уточнення самої концепції. Управління сталим розвитком потребує використання довгострокового підходу та все частіше вимагає використання методів стратегічного управління. Основою управління сталим розвитком підприємств повинне стати осмислення змісту поняття та складових елементів сталого розвитку. Як засвідчили дослідження більшість вчених виокремлюють три основні елементи поняття стійкий розвиток: економічну, соціальну та екологічну, які відображають ключові вектори, на яких робиться акцент. Зазначені складові можуть мати різний рівень пріоритетності в процесі управління, однак розглядаються як цілісна система та доповнюють одна одну. Задля розуміння відображення основних складових стійкого розвитку у процесах стратегічного управління розкрито основні види стійкості наведено їх характеристики та загрози забезпечення. Виокремлені види стійкості є об'єктами управління, однак забезпечення стійкого розвитку не є алгебраїчною сумою досягнення окремо соціальної, економічної та екологічної стійкості. Також в статті зазначено, що досягнення певного виду стійкості досить часто можна досягнути за рахунок ігнорування інших видів. Для забезпечення безпосередньо сталого розвитку підприємства зазначені види стійкості слід розглядати як взаємодоповнюючі елементи. Також в статті розкриваються сучасні тенденції розвитку концепції сталого розвитку, що проявляється у виокремленні управлінської та організаційної складових. Основою управлінського аспекту є динаміка зовнішнього середовища, протидія якій забезпечується в ході досягнення організаційної стійкості. Складові сталого розвитку у традиційному розумінні знаходяться у площині стратегічних інтересів підприємства, а управлінську та організаційну стійкість можна розглядати як умову досягнення загальної стійкості.

**Ключові слова:** сталий розвиток, концепція, економічна стійкість, екологічна стійкість, соціальна стійкість, управління, складові, імплементація.