

## MODERN CORPORATIONS AND SUSTAINABLE DEVELOPMENT

*Stručni članak*

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### Abstract

*In companies, Sustainable development is a process in which the company faces economic, social and environmental challenges. Within the framework of the paper, the author analyzes the need to achieve sustainable development in modern companies. Achieving Sustainable development is also related to the application of the HSEC Principe: Health (promoting and improving the quality of health of employees in companies); Safety (maintaining a safe and secure environment for employees to work; Environment (efficient use of business resources by reducing the risk of environmental pollution and preservation of biological diversity; Social community (contribution to economic prosperity and Sustainable development of the social community in the environment and respect for human rights). In the final part of the paper, the author states that the sustainable development of modern companies is achieved through: increasing economic growth; achieving a higher level of economic productivity through technological upgrading and innovation; To protect workers' rights and promote a safe and secure work environment for all workers; opening sectors that encourage new jobs; to promote oriented policies that support productive activities, creation of decent jobs, entrepreneurship, creativity and innovation; realization and promotion of the HSEC principle. In preparing the content of the paper, the author will apply the general scientific methods: the descriptive method, the normative method, the comparative method and the content analysis method as a special scientific method.*

**Keywords:** sustainable development, Health, Safety, Environment

## **1. ANALYSIS OF RISKS AND THREATS TO SECURITY IN THE MODERN CORPORATION**

The operation of modern corporations is determined by three elements that exist simultaneously and are interdependent: favorable circumstances (opportunities); vulnerability and dependencies.

Corporations, if they want to operate successfully in modern conditions, must anticipate future events and threats and top management is obliged to define the primary business responses to all challenges. The business operations of today's corporations are dependent on a number of circumstances and events conditioned by the globalization trends in the world.

Threats to corporate can arise not only from the combination of individual or group economic and political interests, managerial practice, but also in the network of interest groups: suppliers, producers, consumers in the standard coalition, as well as in the network of cooperation and technology. The concept of corporate security refers to issues related to security in companies, that is to the detection of crime, fraud and offenses in the corporation. This means that with the existence of an efficient system of corporate security, the company will be protected from various dangers that can interfere with the normal operation of the corporation, as well as protection of the property, the business, the owners and the employees from various risks and threats that are an integral part of modern living (Gerginova, 2017).

Achieving security in a modern corporation is related to the achievement of the corporation's goals and values: in an emergency situation, the preventive action of the corporation's management is aimed at eliminating all risks, minimizing threatening actions; business in times of crisis, as well as overcoming the crisis and recreating conditions for the normal functioning of corporations. In order to increase the productivity of the company and increase the competitiveness in the market, it is necessary to reduce the security risks, as well as to prepare the measures to be taken by the management in case of incidents, dangers and damages.

More specifically, corporate security works to create plans and implement measures aimed at: protection of the user of services, protection of employees in the business organization, protection of property owned by the business organization, protection of information and the reputation of the business organization from material damages, criminal activities etc.

In order to achieve efficient business operations in modern corporations, it is necessary to implement HSEC (the principle).

Key components of HSEC (the principle) are:

Health (promoting and improving the quality of health of employees in companies); Safety (maintaining a safe and secure environment for employees to work; Environment (efficient use of business resources by reducing the risk of environmental pollution and preservation of biological diversity; Social community (contribution to economic prosperity and Sustainable development of the social community in the environment and respect for human rights).

In order to achieve efficient business operations in modern corporations, it is necessary to Flexible programming: adapted to new challenges and new needs and Enhanced visibility and communication provisions: user requirements and operations of strategic importance (See: [https://ec.europa.eu/regional\\_policy/2021-2027\\_en](https://ec.europa.eu/regional_policy/2021-2027_en)).

The management in the modern company should constantly analyze the external causes and the internal causes that condition the appearance of risks and threats to security in the company.

In the list of the external causes are: general market changes, changes in the industry, global economic crisis, political changes, changes in legislation, natural disasters.

In the list of the Internal causes, which are found within the same corporation (inadequate and untrained management, incompetence, immoral leadership, underestimation of public opinion and subordinates, ineffective performance of management functions, unrealistic goals and demands of trade unions, ineffective communication system, weak organizational culture, dissatisfaction and lack of motivation of employees, absence of control of employees, inadequate organization of work, existence of internal informal groups for action).

In order to implement an efficient system of corporate security, it is also necessary to implement good corporate management.

Quality corporate management is a source of competitive advantages for the company, which will thus be more profitable, with long-term growth and development (Tschopp, 2002, 24-29).

Corporate governance today is widely accepted as a means of thinking for establishing an attractive investment climate characterized by competitive companies and efficient economic markets. In that sense, there is a correlation between economic markets and economic growth both at the microeconomic and macroeconomic levels, but also the connection, conditionality and interdependence of corporate governance and economic growth (According to *Corporate Governance Codes Relevant to the European Union and its member States*, Survey of Corporate Governance Development in OECD Countries, Paris 2003 ([http://www.europa.eu.int/comm/internal\\_market/en](http://www.europa.eu.int/comm/internal_market/en))).

Today there is a direct correlation between the quality of corporate governance and the results of companies, which can be measured by financial indicators, rate of innovation, increase in market share, the time it takes to bring new products to the market, customer satisfaction, customers and employees etc.

## **2. IMPLEMENTATION OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT IN MODERN COMPANIES**

At the Sustainable Development Summit, which took place in New York from September 25-27, 2015, the Sustainable Development Agenda entitled "Transforming Our World: The 2030 Agenda for Sustainable Development", was adopted (See: [https://www.seesac.org/f/docs/Gender-and-Security/Policy-Brief-2030-Agenda\\_.pdf](https://www.seesac.org/f/docs/Gender-and-Security/Policy-Brief-2030-Agenda_.pdf)).

The 2030 Agenda is universal and calls for action by all countries. The agenda sets out partnerships between governments, the private sector and civil society. The Sustainable Development Goals can only be realized with a strong commitment to global partnership and cooperation. These goals are revitalization of the global partnership for sustainable development.

This agenda, adopted by 193 member states of the United Nations in September 2015, consists of a Declaration, 17 Sustainable Development Goals (SDGs), as well as 169 targets and 232 indicators (See <https://sdgs.un.org/2030agenda> for more details).

The agenda sets out a world in which every country enjoys sustainable, inclusive and sustainable economic growth. A world in which consumption and production patterns and the use of all natural resources are sustainable. One in which democracy, good governance and the rule of law, at national and international levels, are essential for sustainable development, including sustainable and inclusive economic growth, social development, environmental protection and the eradication of poverty and hunger.

The 2030 Agenda integrates all three dimensions of sustainable development (economic, social and environmental), and this represents a major shift from a more fragmented parallel process approach to a comprehensive and universal agenda for population, planet and prosperity in general, based on peace, inclusiveness, strong and committed governance and global partnership. The agenda establishes 17 sustainable development goals that are interconnected, interdependent.

The European strategy for sustainable growth and jobs, known as "Europe 2020", appeared at the height of the biggest economic crisis in recent decades. It places strategy, innovation and green growth at the center of the draft competitiveness plan and proposals to strengthen the monitoring of national reform programs (See: [https://www.sobranie.mk/april-d514fb3f-a501-4bbc-8745-48aa63079051-ns\\_article-strategija-evropa-2020-16-04-10.nsp](https://www.sobranie.mk/april-d514fb3f-a501-4bbc-8745-48aa63079051-ns_article-strategija-evropa-2020-16-04-10.nsp)).

Europe 2020 replaces the Lisbon Agenda of 2000, according to which Europe's success is possible if the Union acts together, through a strategy that will ensure a more efficient way out of the economic crisis, as well as ensuring a sustainable and inclusive economy that will deliver a high level of employment, productivity and social cohesion.

Europe 2020 sets out the vision of the European social and market economy for the 21<sup>st</sup> century. The strategy in the foreground sets the three priorities for achieving:

Strong growth through developing an economy based on knowledge and innovation;

Sustainable growth by promoting more efficient resources, a greener and more competitive economy and inclusive growth through an economy with a high level of employment and delivery of social and territorial cohesion.

It was determined that the progress of the priorities should be measured through the success and fulfillment of certain measures.

### **3. SECURITY ENVIRONMENT AS A FACTOR FOR THE SUSTAINABLE DEVELOPMENT OF MODERN COMPANIES**

Today's modern, global environment is characteristically complex and dynamic, both from the demographic, economic and technological aspects, as well as in terms of the nature and sources of risks and threats. Namely, the 21<sup>st</sup> century is predominantly marked by the fourth industrial revolution, which imposes a new era of social, political, cultural and economic changes (Schwab, 2018).

The security environment is also important for the achievement of Sustainable Development of the modern corporation. This environment consists of a large number of factors that directly or indirectly affect the functioning and business operations of the modern corporation (company) (Daničić, 2009, 36).

Among them, the most significant are: techno-economic, social, political, technological and international factors. All these aspects in the environment are quite complex and interrelated, so that they jointly affect the organization and the managerial process of doing business in it.

The economic environment refers to the state of the economic system in which the company does business. Of particular importance are developments in the world economy, inflation rate, unemployment are developments, interest rate, etc. In a fierce competition, the company is fighting for a place in the market and it depends on the management itself whether it will satisfy the needs of the consumer better and faster than the competitor. The economic environment gives benefits to the management but also represents a possible danger for the organization.

The social aspect of the environment also affects managerial activities and decisions in the company. The social impact of the company is manifested through attitudes, values and established rules of behavior that exist in society. Demographic changes include size, density, location and population changes and affect labor supply and demand requirements. Also, the education of the population (knowledge as a primary factor of competitive advantage) is also included in the factors of the social environment.

The political environment, through legal and state norms, decides on the actions that a company should take in the performance of its activities. It is quite obvious that, for example: laws of state authorities can significantly influence managerial decisions. The international environment also affects the activity of the management in each company, so it is expected to adapt to the business conditions imposed by the international market.

The technological environment affects the company and managerial decision-making in different ways. Various technical inventions have changed the way of production, the style and place of residence, the way of eating, the style of dressing, as well as entertainment. Technological changes are accelerating and can represent a danger for the company, but they can also give it a chance for affirmation and development. A characteristic of today's technological development is rapid innovation. The time for commercialization of innovations is significantly shortened.

Human sustainability includes educational and cultural processes that preserve human knowledge and ensure its transmission from generation to generation. Knowledge in science and technology may be increased, but other types of knowledge or experience may be lost. Human culture and knowledge are essential and still remain an unappreciated and unmeasured dimension of development and thus of sustainability, which is key to what we want to define as development.

#### **4. ENVIRONMENTAL PROTECTION AS A FACTOR FOR THE SUSTAINABLE DEVELOPMENT ON MODERN COMPANIES**

The principle of integrity in the approach to development and protection of the environment is a supreme principle based on: (Matlievska, 2011).

- principle of hierarchy of interests and goals – which implies giving preference to general interests over individual ones and long-term goals over short-term ones;
- Principle of operability – which implies solutions that are enforceable;



- The principle of continuity and coordination – which starts from the current situation with the environment, the existing legislation and the management apparatus and the need to harmonize and direct its action;
- Principle of selectivity – which implies setting aside priority issues for environmental protection of interest for the entire country and creating foundations for development policy;
- Principle of scientificity – of modern achievements in modern disciplines that deal with the environment. The problems of development and the problems of environmental protection are complementary and interdependent, therefore, development policy and environmental protection policy should have a strong interaction during implementation.

Compliance and integration of development policy and environmental policy is especially significant in situations where the environment is rapidly deteriorating, when it is rapidly becoming polluted, when natural resources are being depleted due to the application of inadequate technologies, due to non-application of ecological principles and standards and due to the absence of protection and revitalization measures. Sustainability, as a process, is actually a systematicity and signifies the restoration of the unity and cohesion of the world and must include the contemporary views of the world, of global politics and global activities.

The Green Agenda is a way to implement and adapt to changing climate conditions. The Green Agenda for the Western Balkans consists of five pillars: Decarbonization: climate action, green energy and mobility and sustainable transport; 2) Circular economy; 3) Fight against pollution; 4) Sustainable food production and sustainable rural environments 5) Biodiversity: Protection and restoration of nature and ecosystems (See: <https://www.slobodnaevropa.mk/a/македонија-јаглен-ey/30955347.html>). The leaders of the countries of the Western Balkans signed the Declaration on the Green Agenda for the Western Balkans which aims to achieve a carbon0neutral continent by 2050, together with the European Union, by introducing mainstream strict climate policies and by undertaking energy reforms and the transport sector.

The Green Agenda Declaration states that the countries of the Western Balkans should set energy and climate targets for 2030 in accordance with the Energy Community framework and EU legislation, but also that they should implement integrated climate and energy plans with measures to reduction of greenhouse gas emissions in economies, by integrating climate actions in all relevant sectors.

## 5. CONCLUSION

In the end, we can state that true sustainable development in modern corporations covers all three pillars of development, economic, social and environmental and is based on an inter sectoral, integrated and comprehensive strategic approach.

Sustainable development of modern companies is achieved through: increasing economic growth; achieving a higher level of economic productivity through technological upgrading and innovation; To protect workers' rights and promote a safe and secure work environment for all workers; opening sectors that encourage new jobs; to promote oriented policies that support

productive activities, creation of decent jobs, entrepreneurship, creativity and innovation; realization and promotion of the HSEC principle.

By 2030, it is determined to progressively improve the global efficiency of resources in production and consumption, as well as to achieve economic growth without destroying the environment, in accordance with the 10-year framework program for sustainable development and production led by developed countries. To develop and operationalize the global youth employment strategy and implement the Global Jobs Pact of the International Labor Organization.

Human sustainability includes educational and cultural processes that preserve human knowledge and ensure its transmission from generation to generation. Knowledge in science and technology may be increased, but other types of knowledge or experience may be lost. Human culture and knowledge are essential and still remain an unappreciated and unmeasured dimension of development and thus of sustainability, which is key to what we want to define as development.

The European Regional Development Fund (ERDF) is designed to strengthen economic, social and territorial cohesion in the European Union. The ERDF focuses its investments on several key priority areas. This is known as 'thematic concentration': Innovation and research; The digital agenda; Support for small and medium-sized enterprises (SMEs); The low-carbon economy.

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