On the issue of resilience as a factor for business ecosystems sustainable development

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Abstract. This paper discusses the topical issues of sustainable business development and its relevance for organizations. In today's competitive environment, businesses face unprecedented challenges, which require innovative solutions to ensure long-term success. The paper defines the concept of "sustainability" as an essential element of business management and outlines the key principles that organizations should follow to implement this concept. The authors emphasize the importance of eco-friendly business practices and focus on improving the wellbeing of society as essential components of the "ESG" (Environmental, Social, and Governance) agenda. They also introduce the concept of resilience, which can help organizations create new competitive advantages in a rapidly changing business landscape. Throughout the paper, the authors provide a comprehensive overview of the current challenges and opportunities that organizations face in implementing sustainable business practices. They argue that by adopting these principles, organizations can not only ensure their own long-term viability but also contribute to a more sustainable and prosperous society. The experience of the Japanese business ecosystem, as represented by Hitachi Data Systems, can be seen as a positive and effective example of how to implement the concept of "resilience" in practice.

1 Introduction

Contemporary society is undergoing a number of significant global transformations that have a profound impact on organizations, ways of life, and people's thinking. The ongoing COVID-19 pandemic, economic and political uncertainty in the world, and large-scale natural disasters have drastically altered the conditions of doing business, presenting both challenges and opportunities for companies to gain valuable experience and capitalize on new historical possibilities for growth.

The success of modern businesses is dependent not only on the quality of their products or services, but also on the effectiveness of their senior management in adapting and transforming their operations to take advantage of emerging technologies and stay ahead of competitors in a rapidly evolving economic environment.

The findings of a study conducted by the Boston Consulting Group indicate that 14 out of 25 of the leading companies of the present day employ innovative business models.
Additionally, the leaders in sustainable development update their strategic approaches at twice the rate of the rest. In order to establish a novel framework for the advancement of contemporary business, during the past decade, the focus on social and ethical marketing, which is closely linked to the concept of sustainability, has been revised.

2 Sustainable development of the organization’s ecosystem: principles and methods

The essence of the ESG (Environmental, Social, and Corporate Governance) concept is to conduct business in a way that is sustainable, conserves resources in a broad sense, and takes a socially responsible approach to internal communications and relationships with customers. It also involves business involvement in public initiatives that aim to improve the quality of life for the population. The world community pays primary attention to social and environmental problems, making demands on business aimed at maintaining social stability and protecting the environment. Thus, a number of social and environmental problems are in the area of responsibility of the business. As a result, companies aim to strike a balance between the economic, social, and environmental aspects of their operations in order to maintain their competitive position. In other words, the sustainable development of a company is inextricably linked to its socially responsible behaviour.

It follows that the concept of sustainable development has a significant impact and extends to the company’s reputation and recognition; promotion of products; reduction of personnel rotation; stable growth in labour productivity; attractiveness of the company to investors; achievement and maintenance of social loyalty; tax benefits; sustainability of the company’s development in the long term.

For the first time, the term “sustainable development” was introduced in a report by the Brundtland Commission in 1987. This report, at the initiative of the United Nations, investigated issues related to human impact on the environment. In this report, sustainable development meant using the planet’s resources today without compromising future generations’ ability to meet their own needs. In relation to organizations, sustainable development involves creating a complex system of balanced relationships with the outside world. The basic principles of this system include social justice, preserving the planet's ecosystem, and economic efficiency.

The concept of sustainable development was firmly established in the activities of multinational corporations in 2002 when leading countries around the world assumed international commitments in accordance with the Johannesburg Declaration on Sustainable Development, approved at the World Summit. Currently, this concept is widely used by international organizations and the business community. Sustainable development is an important activity that ensures the protection of the environment for future generations, takes into account the interests of all stakeholders and generates sufficient income for businesses, while contributing to their growth and development.

Sustainable development encompasses both economic and social aspects of a business and includes measurable financial and non-financial indicators. A responsible and transparent activity aims to create a sustainable future for all.

To achieve sustainable development and preserve resources, it is essential to adhere to these principles: Create jobs; Invest in the growth of production and human resources; Establish mutually beneficial partnerships with stakeholders; Produce high-quality products and services; Comply with tax, labour, and environmental regulations.
Take into account societal expectations and ethical standards when conducting business; contribute to civil society formation through partnership programs and social initiatives; enhance business efficiency.

A new type of crisis clearly demands an effective management approach based on the principles of sustainability and corporate social responsibility.

3 Resilience as a key attribute of sustainable development

We recognize that society and businesses are under constant pressure from external factors and challenges. Economic and management practices include the concept of "resilience," which was originally defined as the ability of materials to regain their original shape after being subjected to mechanical stress. This concept, originally described in physical and technical terms, has gradually become the subject of study in the humanities, particularly in psychology and education, where it is now understood as the process by which any dynamic system adapts to disruptions that threaten its stability, function, or growth. In today's increasingly turbulent economic environment, this concept is highly relevant for assessing modern business resources. The emergence of alternative business models is primarily driven by the limitations of traditional approaches and the need for a more inclusive economic model. These models, ranging from platform-based separation to platform cooperation, demonstrate significant competitive potential and are having a noticeable impact on markets.

One aspect of the strategy for sustainable growth for successful companies is their ability to navigate challenges of varying degrees and continue to thrive even during times of economic uncertainty. This is often achieved through organizational transformation. As part of our discussion, we will explore the Hitachi Data Systems' business ecosystem experience—how it has contributed to the company's success in this regard.

A successful example of business resilience can be seen in the history of Hitachi Data Systems (HDS), a financial and industrial conglomerate that operates in various market sectors. HDS has a diverse portfolio that includes consumer goods, information and telecommunications systems, electronics, energy solutions, social infrastructure, transportation, construction equipment, and financial services.

4 Results and Discussion

According to A. Osterwalder's business modelling and framework, we can identify the supporting structures of the HDS ecosystem. This ecosystem integrates our services on a shared platform to expand market supply and enhance product quality.

HDS serves a diverse range of customers, including resellers, distributors, corporations, and government agencies. Through different consumer segmentation strategies, HDS tailors its products to meet specific needs and provides customized solutions.

What: HDS is a manufacturer and seller of high-tech electrical equipment for various market sectors, including IT, telecommunications, energy, social infrastructure, mobility, construction, mining, medical analytics, water supply, environmental protection, consumer goods, and consulting and financial services.

How: The company integrates advanced technological processes into its production, leveraging the capabilities of artificial intelligence. It follows the "lean manufacturing" approach.
Hitachi follows the concept of “lean manufacturing”, which is methodologically used in Japan in almost all areas – from manufacturing to public administration. Leadership in the efficient use of Japan’s limited natural resources, commitment to high-quality products, services, and management, and strengthening the Hitachi brand are all largely due to the company’s ability to overcome challenges on a variety of scales, re-engineer business processes, and even grow during times of crisis.

Since the 1970s, Hitachi has been a major supplier of equipment for Japan’s nuclear power industry, which is a strategic priority for the country. Before the incident at the Fukushima Daiichi nuclear power plant in 2011, there were 54 nuclear reactors operating in Japan. Nuclear power accounted for 30% of Japan’s total energy mix.

After the Fukushima-1 nuclear disaster in 2011, Hitachi demonstrated remarkable resilience, which ensured the long-term viability of the company. The company quickly reoriented its production and actively participated in the program for the decommissioning of nuclear facilities and their remote decontamination. Hitachi developed submersible robotics and inspection equipment for this purpose. In addition, Hitachi has initiated an environmental project to revitalize communities affected by the accident.

In today’s market environment, where risks are increasing, innovative companies must form a resilient foundation in their strategies to stabilize and ensure long-term growth. This requires a focus on sustainability and a commitment to social responsibility.

5 Conclusion

The transition to innovative business models within an environment of increasing market volatility requires modern companies to establish a robust foundation for their strategies as a prerequisite for achieving stability and sustained growth. A strategic focus in the development of businesses is the establishment of a socially responsible stance. At present, any initiatives related to social responsibility must align with and be integrated into the business model. Adhering to high ethical standards, implementing various forms of socially responsible business practices while generating profits, contributes to strengthening the brand’s image, significantly reducing the reputational and legal risks associated with the business.

The social behavior of a company involves a positive change in its social environment and implementation of the principles of social responsibility. Social management of a company focuses exclusively on people. Humanization of modern business involves creating favorable material, social, spiritual, and moral conditions for employees, customers, investors, partners, and other stakeholders.

A socially responsible company implements a range of programs in areas that are important to it. These programs are voluntary, systemic, and connected to the company’s mission and overall strategy. Despite being voluntary, there is increasing public pressure for businesses to engage in solving social issues. Within the framework of the concept of sustainable development, companies that prioritize socially responsible behavior in pursuit of their business objectives and engage with government and civil society organizations on issues related to corporate social responsibility, can expect to reap significant competitive benefits.
In Russia, small and medium-sized enterprises are not actively engaged in the process of sustainable development as they are primarily focused on short-term profitability. There is a lack of a unified social policy among Russian companies and a lack of interest in external investment. Domestic investment is the most attractive for industrial and commercial companies due to its rapid return on investment.

References

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