Current approaches to increasing the profitability of small businesses within the framework of sustainable development policy

Natalya Altynova1,*

1Academy of law and management of Russian Federation (APU FSIN RF), 390000 Sennaya St., 1, Ryazan, Russia

Abstract. The publication examines the essence of the company's sustainable development policy and its impact on the profitability of small business companies. Based on the analysis of scientific works by Russian and foreign authors devoted to the policy of sustainable development, and the study of the activities of a number of small business companies, the author of the publication identifies areas of corporate activity on which the policy of sustainable development can have a positive impact. The author particularly attentively studies the issue of minimizing the negative impact the company's activity has on the environment.

1 Introduction

The problem of sustainable development is one of the most relevant topics on the global agenda. The concept of sustainable development began to be discussed in the scientific community from the middle of the XX century, while the term "sustainable development" was first used in 1987 by the International Commission on Environment and Development. In the report "Our Common Future", sustainable development was defined as development in which "the needs of the current generation are met, but the ability of future generations to meet their own needs is not compromised" [1]. In general, sustainable development can also be described as "self-sustaining", that is, we are talking about a certain system that produces a useful product in one form or another, and at the same time remains able to produce such a product indefinitely. In a broader sense, sustainable development is related to solving global problems such as gender and racial inequality, poverty, hunger, depletion of natural resources, reduction of biodiversity, and so on [2].

The very need to apply the ideas of global development is primarily related to the presence, on a global scale, of a number of global problems, the overcoming of which, on the one hand, will make it possible to maintain economic growth at the existing level for a long time, but, on the other hand, cannot be achieved without changing the practices applied by international companies [3]. The global nature of the problems is determined, firstly, by the fact that they are caused by global development trends, secondly, by the fact that they are of

* Corresponding author: naltynova@mail.ru
fundamental importance for the development of all mankind, and, thirdly, by the fact that overcoming them requires the coordination of actions of all participants.

Such problems include, first of all, anthropogenic pressure on the environment, that is, pressure associated with human activity. All other problems, such as demographic explosion, shortage of food and fresh water, depletion of the ozone layer, reduction of biodiversity, unemployment, pandemics and epidemics, drug addiction and other dependencies, international terrorism and so on, are more or less related to the influence (mainly negative) that the human race has on the environment [4]. Contradictions of various kinds are reflected in global problems - between economic development and concern for the environment, between the growth of incomes of the population and the growth of its own well-being, between the need to maintain the standard of living now and the concern for future generations. Sustainable development is essentially a compromise and an attempt to smooth out these contradictions.

2 Materials and results

The economic models that company applied in the 20th century in the West and are still partially applied in third World countries have essentially undergone minimal changes since the Industrial Revolution and are aimed at maximizing profits and minimizing costs. At the same time, if long-term planning was ever present in such models, it was exclusively in relation to the activities of the company itself. The impact that this activity has on the environment has not been taken into account or has been taken into account to a minimum extent. At best, such an impact was reflected in the expenditure part of the budget in connection with the payment of relevant fees and environmental taxes.

From the business point of view, sustainable development, first of all, is a growth limiter and a source of additional costs, since it limits the profitability of the company's current activities. So, for example, in the extraction of minerals, a normal practice would be to maximize the volume of production, while minimizing costs. At the same time, the sustainable development policy assumes certain limitations related to both minimizing environmental damage and limiting the volume of production. Also, within the framework of the sustainable development policy, additional costs are assumed for ensuring labor safety, as well as other measures aimed at maintaining employee loyalty. By many economists, this concept was viewed as fundamentally contrary to economic growth. Recently, however, in the context of a growing consensus of scientists regarding the impossibility of continuing economic development in conditions of limited natural resources and the presence of a number of global problems, sustainable development has become a "pariah" of modern economic theory and has begun to find practical implementation in the activities of companies - primarily international [5]. This, in turn, was facilitated by the growing demand and, in some ways, even the fashion for "eco-friendliness" among consumers.

On the other hand, a business that has chosen to comply with the sustainable development policy as a priority has the opportunity to benefit from it in several directions [6, 7, 8]:

1. Ensuring the renewability of the resource. So, for example, when a cutting area is operated by a lessee of a forest resource, compliance with the annual quota for felling, coupled with the implementation of reforestation plans, ultimately provides the lessee with a theoretically infinite opportunity to use a forest resource in a certain territory. A similar situation can develop when practicing industrial fishing in a certain area, and in general - in any situation where the business model involves the use of a natural resource that has a projected recovery period. This approach is generally applicable for small businesses, but taking into account certain restrictions associated with the access of small businesses to commodity markets.
2. Ensuring high labor productivity. We are talking about the employees of the company as a labor resource. Compliance with the sustainable development policy in this case implies:

- a certain level of compensation (possibly slightly higher than the market);
- a system of bonuses, bonuses – based on the results of a calendar period, for achieving certain indicators, and so on;
- various kinds of social benefits and other benefits – free meals, medical insurance, children's and adult recreation, and so on;
- internship programs, advanced training, training – both inside the company and outside it. In this case, one of the main tasks of sustainable development is being solved – ensuring the maximum realization of human potential;
- various kinds of team-forming events, trainings, and so on.

All these measures in general:

- increase the level of loyalty to the employer, which in turn reduces the risks of dishonesty of employees;
- reduce turnover. People value the workplace more, are less inclined to look for better employment options. Fewer resign "to nowhere";
- reduce downtime costs associated with the need to transfer the duties of a retired employee to another, and at the same time pay for processing;
- reduce the costs of personnel search and training, both internally and with the help of involved agencies;
- increase labor productivity. In this case, material motivation is less important than moral motivation.

This approach is not just applicable for small businesses, but is important and highly recommended for them. It is small businesses, with their relatively small teams, that can and should strive for maximum staff loyalty.

3. Minimization of environmental damage. The damage caused by business to the environment was initially one of the reasons sustainable developments as such ever came into existence. In this case, there is a classic scheme of profit privatization and loss generalization – companies, primarily industrial enterprises, do not even comply with the requirements of the law in the field of environmental management in the course of their activities, not to mention trying to comply with the best international practices. It may be more profitable for a nature user to pay a fine in the short term than to incur the costs of installing various kinds of filtering systems, or to abandon the most harmful practices affecting the environment. As a result, the profit is received by the producer, and the loss in the form of soil depletion, water and air pollution is received by all residents of the territory where the producer is located. In this case, in order to realize the need to comply with the norms of natural use (and often to take measures beyond these norms), the manufacturer must think about the medium- and long-term consequences of his activities, not only economic, but also from the point of view of health and quality of life of his own employees. This direction is the most problematic in the topic of sustainable development. No country in the world has actually been able to achieve significant success in this sense without legislative initiatives and ensuring further monitoring of their compliance. From the point of view of small business, this direction is relatively promising. A significant impact on the environment is primarily exerted by relatively large industrial enterprises, which cannot be classified as small businesses.

4. Promotion and positioning of the company's goods and services as produced (and rendered) in compliance with the sustainable development policy. In this case, the application of the policy will be variable, depending on the scope of the company's activities.

Thus, it will be important for a consumer goods manufacturer to emphasize that the process of production, operation, and further disposal of goods is safe for the environment. The design of the so-called "life cycle" of the product and bringing this information to the
consumer comes to the fore. It is assumed that the product is designed initially taking into account the minimal harm to the environment - both during production, as well as usage and further disposal. If the consumer participates in any way in ensuring such minimal harm during operation, this is an additional plus [9]. For example, the use of a vacuum cleaner without a dust collector bag is an obvious advantage for the consumer from the point of view of ecology, because during operation there is no need for the production and disposal of these bags. Similarly, the consumer operating an electric vehicle is personally involved in reducing emissions from fuel combustion.

Additionally, a company's efforts to use various kinds of recycled raw materials (plastic, rubber, and so on) should be noted. In practice, the “recycled” indication on the product packaging is a positive factor for the consumer.

If possible and applicable, the company should invest in organizing the recycling process of its goods. This not only strengthens its reputation as a company adherent to the concept of sustainable development, but also allows it to keep in touch with the consumer throughout the entire product life cycle, as well as motivate him to make new purchases. As an example, we can cite the organization of reception points for used batteries and light bulbs in construction supermarkets, as well as the Nokian branding initiative for the free reception and disposal of used car tires in branded tire centers.

If a company does not produce goods, but provides services, the emphasis in marketing can be placed on minimizing damage to the environment in the process of providing services. In particular, the use of environmentally acceptable transport (electric vehicles), recyclable or reusable packaging, solar energy, and so on.

3 Conclusion

In conclusion, we note that for small businesses, this direction may be relevant if the company itself is either a producer of goods (which is unlikely), or, which is much more likely, is a seller promoting goods in a certain segment on the market. In this case, the efforts of small businesses can be reduced to choosing manufacturers for the assortment of goods that are guided in their activities by the principles of sustainable development. The choice of such products, due to the growing popularity of the environmental agenda among consumers, will allow the dealer company to increase and maintain the profitability of current operations by ensuring an adequate level of sales.

References

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