COMPETITIVENESS MANAGEMENT STRATEGIES OF COMPANIES BASED ON SUSTAINABLE DEVELOPMENT

The purpose of this research is to explore the management of company competitiveness based on sustainable development. To achieve the goal, the article used the method of analysis and synthesis, which made it possible to conduct a comprehensive study of the process of managing competitiveness based on sustainable development. The study employs an analytical approach and comparative analysis to investigate the key aspects of competitiveness management and its impact on the company. The findings demonstrate that effective management based on sustainable development preserves the company’s competitive advantage, optimizes production processes, minimizes environmental impact, and enhances resource utilization. Moreover, it improves stakeholder relations, enhances the company’s reputation, and attracts investments. The practical significance of this research lies in identifying principles and tools for managing competitiveness based on sustainable development, enabling companies to achieve sustainable growth and balance economic, social, and environmental aspects.

Keywords: competitiveness, sustainability, Sustainable Development Goals, management; strategies.
**Problem statement.** The current conditions of the development of the world economy, characterized by instability, uncertainty and globalization processes, predict the growth of the role of enterprise competitiveness. Under such a state of development, enterprises must quickly adapt to changes, compete, use new opportunities, introduce innovations and improve their products and services. The concept of sustainable development is directly related to competitiveness. The implementation of the conceptual principles of sustainable development has a positive effect on the competitiveness of enterprises, which is characterized by reducing costs, increasing reputation, entering new markets, introducing innovations, and improving relations with stakeholders. At the same time, a high level of enterprise competitiveness can contribute to the achievement of Sustainable Development Goals, providing the resources necessary for the implementation of sustainable development initiatives. Managing enterprise competitiveness based on sustainable development requires a systematic approach from enterprises that takes into account environmental, social and economic factors in strategies and activities.

**Analysis of recent research and publications.** Such scientists as Leskiv H.Z. [1], Dolya I.V. [2], Dovgan L.E. [3], Dashko I.M. [4], and Kryvitska V.V. [5] made a significant contribution to the research on issues of enterprise competitiveness management and sustainable development. Fundamental aspects of enterprise competitiveness management were reflected in the works of foreign scientists P. Kotler, M. Porter, A. Smith, H. Fayol, J. Schumpeter and others.

**Formulating the purposes of the article.** The purpose of the article is to research and analyze approaches to enterprise competitiveness management with a focus on sustainable development and determine the strategies that can be used to ensure enterprise competitiveness in modern conditions of development.

**Methodology.** This research methodology combines qualitative and quantitative approaches to analyze, synthesize, and compare competitiveness management strategies based on sustainable development. By employing a rigorous research design and validation process, the study aims to provide valuable insights and practical recommendations for organizations operating in a globally competitive environment.

**Presentation of the main research material.** Enterprise competitiveness can be defined as the enterprise's ability to produce a product or service with high quality and at competitive prices, to respond to market needs through continuous improvement and innovation, to use resources efficiently and to have an effective management system that allows the enterprise to ensure sustainable success on the market in the long term.

However, the competitiveness of an enterprise depends not only on internal factors but also on external ones. The market situation, degree of saturation of the industry, competition and other factors can affect the competitiveness of an enterprise. Successful businesses focus on improving each of these factors to ensure their competitiveness and sustainable success in the marketplace.

For the successful integration of Ukrainian business into the world economy, it is necessary to meet international requirements and standards, which provide a new vision and strategy for increasing competitiveness. The intensification of global competition requires the development of new effective tools for managing enterprise competitiveness, as well as the creation of new mechanisms of relations between the state, business and society.

Today, traditional methods of creating competitive advantages need a new toolkit, which includes "socially oriented components" and helps to strengthen relations between the enterprise, the government and society. This will contribute to the development of long-term relations with consumers, the attraction of more qualified personnel, support from the state and competitive stability. One of these tools can be enterprise competitiveness management based on sustainable development, which involves the responsibility and participation of the enterprise in solving social and environmental problems. Modern economic systems are transforming due to globalization, post-industrialization and socialization of the economy. These trends contribute to the fact that new non-economic factors are taken into account, the role of which is constantly growing.

Today, there is a global change of values in the field of business: enterprises are moving from an economically oriented approach to a more complex and comprehensive way of doing business. A modern enterprise is connected with many socio-economic entities. To ensure the competitiveness of the enterprise, it is necessary to pay great attention to the security of its activity, because it is affected by risks and threats that may arise from the external environment, such as the shadow economy, corruption, raiding and others. Successful enterprise competitiveness management requires understanding and awareness of such risks and skills to prevent them. Enterprise competitiveness management includes the timely identification of threats and taking measures to reduce or eliminate them.

During Russia's full-scale invasion of Ukraine, domestic enterprises are forced to adapt to new challenges almost every day, such as the outflow of personnel, the destruction and damage of equipment, problems with the energy supply and a decrease in the income of the population. It is necessary to research theoretical and methodological approaches to the exit of enterprises from crises caused by the war and to develop ways of increasing the competitiveness of domestic companies. The importance of and interest in sustainable development is growing as human values are increasing challenges related to ecology, social justice, and economic growth.

The concept of sustainable development is an approach to development that meets the needs of the present without compromising the ability of future generations to meet
their own needs. The main principles of sustainable development are based on the idea that economic growth, environmental protection and social well-being are interrelated elements that cannot be considered separately. These principles should be ensured at the level of the global community, national government, and local community. This concept is crucial because our planet has limited resources, and human activity can harm the environment and natural ecosystems. According to this concept, sustainable development involves ensuring access to people's basic needs, including food, water, energy and education, preserving natural resources and biodiversity, improving labour productivity and economic competitiveness, building infrastructure and ensuring greater participation of citizens in decision-making.

The concept of sustainable development is one of the main ideas that formed the basis of the formulation of the Sustainable Development Goals (SDGs), a global development program introduced by the United Nations in 2015. The SDGs, adopted by UN Member States in September 2015, include a set of 17 goals and 169 targets to be achieved by 2030. Each goal covers different aspects of sustainable development, including greater economic sustainability, social justice, environmental sustainability and greater cooperation between countries [6].

The broader definition of competitiveness can be described using the concept of sustainable competitiveness and this is based on the idea that competitiveness today should be reached without compromising the possibility of competitiveness tomorrow. It includes elements of high-quality growth, resource management, social equality, human development and well-being. Within this context, the concepts of social and environmental sustainability are linked to that of competitiveness. According to the definition provided by Corrigan et al., sustainable competitiveness, social sustainability and environmental sustainability are described below [6-7].

Sustainable competitiveness is defined as the set of institutions, policies and factors that make a nation productive over the long term while ensuring social and environmental sustainability. Social sustainability is defined as the institutions, policies and factors that enable all members of society to experience the best possible health, participation and security, and which maximise their potential to contribute to and benefit from the economic prosperity of the country in which they live. Environmental sustainability is defined as the institutions, policies and factors that ensure efficient management of resources to provide prosperity for present and future generations [6-7].

It is necessary to define the relationships between the SDGs and the concept of sustainable competitiveness according to three different but interrelated categories of competitiveness, namely economic, social and environmental competitiveness. There is also a large set of synergies between the different dimensions of competitiveness (Table 1).

Economic competitiveness reflects the ability of an enterprise, industry or country to compete effectively on world markets due to high productivity, innovative activity, developed infrastructure, efficient use of resources and other factors that determine economic success. Environmental competitiveness reflects the system's ability to compete in the market due to environmental benefits. It means that an enterprise, industry or country can provide high-quality products and services that meet the requirements of sustainable development and obtain competitive advantages at the expense of these advantages. Social competitiveness reflects the system's ability to compete in the market at the expense of social benefits. It means that an enterprise, industry or country can provide high-quality products and services that meet social requirements and consumer needs, and gain competitive advantages.

According to the results of the second annual expert study conducted by the European Business Association, 96% of enterprises in Ukraine continue to take into account the UN Sustainable Development Goals in their activities, which corresponds to the level of 2021. The integral indicator of the Sustainable Development Index improved and reached 3.50 points out of a possible 5. This result is 0.23 points higher than last year's indicator [8].

Companies that do not focus on SDG [8]:
- have annual budgets for financing sustainable development projects at the level of 0.5-10 million hryvnia;
- belong to banking, healthcare, mechanical engineering and construction;
- internal ones are among the main barriers: lack of understanding by the owners of the need to implement the principles of sustainable development, lack of an appropriate department, low awareness of the principles of sustainable development, and lack of necessary resources.

Figure 1 shows the most relevant areas of sustainable development, namely the social component and the percentage of surveyed respondents.

It is interesting to note that in 2021, environmental issues took a leading place among the priorities in the field of sustainable development. However, despite the obvious predominance of the social component in business sustainable development programs, the level of support for the most vulnerable categories of the working population on the labour market has significantly decreased, so it is important for less than a quarter of the surveyed businesses. At the same time, the share of companies engaged in projects related to female leadership or gender equality increased to 32% [8].

Compared to 2021, the number of respondents who regularly update stakeholders on the progress of implementing sustainable development projects increased to 90%, compared to 83% in 2021. In addition, there was an increase in the percentage of respondents who prepare separate non-financial reports (66%). However, eight companies from the list of the 200 largest taxpayers in Ukraine talked about their achievements in terms of sustainable development in their non-financial or integrated reports for 2021. There are such companies as Naftogaz of Ukraine, MHP, Ferrexpo, Auchan, Metinvest, Kernel, Carlsberg, and Farmak [8].

In general, in 2022 there is progress in reporting on sustainable development in information technology. During the war, 89% of respondents finance sustainable development projects while in 2021 this figure was 96%. Investment volumes in sustainable development projects have increased significantly compared to last year. Large budgets are typical in the IT and telecommunications industries, retail trade, as well as in consulting, auditing and the legal field. Companies from the IT, telecommunications spheres, heavy industry and healthcare are the largest investors [8].

Respondents indicate several factors that can stimulate progress in implementing the Sustainable Development
### Synergies between SDGs and dimensions of sustainable competitiveness

<table>
<thead>
<tr>
<th>Elements related to the SDGs</th>
<th>Economic competitiveness</th>
<th>Environmental competitiveness</th>
<th>Social competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local governance</td>
<td>Transformative vision, good governance, transparency and accountability are key elements to promote investment and economic growth; effective state-business relations can create consensus around policies</td>
<td>High-quality and inclusive institutions can lead to green approaches and create conditions for behavioral and institutional changes</td>
<td>High-quality and inclusive institutions are essential to provide health, education and social protection services</td>
</tr>
<tr>
<td>Investment in infrastructure</td>
<td>Appropriate infrastructure helps all firms to buy and sell goods and services and to raise productivity</td>
<td>Renewable energy plans and sustainable technologies are key elements to reduce pollution and to increase the long-term availability of natural resources</td>
<td>Infrastructure should be accessible (location and prices) to the poorest; access to water, roads and energy is fundamental to promote social competitiveness and equality</td>
</tr>
<tr>
<td>Human capital development</td>
<td>Education, health and skills development are important factors for labour productivity</td>
<td>Skills development and education are important for green jobs creation and for the promotion of sustainable behaviors</td>
<td>Skills and good health are important elements for social equality, stability and inclusiveness</td>
</tr>
<tr>
<td>Biodiversity protection</td>
<td>Land and natural resources are important for long-term productivity</td>
<td>Preserving natural capital can increase resilience and long-term availability</td>
<td>Possession of and/or access to land, good-quality water and biodiversity are important assets for the poorest and are fundamental elements to promote social stability and resilience</td>
</tr>
<tr>
<td>Green technology</td>
<td>Technologies are drivers of total factor productivity</td>
<td>Development of green technology can reduce the impacts on the environment</td>
<td>Green technologies can increase the availability of resources and reduce the impacts generated, particularly on the poorest</td>
</tr>
<tr>
<td>Trade support</td>
<td>Linkages across firms and markets can increase demand, production and competitiveness</td>
<td>Market access for environmental goods and services (e.g. the ability to access new markets for solar panels)</td>
<td>Networks foster labor migration and enable the poorest to move to more productive employment; linkages between business activities can expand opportunities and alleviate poverty</td>
</tr>
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</table>

Source: [9]

Goals in Ukraine. Among them, they note the possibility of receiving grants and targeted grants from international organizations, support (financial, organizational, advisory and informational) of innovative projects, tax benefits, as well as regulatory changes, including the simplification of bureaucratic procedures and a temporary moratorium on strengthening control and raising standards [8]. Figure 2 shows the main obstacles indicated by the respondents in implementing sustainable development projects.

![Figure 1. The most relevant areas of sustainable development of enterprises in Ukraine](Source: [8])

- The assistance to medical institutions
- The support of employees and their families in relocation, payment of salaries during forced downtime
- The provision of humanitarian support to internally displaced persons
- The support of the Armed Forces of Ukraine and the Territorial Defence Forces
After the introduction of martial law, several measures were taken by the state regarding deregulation in the economic sphere for this period. Businesses highly appreciated the state’s efforts to take into account the ecological, social and economic components, in particular in the National Recovery Plan of Ukraine, which scored 3.20 points and moved into the neutral plane, compared to last year’s negative assessment of 2.75 points [8].

However, almost all respondents pointed to obstacles in implementing the Sustainable Development Goals at the state level (Figure 3).

The main problem remains insufficient funding and resources. Under martial law, 79% of respondents believe that the attention of the state has shifted to ensuring defence capability. However, the number of those who believe in a lack of budget and resources, low awareness of officials with the principles of sustainable development and lack of understanding of the need to implement these principles has halved [8].

Consider, for example, the MHP’s approach to sustainable development, which is coherent (Table 2).

The Report, prepared following the internationally recognized standards of the Global Reporting Initiative, highlights the progress of the IHP in 2022. It details efforts to accelerate ESG progress by implementing policies, systems and processes to move towards a more responsible

![Figure 2. The main obstacles to implementing sustainable development projects](source: [8])

![Figure 3. The main obstacles to implementing sustainable development projects at the state level](source: [8])
and sustainable business model. ESG is an acronym for environmental, social, governance (environment, society, management. It is an approach in which the corporate governance structure of companies is taken into account when making decisions, with an assessment of the impact of its activities on ecology and society.

Figure 4 shows how MHP manages its responsible approach across the Group.

The ESG Transparency Index of Ukrainian companies evaluates the transparency of Ukrainian companies according to ESG criteria (social, environmental and management). Public information for 2020 was evaluated following ESG criteria on the websites of Ukrainian companies that were among the 50 largest taxpayers and companies that voluntarily joined the evaluation. Some companies are implementing innovative approaches to spreading the prin-

**Table 2**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Board Level</th>
<th>Management Systems</th>
</tr>
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<tbody>
<tr>
<td>Business conduct</td>
<td>Designs and sets strategy and policy Ensures adherence to industry, national and international focus area standards Immediately investigates significant incidents and actions findings Oversees the Group’s risk management processes Monitors performance and sets targets Authorises and monitors the stakeholder engagement plan</td>
<td>MHP’s internal audit and security departments regularly review risk management systems. Employees receive regular education, training and development, and MHP maintains a whistleblowing system MHP’s Group-wide HR function places significant emphasis on training, education, learning and development through the use of innovation and increasing digitisation of its management systems Senior management at each MHP governs occupational health and safety matters with the support of MHP’s Labour Protection Service. The Service is tasked with accident prevention and raising and maintaining employee awareness of health, safety and well-being through a variety of training, education, dialogue and communications mechanisms All MHP locations employ environmental specialists and employees responsible for the maintenance of MHP’s environmental standards and compliance with industry best practice, laws and regulations. Laboratories are certified for ISO/IEC 17025 compliance MHP applies industry best practice management systems and uses innovative technology to maintain its animal welfare commitments and responsibilities Provision and maintenance of experienced and dedicated resources to work with local communities, and to conduct dialogue with key stakeholders.</td>
</tr>
<tr>
<td>Our people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational health &amp; safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The planet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product quality and safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local communities</td>
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</table>

**Figure 4. MHP’s responsible-business approach across the Group**
principles of ethics and compliance. Thus, the MHP developed and began piloting the Ethics and Compliance Ambassadors Program [11].

According to the level of information disclosure according to the "Corporate governance" criterion, MHP has 13.5 points out of a maximum of 22. The company is also among the leaders of companies with the highest level of transparency on their websites. The company has 5 out of 6 points for the "Environmental protection" component [11]. In 2020, MHP ranks 7th in the ESG Index of transparency of companies and has 58.5 [11]. We will conduct a market scoring of PrJSC MHP using YouControl system data (Table 3).

The share in the sector during the studied period varied between 0.89-0.1.24%. The market share in 2022 is 9.90%, which is a smaller indicator than in 2021. PrJSC "MHP" occupies second place in the market and holds this position during the period under study. The MarketScore index is 3.8, which indicates that PrJSC "MHP" has the maximum market power [12].

Enterprise competitiveness management is a purposeful process based on the principles of complexity and systematicity and aims at constant renewal and development of the enterprise's competitive advantages. Enterprise competitiveness management takes into account the influence of external conditions, and the need to optimize profit to ensure a successful position on the market.

The purpose of enterprise competitiveness management is to ensure a stable competitive position of the enterprise in the market, increase its efficiency and profitability, improve the quality of products and services, reduce costs, improve the marketing strategy, increase investment attractiveness, etc. Enterprise competitiveness management allows it to maintain and strengthen its position in the market, ensure its development and growth, and respond to changes in the market environment and competition. An important goal of enterprise competitiveness management is also to ensure the sustainability of its development, which is based on the principles of sustainable development and a balance between economic, social, and environmental aspects of the activity.

Ukrainian enterprises must constantly monitor all indicators of competitiveness, take necessary measures to prevent the loss of market positions and develop sustainable competitive advantages [13]. These competitive advantages can serve as the foundation of the strong competitive position of the enterprise, determine the direction of its development strategy and be the object of strategic management. Enterprise competitiveness management must be a continuous process.

The subject of enterprise competitiveness management is its management and staff engaged in the development and implementation of competitiveness management strategies and tactics. The object of enterprise competitiveness management is the enterprise itself, its products and services, business processes and structure, which must be optimized and adapted to achieve and maintain competitive advantages in the market. The object can also be a product or service that the enterprise produces or provides.

Enterprise competitiveness management takes into account the influence of both internal and external factors on competitiveness. The first includes such elements as the organizational and legal form of the enterprise, its structure, level of scientific and technical development, social potential, resources, psychological climate, well-established supply routes, etc. External factors include the industrial and scientific-technical environment and the social environment.

Enterprise competitiveness management involves the analysis and management of all these factors to ensure the competitive advantages and success of the enterprise in the market. This process includes the analysis of the internal and external environment of the enterprise, identification of its competitive advantages and disadvantages, and determination of potential threats and opportunities that may affect its position in the market.

Further, based on these analyses, development strategies of the enterprise are formed, which should ensure the increase of its competitive advantages. Strategies may include measures such as improving product quality, expanding product range, reducing costs, improving production processes, improving marketing strategies, and others. Enterprise competitiveness management is a permanent and future-oriented process, which requires monitoring and evaluation of the results of the measures that have been implemented and making adjustments to the strategy, if necessary.

Enterprise competitiveness management based on sustainable development means that the decisions and actions taken by the company are aimed not only at ensuring its competitiveness but also at preserving and developing natural, social, and economic resources to meet the needs of the present and future generations. In other words, the enterprise must develop a strategy that maintains a balance.

<table>
<thead>
<tr>
<th>Financial indicator</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index MarketScore</td>
<td>A/3,4</td>
<td>A/3,8</td>
<td>A/3,8</td>
</tr>
<tr>
<td>Market Share in Sector</td>
<td>0,89%</td>
<td>1,28%</td>
<td>1,24%</td>
</tr>
<tr>
<td>Market share</td>
<td>7,23%</td>
<td>11,40%</td>
<td>9,90%</td>
</tr>
<tr>
<td>Sub-market share</td>
<td>63,44%</td>
<td>81,32%</td>
<td>75,17%</td>
</tr>
<tr>
<td>Rank in Sector by Revenue</td>
<td>9</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Rank in market</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Rank in sub-market</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>YoY absolute revenue growth rate, million UAH</td>
<td>-878,7</td>
<td>10023,1</td>
<td>729,2</td>
</tr>
<tr>
<td>YoY relative revenue growth rate</td>
<td>-2,4%</td>
<td>27,9%</td>
<td>1,6%</td>
</tr>
<tr>
<td>Average revenue growth for 3 years, million UAH</td>
<td>6041,6</td>
<td>3844,2</td>
<td>3291,2</td>
</tr>
<tr>
<td>Revenue CAGR for 3 years</td>
<td>26,3%</td>
<td>10,1%</td>
<td>8,2%</td>
</tr>
</tbody>
</table>

Source: [12]
between achieving corporate goals, supporting social relations, norms, and values, and ensuring the preservation of natural ecosystems [14–15].

Strategies for managing competitiveness based on sustainable development should ensure the successful operation of the enterprise in a changing business environment while maintaining ecological, social, and economic stability. The main directions of such strategies are:

1. Environmental sustainability: companies striving for sustainable development focus on reducing the impact of their activities on the environment. They implement environmental standards and efficient technologies to reduce energy consumption, use renewable energy sources, practice efficient resource utilization, and manage waste.

2. Social responsibility: the competitiveness of an enterprise also depends on its relationships with employees, clients, consumers, and society as a whole. Companies should uphold high labour standards, ensure the safety and health of employees, create jobs with fair wages, adhere to ethical norms in interactions with clients and consumers, and actively engage in the development of local communities.

3. Corporate social responsibility: the competitiveness of an enterprise also depends on its relationships with employees, clients, consumers, and society as a whole. Companies should uphold high labour standards, ensure the safety and health of employees, create jobs with fair wages, adhere to ethical norms in interactions with clients and consumers, and actively engage in the development of local communities.

4. Supply chain management: ensuring sustainability requires considering the entire supply chain. Companies should collaborate with suppliers to ensure high-quality materials, compliance with social and environmental standards, and effective risk management. It is important to establish partnership relationships, promote innovation, and ensure transparency throughout the supply chain.

5. Social responsibility: the competitiveness of an enterprise also depends on its relationships with employees, clients, consumers, and society as a whole. Companies should uphold high labour standards, ensure the safety and health of employees, create jobs with fair wages, adhere to ethical norms in interactions with clients and consumers, and actively engage in the development of local communities.

Conclusions. Therefore, the main difference between these two approaches is that enterprise competitiveness management based on sustainable development assumes that the enterprise's success depends not only on its financial results but also on how it affects the social and environmental spheres. This approach contributes to improving the company's reputation, increasing the trust of consumers and investors, and ensuring sustainable development not only of the company itself but also of society as a whole. Even though this approach may require higher costs in the initial stages, it can give a better result in the future, ensuring a more sustainable and efficient development of the enterprise in the conditions of competition. Thus, managing competitiveness based on sustainable development becomes a necessity for enterprises that seek to achieve stable and long-term success, preserve the environment and fulfil their social and economic functions.

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