

IMPORTANCE OF SUSTAINABILITY IN BUSINESS ILGTSPĒJAS NOZĪME UZŅĒMĒJDARBĪBĀ

Jonė Vartavičiūtė

Kaunas University of Applied Sciences, jone.var177@go.kauko.lt, Kaunas, Lithuania

Jotvydas Milčiūnas

Kaunas University of Applied Sciences, jotvydas.mil750@go.kauko.lt, Kaunas, Lithuania

Vadym Titov

V. N. Karazin Kharkiv National University, xa12680581@student.karazin.ua, Kharkiv, Ukraine

Alina Honcharenko

V. N. Karazin Kharkiv National University, xa12680577@student.karazin.ua, Kharkiv, Ukraine

Simona Jankauskaite

Kaunas University of Applied Sciences, simona.jankauskaite@go.kauko.lt, Kaunas, Lithuania
Scientific supervisor Mg.soc.sc. Daina Znotina

Abstract. *In the modern day, businesses face many challenges: from economic recessions to political and social trends, no wonder, that the modern enterprise should not just be aiming at earning profits but also at complying with the social norms and trends of the modern world. Sustainability is a vast term that describes many different things, therefore it is important for businesses to clearly define it, know what the examples of it are and which practices to use to stay sustainable. This article aims to provide theoretical basis for sustainability in businesses and evaluate the level of sustainability of some enterprises in Europe and to provide the theoretical basis for sustainability in business and conduct the analysis of levels of sustainability of four enterprises based in Lithuania and Ukraine.*

Keywords: *business, sustainability.*

Introduction

Sustainability plays a very important role in the modern business world. It has a lot of impact not only on the company's internal factors but also on the external, such as image and reputation among the consumers. Hence being sustainable can come at high costs for some companies and some companies do not even define sustainability as a thing of importance. That is why it is crucial to clearly define sustainability, understand its importance, discover methods of analysing its level on the enterprise and know how it is regulated by law in most of the European countries.

The aim of the research is to evaluate the level of sustainability of four enterprises based in Lithuania and Ukraine.

Tasks of the research are:

- 1) to provide the theoretical basis for sustainability in business, provide a clear definition for it, describe its importance;
- 2) provide examples of sustainability in business;
- 3) provide methods of analysis of sustainability of an enterprise;
- 4) conduct the analysis of levels of sustainability of four enterprises based in Lithuania and Ukraine and give suggestions.

The objects of the research are two Lithuanian (Bundu Bakery, Pranciškaus Malūnas MB) and two Ukrainian enterprises (Sigma Software, LEDLIFE).

Research methods: analysis of scientific literature, interview and survey.

The results of the research are provided in the conclusion part of the paper.

Definitions of sustainability

The term "sustainability" has many diverse implications and is used in many different contexts. Many individuals are familiar with concepts like "building sustainability," "human psychological sustainability," and others. The increasing public awareness of the subject of global environmental dangers and climate change has necessitated the search for new strategies to safeguard ourselves in times of disaster. People have been discussing the sustainability of ecosystems and infrastructure since then. The breadth of risks to both nations and people has only grown over time. The responsibilities of strengthening the state's and society's sustainability to threats and information attacks, computer systems' sustainability to hacker attacks, banking system sustainability, and, eventually, national sustainability have all been added to the agenda.

In general, the capacity to fulfil the demands of the present without affecting future generations' ability to satisfy their own demands is referred to as sustainability (*United Nations, 2012*). Business sustainability can be compared to a kind of "immunity" that allows an enterprise to "not get sick" in the face of all kinds of changes in the internal and external environment. Therefore, sustainability contributes to the long-term performance of the company's core activities.

In the business world, sustainability is described as a company's attempts to continue economic activity while taking into consideration internal and external environmental variables and managing and utilising its resources appropriately. Thus, organizational sustainability relates to an organization's potential to promote sustainable growth while providing economic, social, and environmental advantages (*Hart & Milstein, 2003*).

In accordance with the assumption that most decision makers wish their enterprise to remain at least as financially beneficial as it was in the past and, preferably, for revenues to increase, business sustainability may be described as a firm's ability to meet its short-term financial needs without negatively impacting its ability to satisfy its future needs (*Bansal & DesJardine, 2014*). A manufacturing enterprise's business sustainability can be defined as a set of properties pertaining to the enterprise's ability to respond quickly and adequately to disruptions in the operation of technological business processes of the business value chain in the context of maintaining partner and consumer trust, ensuring competitiveness, and further continuous development in its business area.

According to Tupkalo the primary components of enterprise sustainability are financial and technological sustainability (refers to manufacturing technologies, the technical character of the enterprise's goods, marketing technologies, and management technologies). The organizational sustainability refers to the structure of the enterprise, determines the most efficient organization of branches and divisions of the enterprise, the degree of their autonomy, internal communications, etc.), while human resource sustainability encompasses not only staff turnover but also staff quality and productivity (*Тупкало, 2019*).

Environmental concerns remain incredibly significant in today's world, and doing business is inextricably linked to measuring the organization's influence on it.

In business, sustainability refers to a company's goal to limit the negative environmental effect of its activities in a certain market. The sustainability practices of a company are often measured against environmental, social, and governance indicators.

Based on the above definitions, it can summarize that the sustainability of business is the ability to recover quickly from shocks, to adapt well to changes and continue to operate despite difficult times, which can be triggered by various factors of internal and external environment, regardless of the possibility or impossibility to predict changes. Business sustainability is a process oriented to a long-term perspective, which can be ensured by a set of

short-term decisions that will lead the organization to maintain the current level of performance or to increase it.

Importance of sustainability in business

The sustainability movement is relatively new; it started in the 1980s when the United Nations began to look at the issue and encourage people to address it. However, the very idea of sustainability was formed earlier than the movement itself. Even though people talk a lot about how people should recycle and use sustainable products in their everyday life. It is not talked about enough how businesses incorporate sustainability in their work environments.

Business sustainability, also known as corporate sustainability, is the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success (*Lutkevich, 2023*). A sustainable organization is also the one that engages in and embodies actions of these kinds, eventually eliminating destructive effects on the biosphere and society and contributing to their health (*Eweje & Perry, 2011*). Having a sustainable business can raise awareness on why it is important to be sustainable. For example, according to a recent IBM survey, 49 % of consumers say they have bought a more expensive product because it was branded as sustainable or socially responsible (*Priya, 2022*). According to Chladek by being sustainable, business can protect brand image and mitigate risks. By instituting a sustainable strategy that protects the environment and workers, the company can also protect itself from any damaging incidents (*Chladek, 2019*).

It is important for a business to understand the importance of it being sustainable. Business being sustainable can shape people's view on sustainability and can help with climate change.

Methods of analysing the level of sustainability of business

Businesses becoming sustainable are great, but some of them can be engaged in greenwashing. In order to determine the sustainability level in business, the company's transparency should investigate. According to Forbes, 94 % of consumers are more likely to exercise brand loyalty to companies that are completely transparent, than those who might be hiding something (*Krososky, 2021*). Analysing a company, one should find information on whether they are using sustainable strategy as many companies that are sustainable tend to release an annual sustainability report.

Second, it is important to investigate the company's website and other media. This helps to analyse the its values and goals. According to Krososky, companies that exercise transparency will often own up to their past mistakes and should be able to provide proof of the adoption of new, more sustainable practices (*Krososky, 2021*).

Third step in analysing the sustainability is to look for ethical certification. If a company is Certified B Corps that means this company is balancing profit and its purpose. Companies that are certified tend to be more focused on environmental consideration, social stability, and legal accountability.

Fourth is a certificate of a fair trade in a company. Like Certified B status, fair trade status is the result of a company's certification as a brand that complies with and upholds International Labor Organization (ILO) standards (*Krososky, 2021*).

When analysing a business sustainability is important as some companies can be imitating a sustainable business by greenwashing, therefore a more in-depth research is necessary.

Levels of sustainability of two Lithuanian and two Ukrainian enterprises will be analysed through qualitative methods of interview with the representatives of the organizations.

Representatives were asked to describe which practices their organizations use to be or become more sustainable and how it impacts their business.

To better understand what sustainability means for modern businesses a series of interviews of several companies were conducted: 2 from Lithuania and 2 from Ukraine. The aim of the interview was to analyse what businesses do to be sustainable, which difficulties they face and how it impacts the company.

Analysis of level of sustainability in Lithuanian enterprises. The case of Bundu and Pranciškaus Malūnas MB

Trying to analyse the sustainability level in Lithuania a Bundu bakery in Kaunas interviewed. A year and a half ago, a small bakery in the premises of the Pranciškaus Malūnas mill was born. As the demand grew, the premises and the team expanded, and opening a cafe in the centre - called "Bundu". It is greatly beloved by citizens, as in the morning, warm muffins, natural sourdough bread, focaccia and many other goodies arrive straight from the bakery.

Company Pranciškaus Malūnas, MB could be an example of entrepreneurs of the modern generation, being motivated, creative, and dedicated people. The internal working atmosphere is extremely friendly and peaceful. As the interview with the representatives of the mill café showed the sustainability factor is witnessed by the sustainable approaches integrated in the company's activities, and people being encouraged to act sustainably, e.g.:

- The bakery and café sort waste and collect deposit.
- Electric cars are used to transport products.
- Only paper or organic, degradable, compostable bags, cups, napkins, and boxes are used.
- Customers are encouraged to bring reusable takeout cups.
- When adjusting the grinder of the coffee machine, a lot of ground coffee is left and included in a coffee cake as ingredients.
- In production, mainly fruits growing in the own garden are used, paying attention to the seasonality of the harvest.
- Own, freshly ground flour is used.
- Vegan baked goods options are included in the menu.
- Only plant-based milk is used to prepare drinks.

As the survey showed, this company also has a few rules on how to encourage their workers to be sustainable in the work environment. It was decided to charge for takeaway cups soon, further encouraging customers to use their own reusable takeaway cups or offer to stay inside. Discounts for customers, using personal, reusable containers for Matcha tea are applied.

This company motivates employees to be sustainable by including them in the business conversations and letting them give their suggestions on how they can be more sustainable.

To sum up, sustainability in the two analysed Lithuanian companies promotes continuous improvement in different areas, such as optimizing and facilitating the work of employees in the bakery and cafe, preventing unforeseen company costs, and saving in the long term, attracting the attention of customers and contributing to the creation of a sustainable environment.

Analysis of level of sustainability on Ukrainian enterprises. The case of Sigma Software Group and LEDLIGHT

One of the Ukrainian companies to be analysed is Sigma Software Group – one of the biggest Ukrainian IT outsourcing companies with over 2000 in Ukraine, Poland, Bulgaria, the USA, Sweden, Canada, the Czech Republic, Portugal, Hungary, Brazil and other countries. Sigma Software provides top-quality software development solutions and IT consulting to more than 170 customers all over the globe. Sigma Software is among World's Top 100 Outsourcing by IAOP and the Top 5 IT employers in Ukraine. The company delivers benefits to customers in finance and banking, automotive, media and advertising, telecommunications, cybersecurity, gaming and gambling industry, aviation, real estate, energy and healthcare (*Sigma Software Group, 2023*).

The HR Manager of Sigma Software in the interview claimed that sustainability is defined as the practice to have minimal negative impact or positive impact on ecology, economy and society as a whole. When it comes to sustainability, the main focus points for Sigma Software are not only ecology or environment but also community development, university cooperation and education, equality and diversity, superior employment and ethical behaviour. There are specific guidelines for each of these points for the company's employees. Talking specifically about ecology, it is important to mention that Sigma Software has been ISO 140001 (Environment) certified since 1999, which means that it is dedicated to becoming an environmentally friendly company". As part of the climate commitment, the company targets to reach net-zero emissions by 2030. Sigma Software aims to achieve this by reducing direct and indirect emissions according to the scope 1 and 2 of GHG Protocol, striving for efficient and sustainable energy usage, optimizing resource consumption, encouraging sustainable commuting, and reducing business travel (*Sigma Technology Group, 2023*).

The company also uses several practices to motivate the employees to stay sustainable and follow the guidelines. Such practices include: conducting trainings and workshops regarding sustainability in work- and everyday life, encouraging people to recycle and reuse materials if possible, organizing different voluntary events, besides that, most of the company's merchandise is made from recycled materials. Along with the above-mentioned practices, the company invests in green projects in Ukraine and Europe, collaborates with universities and other educational institutions to provide practical experience for students. The company also does not support any type of corruption and bases its policy and anti-corruption work on the UN program the fight against corruption (*Sigma Software, 2023*).

The HR Manager of Sigma Software believes that the company considers itself to be sustainable as it follows a lot of the sustainability practices but at the same time wants to be even more sustainable and improve in a lot of the practices. Such strategy of course has the effect on financials of the company as it can be a bit more expensive to stay sustainable nowadays, but HR Manager points out that all of the practices have positive effect on employees' productivity and well-being which is very good for the company. Employees reportedly state that they feel better and like they are not only doing something for themselves but also for the environment and the community. Besides, collaboration with universities does not only help to benefit the students but also allows the company to seek out potential talents to hire. Also, such activity boosts the public image of the company, helps attract new clients and further collaborations. Overall, according to the interview one can state that Sigma Software is pretty sustainable but there is always room for improvement.

To analyse the level of sustainability, an interview was conducted with the Chief Communications Officer (CCO) of the Ukrainian company "LEDLIFE", Alla Kovalevska. Mrs. Kovalevska heads the position of Chief Communications Officer that is a senior-level executive responsible for developing, implementing, and managing an organization's communications

strategy. The LEDLIFE company is a LED lighting manufacturer. They were the first in Ukraine to create their own production line. LEDLIFE team has a whole design department: it is responsible for the development of new products. Mrs. Kovalevska noted that: “our lighting solutions are easily integrated into your construction pace both from the point of view of uninterrupted supply, from the point of view of the economy of the project, and from the point of view of its aesthetics”.

The company defines sustainability as the ability of the company to meet the needs of the present without compromising the ability of future generations to meet their own needs. In other words, it involves balancing economic, social, and environmental considerations to create long-term value for the company and their stakeholders. As Mrs. Kovalevska says, “Overall, sustainability is becoming increasingly important in the business world as more and more stakeholders, including customers, investors, and employees, demand that companies operate in a responsible and sustainable manner.”

LEDLIFE has guidelines for employees to be sustainable too:

- Promoting energy conservation by turning off lights, electronics, and appliances when not in use and encouraging the use of energy-efficient equipment and lighting.
- Reducing paper usage by printing only when necessary, using double-sided printing, and recycling paper when possible.
- Encouraging the use of reusable water bottles, coffee mugs, and utensils, and providing water refill stations and dishwashing facilities to reduce the use of disposable products.
- Encouraging the use of sustainable and environmentally friendly products, such as eco-friendly cleaning supplies and recycled office materials.

The representative emphasises, that “guidelines for employees to be sustainable in a company can help promote a culture of sustainability and encourage employees to be more conscious of their impact on the environment and society. By doing so, companies can contribute to a more sustainable future while also benefiting from increased employee engagement, cost savings, and improved reputation”.

The CCO of LEDLIFE talked about two main components of motivation: education and engagement. Providing education and training to employees on sustainability practices and how their individual actions can contribute to the company's sustainability goals can help employees understand the importance of sustainability and how they can make a positive impact. The most important thing is to involve employees in the company's sustainability efforts by encouraging them to share ideas and suggestions for improving sustainability practices. By involving employees in the process, they feel empowered to make a difference and invest more in the company's sustainability goals.

As CCO of LEDLIFE, Mrs. Kovalevska is very careful about the company environment and she makes every effort to work only with companies that take sustainability seriously and share their ideas on this matter. The company prioritizes suppliers who work under sustainable practices, such as using environmentally friendly materials or manufacturing processes, or by reducing the carbon footprint of their supply chain. Thus, supporting stakeholders, as mentioned above, they create common sustainability projects and promote them.

According to the interview, LEDLIFE team does their best in the company to be sustainable. They have set sustainability targets to be achieved. However, the company does not measure sustainability metrics and does not produce monthly or annual reports. Mrs. Kovalevska intends to reform that and by the end of the year the sustainability measurements will be accessible on the company's website.

The company has noticed some impacts of sustainability on the financial performance and productivity. This enhances their brand reputation and attracts customers who value environmentally and socially responsible practices. This leads to increased sales and customer loyalty, which can in turn boost financial performance.

Sustainable practices also help Ukrainian company manage risk by reducing their exposure to environmental, social, and governance (ESG) risks. This leads to improved financial performance by reducing the likelihood of negative events that could harm the company's reputation or financial performance.

Conclusions and suggestions

1. After performing the literature analysis, it can be stated, that sustainability not only impacts the internal but also the external factors of a company, such as its reputation among consumers. It is crucial for businesses to clearly define sustainability, understand its importance, and discover methods of analysing its level on the enterprise. The primary components of enterprise sustainability are financial, technological, organizational, and human resource sustainability. The sustainability practices of a company are often measured against environmental, social, and governance indicators. Ultimately, businesses that prioritize sustainability will be better equipped to navigate the challenges of a rapidly changing world and build a more sustainable future.
2. After the interview and secondary data analysis on the sustainability practices in the Lithuanian (Bundu Café and Pranciškaus Malūnas MB) and Ukrainian companies (Sigma Software Group and LEDLIFE), it can be stated that the analysed production and service providing companies try to implement the principles of sustainable development in their daily activities. The companies are motivated to contribute to the better wellbeing of present and future generations by encouraging their workers, customers, partners to use more renewable energy, sort waste, recycle and other. The companies applying the environmentally, socially friendly practices face certain financial challenges thus on the long-term perspective they consider it to be beneficial for their financial performance, as sustainability is highly valued by the customers and promoting it is one of the key goals.

Having researched the chosen companies' experience on implementing sustainability practices the recommendations on making this process more effective are provided below:

1. Promote the sustainable approaches on the company's website and media an on-site: Bundu Bakery Café and Pranciškaus Malūnas MB could advertise their sustainable direction via publicity to promote sustainability and more sustainable oriented customers choose their services this way gaining a competitive advantage.
2. Increase the use of renewable energy sources: While Sigma Software aims to reduce its greenhouse gas emissions, it could also consider investing in renewable energy sources such as solar or wind power to achieve net-zero emissions.
3. Encourage suppliers to adopt sustainable practices: Sigma Software can work with its suppliers to ensure they are also adopting sustainable practices, such as reducing their carbon footprint or using environmentally friendly materials.
4. Increase sustainable commuting options: While Sigma Software encourages sustainable commuting; it could further encourage employees to use public transportation or carpooling by offering incentives or subsidies.
5. Expand sustainability efforts to all offices: While Sigma Software's sustainability efforts are commendable; it could further expand its efforts to all offices worldwide, not just the Ukraine office.
6. Develop a sustainability report: LEDLIFE can develop a sustainability report to communicate its sustainability practices to stakeholders and demonstrate its commitment to sustainability.
7. Reduce waste and improve recycling practices: LEDLIFE can work on reducing waste by implementing a waste reduction program and improving its recycling practices. It can also explore the possibility of using recycled materials in its production process.

8. Develop sustainable products: LEDLIFE can develop more sustainable products by using materials that have a lower environmental impact and by designing products that have a longer lifespan.
9. Work with suppliers to improve sustainability practices: LEDLIFE can work with its suppliers to ensure they are adopting sustainable practices, such as reducing their carbon footprint or using environmentally-friendly materials.
10. For the analysed companies, sustainability can bring long-term benefits, such as improving public image, attracting new clients and collaborations, boosting employee productivity and well-being, and contributing to a better environment and society.
11. The Lithuanian and Ukrainian country governments should try to support businesses who show their sustainability or are guided by that country's law or European Union green rules (green course).

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