

# Business Management in the Context of the Sustainable Development Paradigm



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**Abstract** The paper aims to determine the contribution of business in implementing the SDGs and clarify the concept of business management in the context of the sustainable development paradigm. The author applies the regression analysis method to determine the contribution of business to the implementation of the SDGs, which assesses the impact of the ease of doing business index on the sustainable development index. The sample includes the top 10 developed markets and the top 10 dynamic emerging markets, which are the leaders in the UNDP Doing Business 2020 ranking. As a result, the authors identified and measured the significant contribution of businesses to implementing the SDGs. The authors also clarified the concept of business management in the context of the sustainable development paradigm and demonstrated its features in each management area. The contribution of the research to the literature is that the resulting econometric model revealed a pattern of sustainable development with business support, which can be used to predict sustainable development with the most accurate and reliable account of the influence of the factor of doing business. The applied significance for business management is that the refined concept of business management in the context of the sustainable development paradigm can be used in business practice to integrate the SDGs in the field of management.

**Keywords** Business management · Sustainable development paradigm · Sustainable Development Goals (SDGs) · Pure market competition · Corporate responsibility

**JEL Classification** G34 · M14 · M21 · Q01

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## 1 Introduction

The paradigm of sustainable development is a set of fundamental scientific and practical principles of the Noosphere doctrine [11], the essence of which is reduced to a systemic consideration and management of society, economy, and the environment under their unity, equivalence, and harmony. The key principle of sustainable development is to abandon the consumerism of human and natural resources in favor of their equivalence with economic resources. A quantitative measure of sustainable development is the sustainability index, which reflects the degree to which the SDGs have been achieved [16]. In business management, this principle is implemented in practice through the mechanism of corporate social (and environmental) responsibility.

Although the existing literature notes active support for the SDGs in business and a significant business contribution to the implementation of the SDGs, this contribution has not been quantified and is contradictory from a business management perspective [3]. On the one hand, today's business cannot stay away from the popular worldwide paradigm of sustainable development supported by society and the country [14]. In addition to this, many business people are altruistic and seek to maintain the SDGs not so much under external stimulus but by intrinsic motivation [6].

On the other hand, the sustainable development paradigm does not fit into the model of a pure market economy, as it violates free competition and requires businesses to give up part of their profits in favor of society and the environment [19].

In this regard, the revision of the concept of business management is relevant, aimed at finding a new Pareto optimum, which will balance the interests of profit maximization and its limitations associated with the implementation of the SDGs in business. This study seeks to determine the contribution of businesses in implementing the SDGs and clarify the concept of business management in the context of the sustainable development paradigm.

## 2 Literature Review

The theoretical basis of this research is formed using the business management concept. The provisions of this concept and the essence of business management in the pure market competition are disclosed in sufficient detail in the works of Corrales-Garay et al. [4], Garina et al. [5], Schrage and Rasche [9], Starinov et al. [15], and Zhuravleva and Grigoryan [20]. A significant impact of the sustainable development paradigm on business management is noted in the works of Al-Baghdadi et al. [1], Arshad et al. [2], Popkova and Sergi [7], Popkova et al. [8], Shabaltina et al. [10], Silva and Nunes [12], Singh et al. [13], and Waiyawuththanapoom et al. [17].

However, existing publications insufficiently elaborate on the essence and characteristics of business management in the context of the sustainable development

paradigm, which represents a research gap. Another gap in the literature is related to the uncertainty of the scale of business contributions to the SDGs. The need to fill the gaps is due to the fact that they hinder the reliable assessment and disclosure of business management capacity to support sustainable development. This paper is devoted to filling the identified gaps.

### 3 Materials and Method

To determine the contribution of business to the implementation of the SDGs, the authors applied the method of regression analysis to assess the impact of the ease of doing business index (according to the World Bank [18]) on the sustainable development index (according to UNDP [16]). The sample includes the top 10 developed markets and the top 10 dynamic emerging markets, which are the leaders in the UNDP [16] Doing Business in 2020 (Table 1).

According to Table 1, in developed markets, ease of doing business averaged a score of 83.53, and sustainability averaged a score of 79.42. In dynamic emerging markets, ease of doing business averaged a score of 77.90, and sustainability averaged 70.02.

### 4 Results

To determine the dependence of the sustainable development index ( $y$ ) on the ease of doing business index ( $x$ ), the authors performed a regression analysis of the data on the entire sample from Table 1. The results of the analysis are shown in Table 2.

Based on the data in Table 2, we can make the following model of pairwise linear regression:

$$y = -7.86 + 1.02x \tag{1}$$

According to model (1), when the business operation is simplified by 1 point, the sustainable development index increases by 1.02 points. The 53.18% change in the sustainable development index is due to a change in the ease of doing business index. The model is reliable at the 0.05 significance level. Based on the model (1), it was found that with the growth of the ease of doing business index from 80.72 points on average in the sample to the maximum possible 100 points (+23.89%), the index of sustainable development will increase from 74.72 points on average in the sample in 2021 to 94.45 points (i.e., by 26.41%).

Consequently, the business makes a meaningful contribution to sustainable development. To determine what makes this contribution, the authors conducted a comparative analysis of business management in pure market competition, in the paradigm of sustainable development, and in the context of various areas of management

**Table 1** Statistics on doing business and sustainability in developed and dynamic markets in 2021

Category of countries by level and pace of market development	Place in the ranking of doing business in 2020	Country	Ease of doing business in 2020, score 0–100	Sustainable development index in 2021, score 0–100
Developed markets	1	New Zealand	86.8	79.1
	2	Singapore	86.2	69.9
	4	Denmark	85.3	84.9
	5	Republic of Korea	84.0	78.6
	6	USA	84.0	76.0
	8	UK	83.5	80.0
	9	Norway	82.6	82.0
	10	Sweden	82.0	85.6
	14	Australia	81.2	75.6
	22	Germany	79.7	82.5
Rapidly growing markets	12	Malaysia	81.5	70.9
	16	UAE	80.9	70.2
	21	Thailand	80.1	74.2
	25	Kazakhstan	79.6	71.6
	28	Russia	78.2	73.8
	31	China	77.9	72.1
	33	Turkey	76.8	70.4
	38	Rwanda	76.5	57.6
	49	Belarus	74.3	78.8
	56	Kenya	73.2	60.6

Source Compiled by the authors based on the materials of the UNDP [16] and World Bank [18]

(project management, marketing management, innovation management, financial and investment management, strategic management, risk management, information management, and environmental management).

According to comparative analysis, in the context of the sustainable development paradigm, a serious transformation of the business management concept in terms of its areas is necessary. Let us consider the necessary changes in these areas. Thus, project management implies the priority of efficiency (optimization of the cost–benefit ratio) in conditions of pure market competition. In the context of the sustainable development paradigm, project management implies the priority of sustainability (stability of business development and its support of the SDGs).

Marketing management in conditions of pure market competition implies the promotion of business as commercially attractive. In the context of the sustainable development paradigm, marketing management implies the promotion of business as supporting the SDGs. Innovation management in conditions of pure market

**Table 2** Regression statistics of the relationship between the index of sustainable development and the index of ease of doing business

Regression statistics						
Multiple R	0.53176					
R-squared	0.28277					
Normalized R-squared	0.24292					
Standard error	6.3244					
Observations	20					
Variance analysis						
	df	SS	MS	F	Significance of F	
Regression	1	283.847	283.847	7.09652	0.01582	
Remainder	18	719.965	39.9981			
Total	19	1003.81				
Parameters of the regression equation						
	Coefficients	Standard error	t-statistics	P-value	Lower 95%	Higher 95%
Constant	-7.8578	31.0307	-0.2532	0.80296	-73.051	57.3354
x	1.02308	0.38405	2.66393	0.01582	0.21622	1.82993

Source Calculated and compiled by the authors

competition implies a preference for the most effective innovations. In the context of the sustainable development paradigm, it implies a preference for responsible (sustainable) innovation.

Financial and investment management in conditions of pure market competition implies a preference for commercial investments. In the context of the sustainable development paradigm, it implies a preference for ESG investments (investments in the implementation of SDGs). Strategic management in pure market competition involves the adoption and implementation of a market strategy. In the context of the sustainable development paradigm, strategic management implies the adoption and implementation of a sustainable development strategy.

Risk management in a pure market competition assumes management primarily of economic risks. In the context of the sustainable development paradigm, it assumes system management of social, economic, and environmental risks. In pure market competition, information management involves the publication of financial statements. In the context of the sustainability paradigm, it involves the publication of sustainability reports. Environmental management in a pure market competition involves compliance with environmental legislation. In the context of the sustainable development paradigm, it involves corporate environmental responsibility.

## 5 Conclusion

Thus, a significant contribution of business to implementing the SDGs has been identified and measured quantitatively. The change in the index of sustainable development by 53.18% is due to changes in the ease of doing business index. In the future, due to the simplification of doing business, the sustainable development index can increase up to 26.41%. The authors also clarified the concept of business management in the context of the sustainable development paradigm and demonstrated its features in each area of management.

The contribution of the research to the literature is that the resulting econometric model revealed a pattern of sustainable development with business support, which can be used to predict sustainable development with the most accurate and reliable account of the influence of the factor of doing business on it. The practical significance of these results is that the clarified role of business management in supporting sustainable development has opened up additional opportunities for improving (increasing the flexibility of) state regulation of sustainable development—through improving the business climate, which was previously seen exclusively as a measure to support business.

The business-management implications are that the refined concept of business management in the context of the sustainable development paradigm can be used in business practice to integrate the SDGs in the field of management. Nevertheless, the results of this research are limited to a generalized study of developed and dynamically developing countries. In further research, it is advisable to study their experiences separately to identify and consider their specificities and develop specific recommendations for integrating the SDGs into business management practices in the countries of each category.

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