



The Risks of Implementing and Managing the SDGs in the Company's Activities: A Case Study by the Example of the Largest Companies of Russia

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Abstract

This chapter's goal is to identify the types of risks of implementing and managing the Sustainable Development Goals of the largest companies in Russia under the modern conditions of the national economy's transformation.

The method of systematisation, statistical method and functional method are used. We reveal a high dependence of the Russian economy on the results of the activities of the largest companies, which function within the main spheres. This is a specific feature of the Russian economy's structure at the modern stage; risks that emerge in the activities of companies of these categories are similar to risks that hinder sustainable development at the national level. Analysis of the classification and characteristics of the risks of achieving the Sustainable Development Goals of these subjects has shown the necessity to improve the system of their management. The developed directions in this sphere are aimed at solving this problem and taking into account the prospects for business in Russia.

The scientific novelty of this research consists in the classification of the risks of achieving the benchmarks of sustainable development of the largest subjects of the Russian economy and; the development of the directions of their management, given the modern specifics of the formation of factors (threats) within the key spheres of functioning.

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JEL Codes

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1 Introduction

In the current economic conditions, the largest companies of Russia face the processes of intense transformations and global change, which lead to the uncertainty and inequality in the development of markets, absence of the resource, technological and personnel base and commonness of goals with partners, and ignoring the interests of partnership's participants. Since companies are in the difficult conditions, their functioning requires the changes in the approaches to formation and implementation of their strategic goals in different spheres, since their achievement with the use of the method of economic growth is insufficient, quick development of production can take place simultaneously with low social standards, ineffective economic methods and threats to ecology (environment pollution). In the process of studying the structure of the interaction of companies, markets, logistics and reproduction, it is necessary to dwell on the regularities of the grouping of economic systems by objects, types of environments, processes and projects. This will allow building a well-balanced structure of the integration connections between companies and other types of socio-economic systems, which, under the conditions of constant changes, will ensure the sustainable development of companies.

Balance, as the basis of managing all spheres of companies' functioning, is the foundation of the conceptual theory of sustainable development. It is adopted within the programme documents of the UN members. Its key aspects are important indicators that allow ensuring effectiveness in all spheres of companies' activities and their prospects. Given the above, achievement of the Sustainable Development Goals of companies requires an effective approach to management, which would allow avoiding and reducing the impact of risks.

Orientation toward a certain form of decision-making will allow for timely and adequate reaction to possible challenges for the sustainable development of companies.

The purpose of this research is to identify the types of risks of implementing and managing the Sustainable Development Goals of the largest companies in Russia under the modern conditions of transformation of the national economy. For this, the following tasks are solved: systematising scientific approaches to the assessment of risks of this type; formulating the directions of managing these risks for achieving the Sustainable Development Goals of the selected companies of Russia.

2 Materials and Method

The issues of companies' SDGs and risks that influence their achievement, as well as the directions of optimisation management, have been studied in Berzon et al. (2022), Bozo et al. (2021), Golikova and Kuznetsov (2017), Gudkova (2020), Kuznetsov (2019), Li and Li (2022), Makarova et al. (2021), Maksimova-Kulieva and Lepetiukh (2018), Mochalova et al. (2019), Verstina et al. (2018).

Analysis of the provisions of the above works has shown that, at the current stage, there is no complex and universal approach to assessing the main types of risks of achieving the Sustainable Development Goals or a model of managing them within the functioning of the largest companies of Russia.

The following methods are used in this research: method of systematisation—to classify the authors' approaches to the types of risks of the given category; statistical method—to assess the data of statistics on the indicators of sustainable development of the largest companies of Russia; functional method—to plan managerial decisions on risk management of achieving the SDGs of these companies.

In this work, the analytical and statistical materials on the development of the selected largest companies in Russia are used: materials of analysis of the state of these subjects' activities in the sphere of formation and implementation of the goals of the given type and management of risk that are

connected with their achievement; data of companies' reporting; scientific papers with the materials on the studied direction.

3 Results

Based on the research of scientific materials, let us formulate the systematisation of approaches to the assessment of the types of risks connected with the achievement of the benchmarks of sustainable development of the largest companies in Russia. It is possible to distinguish 500 subjects that define the development of the Russian economy (volume of sales of products (services) accounts for more than 80% of GDP) (RBC.RU, 2019). It is possible to state that the structure of the Russian economy is peculiar for the specifics of orientation toward the maximisation of the business environment, which is mainly predetermined by the historical features of the formation of certain spheres. While in many Western countries (developed and developing), the economies are oriented toward small, medium and micro-business, Russia functions within the scaling of the economy toward the enlargement of companies. Taking this into account, these companies reach socially important goals and form them primarily within the national course of sustainable development. The influence of threats to the implementation of such goals is a negative factor for the companies and the country on the whole.

There is an approach connected with the classification of risks of reduction of financial stability, which is required for internal investing in the achievement of the benchmarks of sustainable development (financial risks of implementation).

In the context of the orientation toward this approach, it is necessary to note the provisions of Berzon et al. (2022), which contain a structure of risks of this type. The authors substantiate the dependence of the change (aggravation) on the level of the social component of sustainable development and this indicator on the whole on the influence of the growth of financial risks, which include: the risk of reduction of sales of products (services); risks of reduction of profit; risk of reduction of the volume of assets (resources); risk of reduction of companies' capitalisation. The results of the analysis were obtained based on the research on the functioning of eleven companies of Russia (top-20 of the 500 largest companies of Russia) over 2019–2021 (Gazprom, Rosneft, Lukoil, Novatek, Transneft, Tatneft, Novolipetsk Steel, Polyus, Magnitogorsk Iron & Steel, Alrosa and Polymetal International). According to the obtained results, the authors determined that the largest negative influence on the achievement of the Sustainable Development Goals in these companies was connected with the growth of the risk of

reduction of the volume of sales of products (services) and growth of the risk of resources' reduction. Researchers do not focus on the reduction of internal financing of ecologisation, though this direction was developed under the conditions of functioning of all mentioned economic subjects. Analysis of the characteristics of the influence of financial risks, presented in Berzon et al. (2022), allows stating that there is an additional effect of the economic risk of ineffective import substitution.

This type of risks directly influences the financial risks and the aggravation of the achievement of the main components of sustainable development of large, medium and small companies of Russia. This category of risks is studied in Kuznetsov (2019), which is devoted to the assessment of managing the companies' sustainable development. This type of risks poses barriers to sustainable development at the level of Russian companies and the level of the state. The influence of the risk of ineffective import substitution is connected to the absence of effective managerial decisions in the sphere of the search for a replacement for equipment, materials and resources in all spheres. There is "manual regulation" by the state, which implies the support for companies that suffered the most from the necessity to implement import substitution. Orientation toward this method does not stimulate the real support for sustainable development, but only temporarily reduces the effect of the negative consequences on the social, environmental and economic sectors of companies. In Bozo et al. (2021) and Li and Li (2022), it is revealed that this risk belongs to the external factors of the negative influence on the aggravation of sustainable development; though companies have certain possibilities to manage it, the effectiveness of problem resolution depends on the strategies of the state and involvement of all interested parties in this process, as well as the implementation of the programmes of internal protectionism. In Golikova and Kuznetsov (2017), the authors substantiate that the most negative influence of the risk of the ineffectiveness of import substitution is observed in the largest companies of Russia in the sphere of production, mining industry and energetics. In this sphere, technological provision through internal resources was not ensured.

The approach that is connected with the manual regulation of the economy (so-called "manual" regulation) predetermines the emergence of risks in achieving the following SDGs: SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 3 (Good health and well-being), SDG 4 (Quality education), SDG 6 (Clean water and sanitation) and SDG 10 (Reduced inequalities). Such dependence is caused by the fact that the state spends budget assets to support non-competitive productions (spheres), which products are in demand only in the domestic market; at that, the necessity for expenditures for the goals that identify sustainability (in this case, in the sphere of human development), is ignored. Manual support for the activities of sectors and

companies leads to the emergence of risks of the implementation of the UN SDGs. Also, this approach, predetermined by manual support for the economy, leads to the emergence of risks for the achievement of SDG 9 (Industry, innovation and infrastructure). The state's interference reduces the competitive policy, while the principles of market regulation and the orientation toward the innovative driver of the economic spheres' development are partially ignored.

There is an approach that distinguishes risks related to changes in the institutional structures that provide logistical provision of supply of goods (materials, resources), services of storing and delivery of products between storages and to customers (risks of destruction of logistics or risks of logistics).

Within the emphasis on risks of logistics, the authors of Maksimova-Kulieva and Lepetiukh (2018) point to the fact that their emergence is connected with a range of factors, which include as follows:

- Absence of trained personnel in the sphere of development and making of effective (often non-standard) decisions on the organisation of processes given constantly changing conditions;
- Low level of logistical chains in Russia, which does not allow the largest companies to perform continuous operations with goods;
- Destruction of logistical ties with partner companies due to the influence of unpredictable events (pandemic, growth of inflation) or bankruptcy of the partnership participants, which perform logistical functions.

The authors of Gudkova (2020), Makarova et al. (2021), Mochalova et al. (2019), and Verstina et al. (2018) note a significant impact of the risks of destruction of logistics on the ecologisation of processes, and aggravation of the negative influence on the environment of territories (one of the components of sustainable development). Such negative influence is peculiar for the functioning of the largest companies that faced the unpredicted necessity to change a partner who performs logistical functions; they chose new interactions based on the criteria of economic effectiveness and do not orient toward the priority of supporting the balance of economy and ecology.

4 Discussion

The systematisation of risks of achieving the Sustainable Development Goals allowed developing and formulating the main directions of their management at the level of the largest companies of Russia, which include the following:

- Assessment and implementation of the opportunities for long-term provision with resources and technologies that

are a necessity for the continuous functioning of production processes. The search for such opportunities can be performed with the help of outsourcing, and implementation—with the help of public-private partnerships. These opportunities may include investments in the intensive production of the necessary equipment technologies and materials; investments in restoration of production which profile allows manufacturing the necessary assets; conclusion of partnership agreements with partner states in the trade and industrial sphere on the supply of required resources. This measure will allow ensuring the growth of the volumes of production and revenues from selling products, which will ensure the perspective for implementing the main Sustainable Development Goals within the environmental and social components and the growth of the level of economic goals' achievement. This direction will allow neutralising the risks of financial character and the risks of the ineffectiveness of import substitution;

- optimisation of logistical ties given the orientation toward partnership with reliable partners, monitoring of their readiness to external market and financial challenges; creation of logistical channels that are based on a full production cycle. To achieve the efficiency of logistical operations and reduction of the negative consequences of failures in this sphere, it is proposed to create the systems of continuous monitoring of the potential of partners that implement these procedures; constant control over these companies observing the threshold criteria within these systems; search for the effective directions of logistical interaction in view of the change in the market and financial conditions;
- Development and correction of the strategies of development given the modern realities of the technological potential, which could be ensured in the factual conditions of functioning, with the provision of achievement of balance of all SDGs, which implementation is the fundamental basis for further activities within the selected sphere and territories;
- reconsideration of the strategies of development in favour of the institutional division of integration business structures during a crisis, which is especially important for large participants of associations (innovation networks, clusters, associations), which, within the contractual relations, adopted the obligations on ensuring the constant production load for small participants, investments in their development in different spheres, and support for the activities during forced idle periods. That is, there is a possibility to change the course of the Russian economy toward the development of small, medium and micro companies as the basis of the key spheres. Such an approach may facilitate the support for

social standards ecologisation in the sphere of material use and organisation of main processes. Of course, such decisions are impossible for large integration structures without the coordination with the state, consultations and adoption of the corresponding programme documents for support for business in the period of the transformations of this category.

In this case, there appears risk to the state's implementation of SDG 12 (Responsible production and consumption) and SDG 7 (Affordable and clean energy). Due to the reduction of the entrepreneurial infrastructure in the sphere of logistics and growth of services' prices in this direction due to the decrease in the offer, there takes place a refusal from the orientation toward the responsible management of the logistical sphere, including in the context of waste reduction, ecologisation, energy-saving and use of clean energy.

5 Conclusion

We revealed the categories of risks that have the largest influence on the achievement of the main components of sustainable development of the main economic subjects of Russia. These risks have an internal and external nature. The considered risks are connected with the financial and economic features of the development of the state, which are formed in the process of formation of the main spheres and the period of the transformations of the economic position of Russia in international markets.

The described directions of managing the reduction of the influence of mentioned risks on the main spheres of sustainable development of the studied subjects were developed with the orientation toward the perspective transformation of the main processes of development of entrepreneurship and industry of the country. The list of optimisation solutions could be expanded or changed due to the large changeability of the market environment. The key direction of this improvement is solving the problem of import substitution and logistical provision of industrial companies of Russia. Implementation of these directions will allow the largest companies in the country to function within other organisational and institutional forms, ensuring the possibility for development, acceleration of technological growth and support for the main SDGs.

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