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**ESTABLISHING ENVIRONMENTAL RESPONSIBILITY
OF BUSINESS IN UKRAINE**

Theoretical and practical aspects of environmental responsibility of business are explored in the article. Its significance, problems and development prospects within Ukrainian business environment are considered.

Keywords: environmental responsibility of business; ecology; corporate social responsibility.

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**СТАНОВЛЕННЯ ЕКОЛОГІЧНОЇ ВІДПОВІДАЛЬНОСТІ
БІЗНЕСУ В УКРАЇНІ**

У статті розкрито теоретичні і практичні аспекти екологічної відповідальності бізнесу. Визначено сутність поняття «екологічна відповідальність бізнесу», розглянуто його значення, проблеми та перспективи розвитку в українському бізнес-середовищі.

Ключові слова: екологічна відповідальність бізнесу; екологія; соціальна відповідальність бізнесу.

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**СТАНОВЛЕНИЕ ЭКОЛОГИЧЕСКОЙ ОТВЕТСТВЕННОСТИ
БИЗНЕСА В УКРАИНЕ**

В статье раскрыты теоретические и практические аспекты экологической ответственности бизнеса. Определена сущность понятия «экологическая ответственность бизнеса», рассмотрены его значение, проблемы и перспективы развития в украинской бизнес-среде.

Ключевые слова: экологическая ответственность бизнеса; экология; социальная ответственность бизнеса.

Introduction. The issue of cooperation between business, government and society is becoming increasingly acute within the concept of corporate social responsibility (CSR), which involves the responsibility of business towards local communities and society as a whole for the results of its production activities. According to this concept business structures willingly take into account the interests of stakeholders, conduct measures aimed at improvement of life quality for its employees, build up local infrastructure, invest in environmental protection etc.

The problem of environmental responsibility implementation turned to be paramount due to the threat of technological disasters and escalating environmental degradation. Companies' willing participation in the development and implementation of nature protection measures is a daily necessity, because the state alone is not able to fully protect the environment and ensure environmental safety.

Recent studies and publications analysis. A number of foreign and domestic scientists explored the problems of environmental responsibility formation and development, in particular: T.Ya. Bachynska (2011), O.A. Grishnova and V.P. Dymanska (2011), N.N. Pusenkova and E.A. Solntseva (2006), V.M. Savinova (2015), O.M. Serikova (2013), D.O. Smolennikov (2013), V.M. Shapoval and M.V. Berezha (2011), N.V. Taraskina (2012) and others.

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Problem formulation. However, most of these studies view environmental responsibility as part of corporate social responsibility, or do not consider the economic component of the problem. Therefore, developing environmental responsibility of business requires additional economic analysis and is the direct object of this study.

The purpose of paper is the determination of theoretical and methodological basis for environmental responsibility, systematization of scientific thoughts, presenting practical recommendations on developing the environmental responsibility in Ukraine.

Key research findings. Environmental responsibility has been formulated and developed in parallel with production activities of large business groups. At first it had spontaneous character in the form of environmental charity, not directly related to business of benefactor. However, over time, business leaders have realized that it is necessary to invest in the environment within their producing areas. This will ensure the establishment of contacts with local community, environmental organizations and local government. That will help in the future to smooth the problems related to possible technological disasters, waste disposal, use of local natural resources.

Scientists differently interpret the essence of environmental responsibility. Some of them consider it being part of business social responsibility, others say that corporate social responsibility has arisen from environmental responsibility. Much ambiguity is found as to the significance of environmental responsibility, principles of its implementation and priorities in its development.

In particular, V.M. Shapoval and M.V. Berezhna (2011) point out: "Environmental responsibility is part of social responsibility, and means not only compensation for environmental damage caused by business activities, but it means the realization of preventive measures first. In other words, environmental responsibility stipulates for the replacement of requirement "one pollutes – one pays" with the prevention principle, i.e. do not harm the environment. The implementation of this principle forces companies use environmental innovations (technological, product, service, organization) more actively".

D.O. Smolennikov (2013) supports this opinion too: "Environmental responsibility of business as part of corporate social responsibility can make a contribution to solving environmental problems and can prevent possible conflicts in relations between business, society and government, the perception of domestic producers internationally. Thus, for achieving country's sustainable development the environmental responsibility of business should not be as isolated cases but should become a life philosophy for society, enterprises and government".

N.V. Taraskina (2012) considers the problem from the position of environmental entrepreneurship: "Ecologization of business should be the transition to a specific type of entrepreneurship initiatives directed at implementing the principles of sustainable development. And it is environmental entrepreneurship that is a strategy of rational nature management. All kinds of activities in the field of environmental entrepreneurship, without exception, should be attributed to environmental innovations: they are aimed at achieving the objectives of sustainable development and stipulate the balance of economic, social and environmental values of the society".

It is also necessary to agree with the opinion of V.M. Savinova (2015): "The issues of environmental responsibility are becoming more relevant for Ukraine with every day. It is associated with many reasons (globalization of economic space, the growth of threats of technological and environmental disasters, actualization of quality and duration of life etc.)".

M.V. Berezna (2014) studies the environmental responsibilities of entrepreneurship entities in the context of the balanced development of regions. She notes that "environmental situation requires immediate solutions for the existing problems. This causes the need of introducing new mechanisms for implementation of national environmental policy at the regional level. Environmental insurance, environmental audits, economic and financial mechanisms, improving of the permit system in the field of natural resources use and more can be selected among the key instruments of environmental responsibility stimulation. Implementation of these mechanisms into practice improves the results of activities not only at the company level but also on the regional, forms a positive image and a favorable investment climate, improves competitiveness".

In the opinion of O.M. Serikova (2013) the level of environmental responsibility in the country depends on staff qualifications: "Staff development concerning environmental responsibility is the systematically organized process of continuous professional training for employees with the aim of preparing them for executing production functions, professional and qualification promoting, forming managers' reserve and improving staff social structure with taking into account the principles of business environmental responsibility".

N.N. Pusenkova and E.A. Solntseva (2006) analysed the data of 67 Russian companies and concluded: "Environmental policy can be a way of increasing the competitiveness of Russian economy as a whole and of individual corporations". Another famous Russian author T.Ya. Bachynska (2011) considers that "environmental component of corporate responsibility comes to the fore taking into consideration the specifics of production activities". In spite of the hybrid war with Russia, its experience in the field of environmental responsibility is highly useful, because on its territory there are many financial and powerful corporations which allocate enormous costs on environmental projects.

The experience of Ukrainian companies in the implementation of the principles of environmental responsibility is very interesting too. In particular, the company "Metinvest" (included into the financial and industrial group "SCM") in 2013 launched the environmental program titled "Green Center Metinvest", which aims to support the initiatives of urban residents and also NGOs on the planting trees and gardens within urban areas. Yenakievo and Mariupol have become the first towns where these "green centers Metinvest" appeared.

The "Green Center Metinvest" has achieved significant results during a relatively short time after the start: it collected and transported about 450 tons of garbage; cleaned territories of about 420 thousand m². Volunteers of "Green Center Metinvest", workers of metallurgical enterprises of the Metinvest and also the representatives of public organizations and all aware residents overall took part in the action. 6 general cleanup days and 33 actions of territories cleaning by the multistory housed dwellers were held in Mariupol. Children & family environmental movement

"Green teams" brought together more than 100 families in Yenakievo. The centers of this movement are based in 8 educational institutions of the city (www.sustainability.scm.com.ua).

The company "Kyivstar" is not involved in industrial business, but does not keep apart from the present-day threats: climate change and global warming. Environmental responsibility of "Kyivstar" is realized in environmentally friendly products and services, responsible technical decisions, and also environmental measures. The company increases energy efficiency of its network equipment, reduces CO₂ emissions and consumption of natural resources. Its volunteers plant trees and gardens in more than 20 cities of Ukraine each year, clean up green areas, plant trees and flower compositions together with customers and all aware citizens. In 2010, "Kyivstar" headed the ranking of mobile operators by their environmental image for consumers. The data were published by the research agency IRS Group, which conducted the poll of 1000 respondents under the project "Ekoomnibus". In the opinion of customers, "Kyivstar" is the most environmentally responsible company at the telecom market in Ukraine (Environmental Protection, www.kyivstar.ua).

Managers of the trademark "Dmytruk", which specializes in the production of sausages have somewhat different approach to environmental responsibility. In particular, this company joined the project "Let's make Lutsk clean". Employees of this company not only took part in the park cleaning, but on its completion all the participants were treated to fried grill sausages of the company's production. Thus, the enterprise made its contribution to cleanliness of the city green zone, facilitated a relaxed atmosphere and offered a latent form of advertising its own products (Social programs, www.dmytruk.com).

Integration of Ukrainian companies into the global economy positively affects their attitudes to environmental responsibility. In particular the company "Nemiroff" supplies its products to 72 countries and is among the three largest producers of vodka in the world. The company has achieved this result owing to certification and compliance with the requirements of the environment management system ISO 14001: 2004. With this aim the company has implemented energy-saving technologies. And its production facilities are equipped with energy efficient equipment. In addition the company reconstructed the system of technological cold supply, changed pipelines, pumps and heat insulation.

"Nemiroff" also implemented the project "Green Planet", which foresees saving natural resources and electric power, monitoring carbon footprint, gradation of waste products and their separation. 203 thousand liters of water were saved, 7 tons of mackle-paper were passed, 4 tons of paper were saved by reusing paper and printing on both sides, 3 tons of paper were saved due to the implementation of electronic workflow (nearly 1.5 kg of paper per one co-worker a year) – thus, 240 trees were saved into the atmosphere and 210 kg of pollutants were not emitted due to this project realisation (Ecosystem "Nemiroff", www.unglobalcompact.org).

A striking example of successful realization of environmentally responsible approach to production development is the corporation "Obolon", which introduces innovative and energy-saving technologies, improves the environmental characteristics of production, minimizes harmful emissions and implements reusing and reprocessing of resources. For example, "Obolon" recycles 30 mln of plastic bottles per year.

There have been major investment projects directed at reducing the environmental impact such as collection and recycling of PET bottles, processing brewer's grains for agricultural needs, reducing air emissions and ensuring economically efficient resources use. This significantly reduces the impact on the nature and also increases eco-consciousness and eco-culture of employees.

The share of reused water at "Obolon" is continually growing. Nowadays, more than 70% of all water at the enterprise is reused. The average water discharge for the production of 1 liter of product at PJSC "Obolon" is about 3 liters. On average, 5 liters of water per liter of end product are spent in the industry worldwide.

"Obolon" constantly improves its manufacturing processes to save resources, which in addition to economic effects, also has a very positive environmental impact. For example, at the brewery in Kyiv new, powerful and economical coppers have been installed that recycle heat and save 633000 m³ of natural gas per year, with is equivalent of 1.7 mln UAH.

"Obolon" sells, recycles and reuses over 95% of its own production waste, hence demonstrating a responsible attitude to environmental issues in Ukraine. In general, due to special measures, in 2014 "Obolon" achieved considerable success in reducing the environmental impacts:

- 11% reduction in natural gas consumption in manufacturing;
- 7% reduction of electricity use;
- 5% reduction of steam emissions into the atmosphere;
- 6% reduction of water use;
- 21% reduction of specific waste creation per production unit (Ecology, www.obolon.ua).

Conclusions. Under the environmental responsibility of business, we understand social and economic activities of small and large enterprises aimed at restoring the ecological equilibrium, which is disturbed by manufacturing processes. This activity includes measures aimed at the construction of additional treatment facilities, implementation of closed production cycles, transition to renewable energy sources, reducing greenhouse gas emissions, support of environmental organizations, environmental awareness campaigns among workers and local community etc. Environmental responsibility measures must be realized preventively with the aim to stave off technological disaster or local environmental damage. This approach is more progressive and provides most effective protection for the environment.

Environmental responsibility in Ukraine is introduced and developed only at truly successful companies. They receive significant income, and they are mainly oriented at selling their products abroad. There are very few such companies so far. And most of enterprises experience significant difficulties with even minimal environmental requirements set by the law.

Economic crisis caused by "hidden war" with Russian Federation has considerably deepened industrial environmental problems and postponed their solution for a indefinite period of time.

With the aim to widespread the practice of environmental responsibility in Ukraine, in our opinion, it is necessary:

- to develop and approve a national strategy concerning environmental responsibility of business;

- to realize at the national level active propaganda of the production and consumption of environmentally friendly products;
- to conduct trainings at enterprises to explain the essence and the importance of environmental responsibility at all stages;
- to gain legislative support for privileges, subsidies and other possible preferences granted to enterprises that invest in environmental projects;
- to introduce the parity financing of environmental programs with the aim to maximally attract the capacities of local communities, patrons and international environmental organizations.

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