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Ukrainian-American Concordia University**

Faculty of Management and Business  
Department of International Economic Relations, Business & Management

**Bachelor`s paper**  
**«Sustainable development as an opportunity for business (based on car  
service (FOP Sarana) case)»**

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## **Abstract – Topic: “Sustainable development as an opportunity for business (based on car service (FOP Sarana) case)”**

With an emphasis on the Ukrainian company FOP Sarana, the research explores the developing field of sustainable development within the automobile service sector. Car service companies are growing quickly, hence this study examines the common management techniques and how they affect both short-term operations and long-term strategic expansion. It emphasizes the need of combining efficient planning, risk assessment, and quality control to prevent inefficiency, decline, or possible bankruptcy.

The discourse on sustainability's role in business is gaining traction globally, necessitating a reevaluation of existing business models, particularly in the automotive sector, to mitigate environmental impacts. The research aims to explore how sustainable development can be leveraged as a strategic opportunity for FOP Sarana. The methodology encompasses a variety of analytical techniques, including source investigation, selective observation, and discursive analysis. The study presents an in-depth examination of Sarana's economic activities, financial health, and resource optimization strategies, alongside consumer and community engagement methods to bolster sustainability.

Results show that even if sustainability evaluation has drawbacks (like inadequate staff training and skepticism), its advantages can provide a long-term competitive edge. Focus groups have shown to be useful, most people understand the value of sustainability as long as it serves commercial interests.

The study establishes the framework for future development of industry-specific models and presents a customized program for the automobile service sector, which has been validated by FOP Sarana. It adds to the continuing discussion on sustainable development by providing wisdom on how companies might prosper financially while upholding their social and environmental obligations.

**Keywords:** sustainable development, car service industry, business models, environmental impact, economic sustainability.

## **Анотація**

З акцентом на українську компанію ФОП Сарана, робота досліджує сферу сталого розвитку в секторі автосервісу, що розвивається. Автосервісні компанії швидко зростають, тому в цьому дослідженні розглядаються загальні методи управління та їхній вплив як на короткострокові операції, так і на довгострокове стратегічне розширення. Воно підкреслює необхідність

поєднання ефективного планування, оцінки ризиків та контролю якості для запобігання неефективності, занепаду або можливого банкрутства.

Дискусія про роль сталого розвитку в бізнесі набирає обертів у всьому світі, що вимагає переоцінки існуючих бізнес-моделей, зокрема в автомобільному секторі, з метою пом'якшення впливу на навколишнє середовище. Метою дослідження є вивчення того, як сталий розвиток може бути використаний як стратегічна можливість для ФОП Сарана. Методологія дослідження охоплює різноманітні аналітичні методи, включаючи вивчення джерел, вибіркове спостереження та дискурсивний аналіз. У дослідженні представлено поглиблений аналіз економічної діяльності, фінансового стану та стратегій оптимізації ресурсів ФОП «Сарана», а також методів залучення споживачів та громади для зміцнення сталого розвитку.

Результати показують, що навіть якщо оцінка сталого розвитку має недоліки (такі як недостатня підготовка персоналу та скептицизм), її переваги можуть забезпечити довгострокову конкурентну перевагу. Фокус-групи виявилися корисними, більшість людей розуміють цінність сталого розвитку доти, доки він слугує комерційним інтересам.

Дослідження встановлює рамки для подальшої розробки галузевих моделей і представляє індивідуальну програму для сектору автосервісу, яка була затверджена ФОП Сарана. Воно є доповненням до триваючої дискусії про сталий розвиток, надаючи мудрі поради щодо того, як компанії можуть процвітати фінансово, дотримуючись при цьому своїх соціальних та екологічних зобов'язань.

**Ключові слова:** сталий розвиток, автосервіс, бізнес-моделі, вплив на довкілля, економічна стійкість.

**PHEE-institute «Ukrainian-American Concordia University»  
Faculty of Management and Business  
Department of International Economic Relations, Business and Management**

Educational level: **Bachelor degree**  
Specialty **292 “International Economic Relations”**  
Educational program **“International Economic Relations”**

**APPROVED**

Head of Department

**Prof. Zharova L.V.**

“ ” 20

**TASK  
FOR BACHELOR’S QUALIFICATION WORK OF STUDENT**

**Anastasiia Sarana**

1. Topic of the bachelor’s qualification work  
«Sustainable development as opportunity for business  
(based on car service **FOP Sarana** case)»

**Supervisor of the bachelor’s qualification work Natalya Amalian, Ph.D. in Economics**

**Which was approved by Order of University from “25” September 2023 № 25-09/2023-4k**

2. Deadline for bachelor’s qualification work submission **“25” April 2024.**

3. Data-out to the bachelor’s qualification work

*Materials from internship received during consultation with representatives of the company. Information from open resources in the Internet, official reporting of financial and economic activities of the enterprise.*

4. Contents of the explanatory note (list of issues to be developed)

***There are three main topics a student should develop in this work:***

1. *Theoretical and methodological basis of sustainable development as a business opportunity*

2. *Financial and environmental sustainability of the Sarana FOP car service*
3. *Strategy and initiatives for sustainable development*

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5. List of graphic material (with exact indication of any mandatory drawings)

*Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.*

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6. Date of issue of the assignment: December 4, 2023

### Time Schedule

№	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	<i>In time</i>
2.	II part of bachelor thesis	27.02.2024	<i>In time</i>
3.	Introduction, conclusions, summary	25.04.2024	<i>In time</i>
4.	Pre-defense of the thesis	30.04.2024	<i>In time</i>

Student: Anastasiia Sarana

  
(signature)

Supervisor



**Conclusion.** *The bachelor qualification work was designed according to the requirements: it contains all necessary parts of scientific research with the practical recommendations. The paper was written on the basis of thorough analysis of specific aspects of the operations of FOP Sarana car service. The study provides a meticulous analysis both of the theory and practice of sustainable development as a business opportunity, and current state of efficiency of the use of resources in FOP Sarana car service. The practical recommendations, including developed strategy of involvement of consumers and the community in supporting sustainable development, are formulated correctly and focused on the main goal and tasks of the work. The idea of using sustainable development as a business opportunity in FOP Sarana, is substantiated. Student takes active part in scientific life of the University, participating in students' conferences. In general, if successful defense, the thesis can claim to be "excellent".*

Supervisor



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## INTRODUCTION

**Relevance of research.** The swift growth of car service businesses impacts modern business environment. Evaluating the operations of modern car service companies often reveals disorderly management practices lacking foresight for both short and long-term development. This method results in decreased efficiency, decline, and potential bankruptcy of the organisation. Effective planning, management, risk evaluation, and quality control collectively shape the prospects for enterprise advancement.

The interconnection between sustainability and business has emerged as a key discourse globally, spanning both developed and developing countries. Many existing business models exhibit deficiencies in addressing crucial aspects. Given the significant impact of the automotive industry on economic progress, there's a pressing need to reassess business models to minimize environmental repercussions.

Problems related to investigation of the sustainable development opportunities for car service companies were studied by such scholars as S. Becker, C. Chang, B. Do, G. Kalentik, T. Kulinich, L. Poberezhna, and others. However, there is still lack of researches on this topic in Ukrainian scholarly literature. This determines the relevance of the research.

**The objective of the research** is to investigate how sustainable development can serve as an opportunity for business, focusing on the case of the car service firm FOP Sarana.

To accomplish the research objective, the following tasks will be undertaken:

- Exploring the concept of sustainable development;
- Understanding the role of sustainable development in contemporary business practices;
- Examining the fundamental principles of sustainable development;
- Analyzing the economic activities of the Sarana FOP car service;
- Providing an overview and analysis of the economic operations of the Sarana

FOP car service;

- Conducting a comprehensive investigation into the financial condition of the Sarana FOP car service
- Assessing the financial aspects related to the sustainable development initiatives of the Sarana FOP car service;
- Developing a program aimed at optimizing the utilization of resources within the Sarana FOP car service;
- Elaborating methods of engaging consumers and the local community to support sustainable development efforts;
- Evaluating the effectiveness of the proposed improvements and initiatives.

**The object of the research** is sustainable development opportunities for the car service enterprises.

**The subject of the research** FOP Sarana car service.

**The research methodology** includes the use of the following methods: investigation of sources, selective observation, focus analysis, discursive analysis, analysis and synthesis, descriptive.

Work is carried out on 74 sheets, containing 8 tables, and 3 figures. References include 61 literature sources.



# **CHAPTER 1**

## **THEORETICAL AND METHODOLOGICAL BASIS**

### **OF SUSTAINABLE DEVELOPMENT AS A BUSINESS OPPORTUNITY**

#### **1.1. The concept of sustainable development**

The ongoing shifts in social, economic, environmental, and political landscapes pose significant challenges for decision-makers, societies, and future generations. In response to escalating environmental crises and global development disparities towards the end of the 20th century, the international community embraced sustainable development as the principal developmental model (Rockström et al. 2009, Wass et al. 2011, Footprint Network 2020). It became a driving force and a guiding framework to delineate the course of actions (Christen, Schmidt 2012). However, an increasing number of inquiries are being raised regarding the current applicability of the sustainable development paradigm, often reduced in many documents to a series of recommendations and suggestions. Questions are emerging regarding its adequacy in the current context, its prevalence in contemporary macroeconomics (development economics), and its viability as a model for future socio-economic development (Robinson 2004, Du Pisani 2006, Kuhlman, Farrington 2010, Mahrane et al. 2012, Griggs et al. 2013).

Sustainable development is a holistic approach that seeks to meet current needs without jeopardizing future generations' ability to meet their own. It entails balancing economic growth, social progress, and environmental protection in order to promote long-term well-being for both humans and the earth. This notion emphasizes the incorporation of environmental, social, and economic factors in order to build a more equitable and sustainable future.

Sustainability refers to our generation's responsibility to effectively manage resources, ensuring that the decent standard of living we secure for ourselves has the potential to be enjoyed by all future generations. The concept of 'quality of life' encompasses various factors influencing people's living conditions and extends

beyond mere material consumption. When we extend this responsibility to future generations, sustainable development is defined as development that maintains or improves the average quality of life over time. For our generation, ensuring the sustainability of resource management is the initial step toward achieving feasible sustainable development.

In the context described, sustainability becomes a fundamental aspect of intergenerational fairness. It's evident that if development lacks sustainability, there exists an alternative development path that not only enhances the overall quality of life available to different generations but also distributes it more equitably. In essence, ensuring sustainability becomes crucial to avoid injustice within development processes.

The concept of 'sustainable development' was brought into the political discourse by the World Commission on Environment and Development in its 1987 report, commonly known as the Brundtland Report. Although the report doesn't offer a precise definition of 'sustainable development', it often begins with the quote: «Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs» (WCED, 1987, p. 43).

The World Commission on Environment and Development Report (WCED 1987), which includes the well-known definition of sustainable development, emphasizes two essential principles that are critical to understanding sustainable development: basic requirements and constrained possibilities. The term «needs» specifically refers to the essential requirements of the world's poorest individuals, placing them as the highest priority. Meanwhile, «limitations» directly relates to the resilience of the global ecological system, denoting the capacity of the environment, based on the current state of technology and social organization, to meet both present and future needs. The report also emphasizes the importance of maintaining social equality among generations, including within the same generation.

It's important to note that the developmental model recognized today was not widely accepted when this report was published. Even without making revolutionary

discoveries or significantly straying from previously published development concepts, the Brundtland Report performed an important role in spreading critical information to a large audience, so determining the trajectory of following discussions. The study offered hope for a "more prosperous, just, and secure future," emphasizing the possibility for a new phase of economic expansion and the ability to achieve long-term progress for all people. It facilitated international policy recognition and accountability for the subject of sustainable development.

The Brundtland Report views sustainability as essential for both justice within a generation and fairness across generations. Focusing on sustainability as a requirement for intergenerational justice, it means that our generation must manage resources in a manner that doesn't exceed our equitable share, ensuring that the decent quality of life we secure can potentially be enjoyed by all future generations.

The term 'quality of life' encompasses all factors influencing people's living conditions, going beyond mere material consumption. It aims to encompass the significance of health, culture, and nature. However, there are two specific limitations: 'Quality of life' doesn't account for the satisfaction derived from children's consumption, and it only considers nature's utilitarian value to humans, not its inherent value irrespective of human experience—a viewpoint centered around humans. These limitations are rooted in the rationale that delineating the concept of justice within a society should be distinguished from the factors instrumental in achieving it. In this context, it might be beneficial to separate the definition of sustainability from the motivating factors guiding our generation to act in accordance with sustainability requirements.

It's conceivable that our current utilization of resources might secure a quality of life that cannot be extended to all future generations. In such instances, achieving sustainability necessitates curtailing our present exploitation of the resource base.

If the aforementioned sustainability criteria aren't applied to future generations, it leaves open the possibility that a subsequent generation might exploit resources to secure a quality of life inaccessible to its successors. However, it seems illogical to exempt later generations from the obligation of sustainability.

Specifically, it would be unreasonable for our generation to consider the well-being of distant generations if we anticipated that intervening generations wouldn't contribute to ensuring fair resource sharing for these future ones. Extending the notion of sustainability to later generations leads to this definition of sustainable development: Development is sustainable if it maintains or improves the average quality of life over time.

Moreover, it imposes this condition on our generation: Our responsible management of the resource base is deemed sustainable only if it forms the initial phase of an achievable sustainable development plan.

Economic theories concerning natural and environmental resources typically aim to address this inquiry: How can effective management of these resources be achieved? The goal is to align the real economy with the functioning of an ideal market economy by internalizing external impacts. This approach seeks to enhance economic efficiency by regulating the utilization of natural and environmental resources when it's not feasible to internalize these effects. Traditionally, many economists have believed that within a perfect market economy, future generations will benefit from the accumulation of human-made capital, including the accrual of knowledge. When considering the depletion of natural resources and environmental degradation, these economists have argued that rising resource prices and technological advancements will lead to the addition of new reserves and the development of substitutes for these resources.

This perspective remains viable if the global economy adheres to a model presuming a steady population, unchanging technology, and a singular aggregate capital good, with each generation displaying adequate altruism toward the succeeding generation. The perspective appears somewhat viable theoretically, but in reality, it is challenging to maintain due to factors like population growth, technological advancements, changes in resource availability, and shifting societal values. Achieving and sustaining such equilibrium would require significant coordination and cooperation on a global scale, which may be difficult to achieve in practice.

Therefore, the conjunction of capital productivity and altruism results in fair intergenerational progress. Furthermore, despite our generation discounting the well-being of future generations, the quality of life for those generations will surpass ours.

Yet, typically, this perspective lacks justification. Presently, the current generation consistently dictates the management of the resource base. With our technological capabilities, it remains feasible to exploit these resources for our immediate benefit, potentially compromising the quality of life for future generations.

Neglecting the factor of overlapping generations, this mirrors the allocation of natural and environmental resources between generations in an ideal market economy (devoid of any market failures): The welfare of future generations relies on both the extent of altruism we demonstrate toward them and our constrained ability to utilize natural and environmental resources for our immediate gain.

Based on this premise, the following deductions emerge:

1. In a perfect market economy, conflicts between generations might persist. The present generation, by virtue of its policies on capital and resource management, determines the prosperity of future generations. This leads to distributive issues rather than solving generational conflicts.

2. The prerequisite for sustainability involves ensuring a more equitable distribution between generations, rather than merely striving for an efficient administration of natural and environmental resources.

3. Our bequeathments to future generations shouldn't be viewed solely as a collective capital asset. The current generation might not act in the best interest of future ones by leaving behind a substantial capital stock that can only be utilized for extracting natural resources or results in the degradation of environmental resources during its utilization.

Human economic activities contribute to the decline of natural resources and the deterioration of environmental resources. Achieving sustainable development necessitates the accumulation of human-made (real and intellectual) capital to

compensate for the reduced availability of natural capital. This gives rise to the following observations:

(a) The current generation should leave behind a legacy of both human-made and natural capital that benefits all subsequent generations. Such a transfer becomes feasible if there exists a technology capable of accumulating human-made capital without causing future depletion or degradation of natural capital—referred to here as 'sustainable technology'.

(b) A sustainably developing economy undergoes continual evolution. Specifically, even in scenarios with constant population and unchanging technology, the economy will not follow a static trajectory. These observations offer insights into defining the market interest rate within sustainable developments.

The connection with market interest rates lies in the interplay between the accumulation of human-made capital, the preservation of natural capital, and the concept of sustainable development. In sustainable development, where the goal is to maintain or enhance overall well-being while preserving natural resources for future generations, the market interest rate plays a crucial role in guiding investment decisions.

(i) The existence of sustainable technology, which allows for the accumulation of human-made capital without depleting natural resources, affects the market interest rate by influencing the risk and return profiles of various investment opportunities. Investments in sustainable technologies may be perceived as less risky or more socially desirable, potentially affecting the market interest rate by altering the supply and demand dynamics for capital.

(ii) The continual evolution of a sustainably developing economy implies that investment opportunities and preferences may change over time. This dynamic nature of the economy can influence the market interest rate by affecting expectations about future returns on investment and the perceived risk associated with different assets.

Overall, defining the role of the market interest rate within sustainable development involves considering the interplay between technological innovation,

resource preservation, investment behavior, and the evolving nature of the economy. It requires balancing the need for economic growth with the imperative of environmental stewardship, with the market interest rate serving as a critical mechanism for allocating capital efficiently and sustainably.

Sustainable development is commonly depicted across multiple dimensions, encompassing various orders, domains, and scopes. However, the definitions of these individual dimensions and their interconnectedness differ among different authors. Historically, it's evident that the environmental dimension was initially integrated with socio-economic development. Subsequently, these two aspects—economic and social—were delineated, thereby alongside the environment, forming the three fundamental pillars of sustainable development. Other facets like institutional factors, long-term developmental perspectives, human needs, culture, or ethics are at times considered separate dimensions within sustainable development, while at other times, they are integrated with one or more of the three core dimensions (Waas et al. 2011, Diemer 2017).

A critical analysis of the literature concerning sustainable development by Jabareen (2008, p. 179) suggests that definitions regarding this concept are ambiguous. There is no consensus on what ought to be sustainable or how to practically implement sustainability. Furthermore, even the primary three dimensions of sustainable development do not consistently cover identical content. Generally, the economic realm appears to be the most thoroughly described and defined, often considered the most «measurable» due to the availability of «hard» indicators such as value added or income. Comparatively, the social dimension is less explicitly delineated and occasionally leads to misconceptions, at times encompassing all societal aspects, including various societal impacts (which may also involve environmental facets). In essence, the social dimension is an extensively broad concept that isn't consistently objective. The same observation applies to the environmental pillar, frequently regarded as a vague term. Sometimes it directly refers to nature, necessary natural resources for life, and/or economic activities influencing the environment. Yet, it also often encompasses a wider concept of

overall quality of life (Joumard 2011a,b, Waas et al. 2011, Diemer 2019).

In summary, the concept of sustainable development is commonly portrayed through a range of primary and secondary dimensions that aren't consistently aligned with one another. They often lack clarity, exhibit variability in content, and sometimes diverge significantly based on the author's perspective.

Nonetheless, there appears to be agreement on the three primary components of sustainable development: economic, social, and environmental. These are now augmented by three more dimensions: needs, long-term perspectives, and institutional factors.

Notably, differing interpretations of ecosystems, nature, social equality, and human needs stand out as the most prominent elements in the diverse approaches to sustainable development. It's important to highlight that the social dimension lacks in-depth exploration by researchers and is overshadowed in terms of interrelationships by the economy and the environment, which receive more detailed analysis.

## **1.2. The role of sustainable development in modern business**

The definition and practical implementation of «sustainable development» have sparked intense debates within the academic realm (Hopwood, Mellor, & O'Brien, 2005). Consequently, the United Nations' (UN) adoption of the Sustainable Development Goals (SDGs) has been embraced as they offer a global framework for all entities striving to strike a balance between social, economic, and environmental sustainability (Sachs, 2012). Introduced in 2015, the SDGs aim to pave the way for a more sustainable future for everyone and chart the trajectory of sustainability efforts until 2030. These goals constitute an interconnected and measurable set, intended to tackle intertwined challenges and facilitate global sustainable development. They are directed at all segments of society, encompassing governments, civil society, non-profit organizations, and the private sector. Due to its resources and extensive operational scope, the private sector—particularly large multinational corporations—is recognized as a pivotal factor in advancing the SDGs



(UN, 2015).

The advent of environmental problems such as climate change, air pollution, and resource depletion has sparked widespread concern. As a result, organizations are particularly interested in issues of sustainable development and green growth. As noted by Foustieris et al. (2018) and Olson (2008), businesses are under enormous pressure to fulfill their social obligation by enhancing the environmental landscape. Furthermore, a variety of stakeholders, including regulatory authorities, international environmental protection agencies, governments, non-governmental organizations, and communities, work to reduce environmental threats (Pan et al., 2020; Gupta & Barua, 2018; Katsikeas et al., 2016).

However, there is a scarcity of research discussing the impact of proactive environmental strategies on sustainable development (Do & Nguyen, 2020; Bıçakcıoğlu, 2018). The significance of competitive advantages is paramount, yet few empirical studies have been conducted to assimilate various types of competitive advantages obtained through the integration of proactive environmental strategies to achieve sustainable growth (Kuo et al., 2021; Ko & Liu, 2017; Foustieris et al., 2018). According to Lee & Rhee (2007) and Murillo-Luna et al. (2011), companies have implemented broad ecological strategies, but the connection between firms' competitive advantages and proactive environmental strategies remains unclear (Do et al., 2019). However, elucidating this relationship between proactive environmental strategy and sustainable development suggests that firms adopt these environmental strategies to secure a long-term competitive edge (Do & Nguyen, 2020; Bae, 2017).

Jiang et al. (2018) propose that this link between companies' performance and proactive environmental strategies explores various organizational performance processes. While Kuo et al. (2021), Junquera & Barba-Sánchez (2018), and Leonidou et al. (2017) have investigated companies' performance by adopting proactive environmental strategies, using indicators of financial performance, other researchers have focused on indicators of environmental performance (Bae, 2017). Nevertheless, some researchers argue that firms' performance isn't solely reliant on

environmental and financial aspects but also encompasses operational performance indicators (Liu & Shu, 2020), as well as indicators of marketing performance (Leonidou et al., 2017). Despite numerous efforts to explore the influence of proactive environmental strategies on companies' performance, it remains unclear which measure is more suitable. Therefore, assessing organizational performance proves to be a multidimensional and complex phenomenon, posing considerable challenges in identifying precise indicators (Do et al., 2019; Leonidou et al., 2017). Consequently, this study incorporates multiple performance measures based on prior literature (Kaletnik & Lutkovska, 2020; Junquera & Barba-Sánchez, 2018).

Bıçakcıoğlu (2018) defines competitive advantage as an organization's capacity to generate greater economic value compared to its smaller competitors through the creation of more significant benefits by means of enhanced differentiation and reduced costs. Pan et al. (2020) and Foustieris et al. (2018) suggest that proactive environmental strategies can have competitive advantages in both differentiation and low-cost leadership. According to Do & Nguyen (2020) and Hart & Dowell (2011), the attainment of sustainable growth and competitive advantage involves pollution control and effective utilization of a firm's resources, in line with the resource-based view theory.

The differentiation advantage in competitiveness encompasses a distinctive corporate image, innovation, improved customer value, and heightened productivity (Do & Nguyen, 2020). Proactive environmental strategies contribute to cultivating a unique corporate image for an organization compared to its competitors (Leonidou et al., 2017). Additionally, Liu & Shu (2020) and Bıçakcıoğlu (2018) note that substantial enhancements in organizational resources and capabilities due to proactive environmental strategies lead to the development of more environmentally friendly products, thereby reinforcing the competitive advantage.

Distinctive attributes of product performance include high reliability, exceptional quality, adaptability, value-added features, and superior customer support (Kuo et al., 2021). However, strategic performance indicators encompass both non-economic and economic objectives pursued by managers, such as long-

term growth, customer satisfaction, the enhancement of environmental impacts, and market share expansion. Process performance pertains to the service sectors, delivering prompt and faultless services to customers, while production aligns with the manufacturing industry, covering the manufacturing process, product system, and market cycle time (Valaskova et al., 2020).

Competitive advantages contribute to shaping a corporate image, elevating customer value through innovative products and services, and augmenting corporate social responsibility within the community (Do & Nguyen, 2020). Proactive environmental strategies, cost leadership, and differentiation competitive advantages, as highlighted by Leonidou et al. (2017) and Bıçakcıoğlu (2018), bolster the corporate image and organizational performance. Omri (2020) emphasizes that the eco-friendly attributes of products and services enhance differentiation and cost leadership competitive advantages by ensuring higher product and service reliability, superior quality, additional features, and improved customer support, thereby enhancing product and service performance. Consequently, improved environmental and sustainable development practices augment a firm's strategic performance. Furthermore, eco-friendly products and services drive advancements in production design, processes, and operational systems, thereby enhancing production improvement indicators (Peters et al., 2020; Do & Nguyen, 2020).

Lastly, the adoption of proactive environmental strategies (PES), cost leadership, and competitive differentiation advantage lead to increased repeat purchases, higher revenue generation, and a more substantial market share, thereby enhancing the financial performance of firms (Kaletnik & Lutkovska, 2020; Banerjee et al., 2003; Foustieris et al., 2018).

Technological eco-innovation plays a crucial role in fostering a sustainable environment through ecological advancement (Tullani et al., 2018; Becker & Egger, 2013). According to Omri (2020) and Chang (2016), technological eco-innovation, also referred to as environmental innovation, encompasses the development of products and processes that contribute to environmental progress. This form of innovation involves implementing designs that enable organizations to mitigate,

monitor, prevent, and diagnose environmental issues (Chang, 2016). Technological eco-innovation specifically involves the generation and implementation of concepts, processes, products, and operational protocols aimed at reducing environmental hazards and achieving environmental sustainability (Lee, 2020; Cheng et al., 2014).

Previous research, such as that conducted by Lu et al. (2020) and Tullani et al. (2018), has highlighted the importance of technological innovation as a mediating factor between proactive environmental strategies (PES), competitive differentiation advantage (CDA), cost leadership competitive advantage (CCA), and various aspects of organizational performance (product, process, production, strategic, and financial).

Proactive environmental strategies contribute significantly to bolstering a progressive corporate image. Han et al. (2019) assert that a strong corporate image, along with a company's mission, vision, core values, culture, and strategies, should align with the proactive environmental strategies of the corporate business. The corporate image is described as «the positive perception of a company in the minds of customers due to positive organizational approaches toward environmental and community well-being» (Fousteris et al., 2018). This favorable image also enhances customers' perceptions of organizational services and products, fostering long-term sustainable development and a competitive advantage. Elements contributing to the corporate image encompass brand distinctiveness, service quality, belief systems, brand perception, name, design, and logo (Kuo et al., 2021; Lu et al., 2020).

The corporate image manifests itself in the company's brand image, reflecting intangible values that validate brand worth and relate to the firm's long-term competitive advantage and sustainable growth. Proactive environmental strategies, along with differentiation and cost leadership competitive advantages, augment the corporate image and long-term sustainable development. It's worth noting that the corporate image represents an intangible asset and resource for the firm that cannot be easily replicated. Various research studies, such as Han & Kim (2019) and Lu et al. (2020), have demonstrated that the moderator, in this case, the corporate image, plays a significant role in linking proactive environmental strategies, competitive

differentiation advantage (CDA), cost leadership competitive advantage (CCA), and different dimensions of organizational performance (product, process, production, strategic, and financial).

So, sustainable development plays a crucial role in modern business by integrating environmental, social, and economic considerations into organizational strategies and operations. It involves a commitment to responsible practices that minimize negative impacts on the environment, society, and future generations while fostering long-term profitability and growth.

Businesses are increasingly recognizing that sustainability is not just a moral responsibility but also a strategic imperative. Here are key aspects of sustainable development's role in modern business:

1. **Environmental Responsibility:** Companies are implementing eco-friendly practices, reducing carbon footprints, minimizing waste, conserving resources, and adopting renewable energy sources. This not only contributes to a healthier planet but also enhances efficiency and cost-effectiveness.

2. **Social Impact:** Embracing social responsibility involves initiatives such as ethical labor practices, community engagement, diversity and inclusion, fair wages, and philanthropic efforts. Businesses strive to positively impact society while fostering goodwill and strong relationships with stakeholders.

3. **Economic Viability:** Sustainable practices are seen as drivers of innovation and competitiveness. Companies embracing sustainability often discover new markets, gain customer loyalty, attract top talent, reduce operational costs, and mitigate risks associated with environmental and social challenges.

4. **Regulatory Compliance and Risk Management:** Adhering to sustainable practices helps businesses comply with evolving regulations related to environmental and social standards. It also minimizes risks associated with legal, reputational, and operational issues stemming from unsustainable practices.

5. **Long-term Perspective:** Businesses adopting sustainable development strategies prioritize long-term success over short-term gains. This involves considering the impacts of current decisions on future generations, ensuring

continuity and resilience in the face of changing environmental and societal challenges.

In summary, sustainable development in modern business is not just about corporate social responsibility; it's a strategic approach that integrates environmental, social, and economic factors to create value for businesses, society, and the planet as a whole. Companies embracing sustainable practices are better positioned to thrive in a rapidly changing global landscape while contributing to a more sustainable future.

### **1.3. Principles of sustainable development**

A robust environment is vital to all facets of existence, offering fundamental necessities like fresh air, clean water, shelter, and sustenance. It also serves as a space for leisure activities and provides the resources essential for various industries. Moreover, it plays a crucial role in preserving our health and sustaining diverse economic endeavours. Guaranteeing the enduring progress of our ecological well-being is a method to improve the enduring prosperity of individuals and communities, both economically and socially, by fostering fairness and equal opportunities while enriching the natural and cultural surroundings.

When examining sustainable development in its social, economic, and environmental dimensions, we delve into several crucial aspects:

- Factors that either facilitate or impede the enhancement of individuals' well-being.
- Systems governing the utilization and allocation of resources essential for enhancing people's lives.
- Renewable and non-renewable natural resources constituting our environment and contributing to its sustenance and improvement.

Achieving a healthy environment and an enhanced quality of life involves blending strategies that tackle sustainability and fairness with economic and social considerations.

Maintaining a healthy and inviting environment plays a pivotal role in bolstering our economic prosperity and attracting residents and workers to the area. Nevertheless, as our natural surroundings evolve and adapt to the impact of human activities, the systems supporting us face escalating pressures. Preserving these natural systems, which are vital to our sustenance and livelihood, is a prudent course of action.

Issues such as water pollution have adverse effects on our health. Conversely, pleasant, clean outdoor spaces and picturesque landscapes not only uplift our spirits but also contribute positively to our well-being when utilized for sports and active recreation.

Upholding the promise of an environmentally secure territory, both presently and in the future, necessitates proactive measures aimed at safeguarding our natural assets, fostering biodiversity, bolstering local economies, and curbing waste generation, energy consumption, and transportation demands. A resolute commitment from the government is imperative to cultivate a sustainable, diverse, competitive economy with enhanced skills and education while minimizing the strain on the environment.

An effective Environmental strategy demands a coordinated and ongoing endeavour to:

- Enhance the health and prosperity of our natural habitat,
- Safeguard the diversity of our landscapes, both on land and at sea, and
- Protect the communities vital to our economic success.

For a company to ensure the success of its environmental policy, it must approach environmental concerns through multiple lenses, encompassing scientific, moral, ethical, cultural, behavioural, economic, historical, and health perspectives.

The principles of sustainable development encompass a set of guidelines aimed at fostering long-term environmental, social, and economic well-being. These principles often include:

1. Recognizing the interconnectedness between environmental health, societal welfare, and economic prosperity.

2. Taking preventative measures to avoid or mitigate potential environmental and social harm, even in the absence of conclusive scientific evidence.
3. Ensuring fairness in resource distribution and access to opportunities across present and future generations and diverse communities.
4. Promoting responsible use and conservation of natural resources to meet the needs of the present without compromising the ability of future generations to meet their own needs.
5. Building systems and societies capable of adapting to changing environmental, social, and economic conditions.
6. Involving diverse stakeholders, including communities, businesses, governments, and civil society, in decision-making processes related to sustainable development.
7. Incorporating sustainability considerations into policies, practices, and decision-making across various sectors and levels of governance.
8. Holding individuals, organizations, and governments accountable for their actions and impacts on the environment, society, and economy.
9. Encouraging innovation, technological advancements, and partnerships to address sustainability challenges effectively.

These principles serve as guiding values to inform policies, strategies, and actions aimed at achieving sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs.



## **CHAPTER 2**

### **FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY OF THE SARANA FOP CAR SERVICE BUSINESS**

#### **2.1. General characteristics and analysis of the economic activity of the Sarana FOP car service**

The «FOP Sarana» auto service, located in Kropyvnytskyi, Kirovohrad region, exemplifies a modern approach to automotive service, meeting European standards in this field.

The company's goal is to provide excellent service and high-quality work in all areas:

- servicing of cars of all brands and repairs of any complexity;
- body repair from alignment and painting of parts to body damage;
- installation of all types of additional equipment;
- complex repair of engines and MPKK/automatic transmission, etc.

1. «FOP Sarana» is a full-cycle multi-brand car center in Kropyvnytskyi, we service all car brands, adhering to the strict quality standards of an official dealer, but at the prices of an independent service station. Certified car service specialists professionally perform all types of work strictly following the regulations of car manufacturers.

2. All processes in the «FOP Sarana» company are maximally optimized and coordinated, this allows for prompt service.

3. Technical personnel regularly undergo training and mandatory certification in the BOSCH company, this ensures high training of specialists.

4. In the «FOP Sarana» company, there is a strict quality control of the performed works on a constant basis.

5. The unique 3-level architectural solution of the car center building sets the mood for cozy, open and friendly communication, and at the same time has comfortable and equipped places for waiting for a car to be repaired.

6. Production capacity is more than 20 lifts, there is also an express post,

this allows us to accept customers' cars for work in urgent cases without prior appointment.

7. Convenient working hours. If the car arrives by tow truck they accept it at any time of the day.

8. The body section of the auto center is equipped with a full range of equipment for the most complex repairs. There is our own laboratory for the selection of paints, ramps for checking and restoring the geometry of bodies, welding equipment, painting and drying chambers, etc.

9. It is worth mentioning separately the aggregate area, the area of diagnostics and repair of electrical equipment, where repairs of any complexity are carried out.

10. In «FOP Sarana», strict quality control of the painting of car elements is carried out. The presence of a painting chamber and other specialized equipment guarantees the technological process of painting.

11. They install additional equipment on any cars and give a guarantee.

12. 95% of car spare parts that are needed for current repairs are in our warehouse. Parts that are not in stock are delivered to the service within a few hours, if they are available in the warehouses of suppliers in Kropyvnytskyi.

13. On the second floor of the car showroom there is a comfortable and convenient rest area for customers who are waiting for their car to be serviced. And panoramic windows for the entire repair area allow you to observe the repair process.

14. They provide an official guarantee in accordance with the legislation of Ukraine for all work performed in our Auto Center.

If there are signs of the need for repair, upon approval, a full inspection of the engine is performed, and the cost of the repair is calculated. Our specialists carry out professional overhaul of gasoline and diesel engines, using only high-precision equipment, advanced technologies and skills.

Engine repair:

- Average repair of the internal combustion engine (replacement of piston rings, liners, rubbing of valves and elimination of all malfunctions of engine

components and mechanisms detected during a control inspection)

- Overhaul of the internal combustion engine (complete engine repair)
- Control measurement of compression
- Replacement of timing belts
- Replacement of timing chains
- Control oil pressure measurement
- Oil and oil filter replacement
- Cylinder head repair
- Phase correction of the VANOS system (vanos repair)
- Engine failure
- Engine repair using a precision measuring tool
- Engine head repair
- Replacing the block head gasket
- Replacing the valve cover gasket
- Replacing the oil pump
- Replacement of pistons (replacement of compression rings, as well as root and connecting rod liners)
- Replacing the camshaft
- Adjustment of valve clearances
- Replacing the oil pan gasket
- Engine valve repair
- Replacing the oil seals of the crankshaft
- At the final stage - after assembly and installation of the engine, adjustment and setting of nominal parameters, preliminary running-in is carried out.

The list of routine works that must be performed according to the service intervals:

- Oil and oil filter replacement
- Replacing the air filter
- Replacing the fuel filter
- Replacing the cabin filter

- Replacement of spark plugs
- Diagnostics of the air conditioning system
- Seasonal maintenance of the air conditioning system
- Filling the air conditioning system
- Disinfection of the evaporator
- Changing the oil in the gearbox
- Changing the oil in the transfer case
- Oil change in bridges, etc.

So, one can see that «FOP Sarana» is a comprehensive car service center in Kropyvnytskyi, offering services for all car brands at affordable prices. The company emphasizes strict adherence to manufacturer standards and employs certified specialists trained by BOSCH. Quality control is stringent, ensuring high standards of service. Located conveniently on the Left Bank, the centre boasts a unique three-level architectural design, providing a comfortable and welcoming environment for customers. With over 5 lifts and an express service option, «FOP Sarana» can accommodate urgent repairs without prior appointments. Their body repair section is fully equipped for complex repairs, including paint selection, body geometry restoration, and electrical equipment diagnostics and repair. Spare parts are readily available, with a 95% stock rate in their warehouse and quick delivery for items not in stock. Customers waiting for service can relax in a comfortable lounge area with panoramic views of the repair process. «FOP Sarana» offers official guarantees for all work performed, complying with Ukrainian legislation.

Let us consider the results of activities for 2022 (Figure 1 and 2).

Results of activities for 2022:

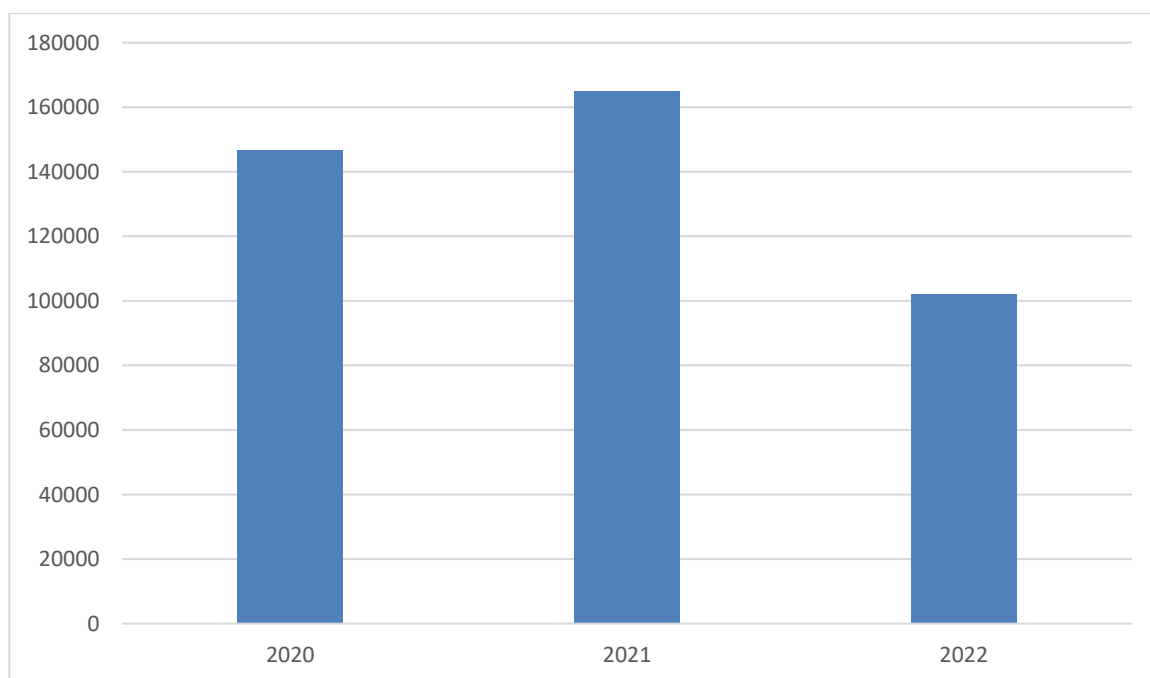


Figure 1. Total (net) income, thousand UAH.

Source: (Financial data of the company)

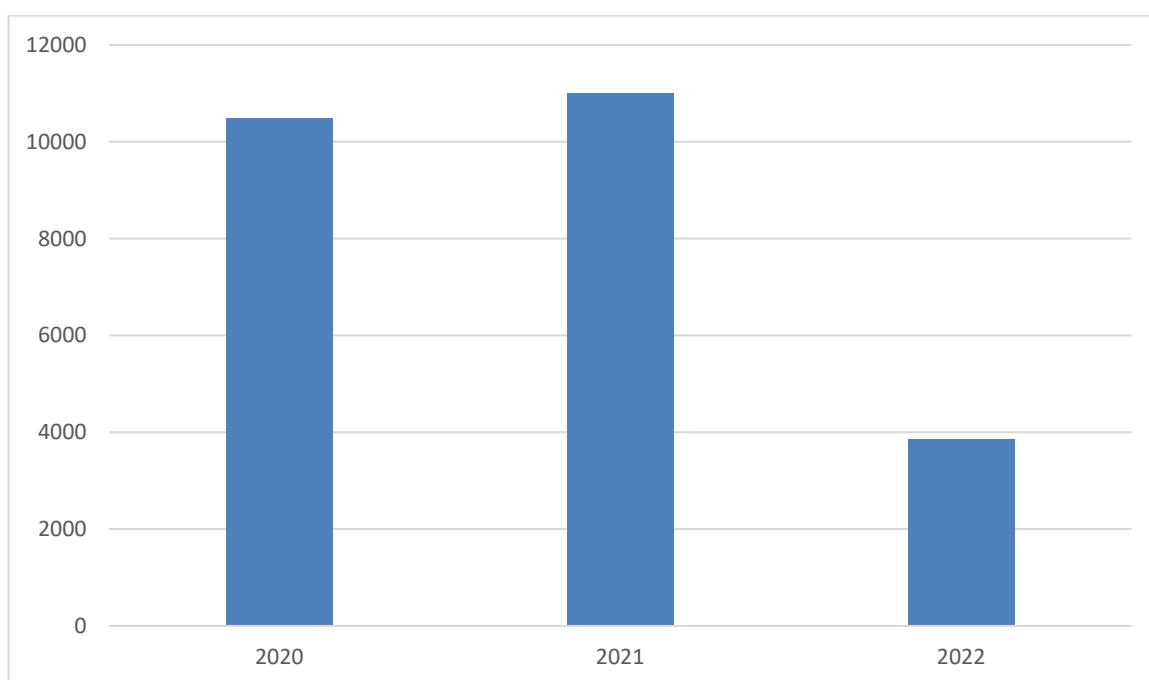


Figure 2. Net profit, thousand hryvnias

Source: (Financial data of the company)

Let us consider now the income structure by types of activity (Figure 3).

### Income structure by types of activity:

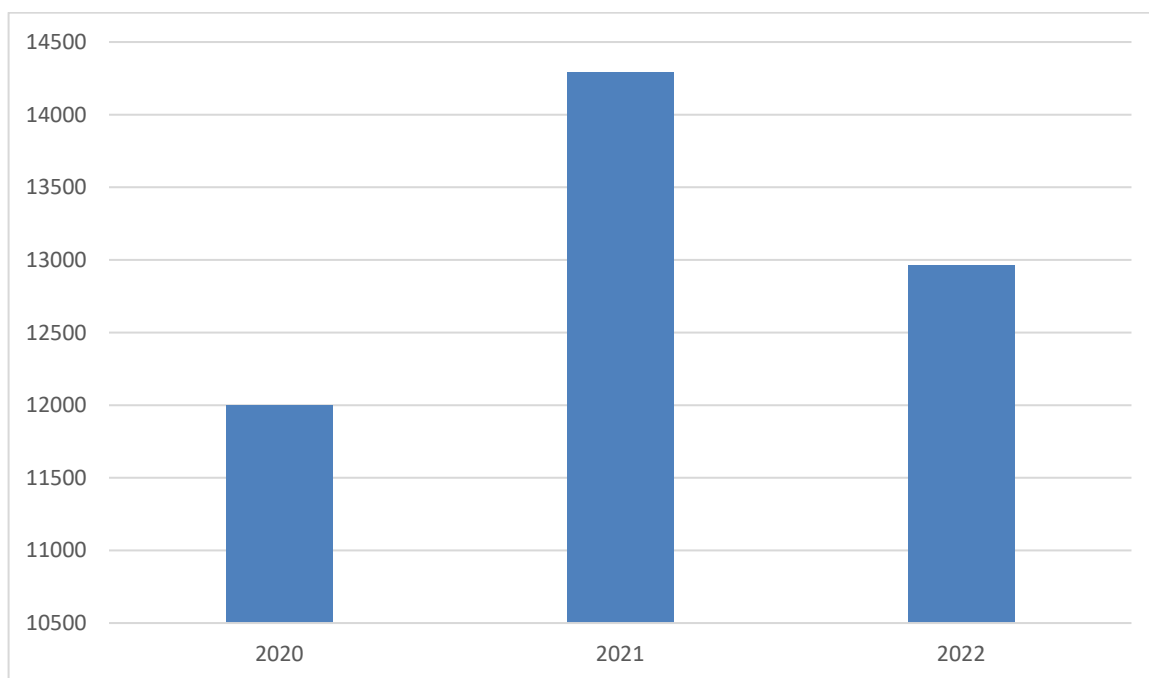


Figure 3. Spending on payment of tax obligations, fees, deductions for social events. Taxes and fees, thousand UAH.

Source: (Financial data of the company)

Let us consider now liquidity and liabilities (Table 1 and 2).

Table 1. Liquidity and liabilities: long-term liabilities and collateral

	Structure of liabilities as of 12/31/2020	Structure of liabilities as of 12/31/2021	Structure of liabilities as of 12/31/2022
Deferred tax liabilities	174	127	112
long-term bank credits	-	-	-
Other long-term liabilities	-	-	-
Total	174	127	112

Source: (Financial data of the company)

### Analysis of the data on long-term liabilities and collateral:

1. Deferred Tax Liabilities: there's a consistent decrease in deferred tax liabilities from 174 in 2020 to 112 in 2022. This could indicate either more efficient tax planning or a reduction in long-term tax obligations.

2. Long-term Bank Credits and Other Long-term Liabilities: Both categories

are marked as «-», indicating either no long-term bank credits or other long-term liabilities during the specified periods. This might suggest that the company is not utilizing long-term financing from banks or other sources during these years.

Overall, the data reflects a reduction in long-term liabilities, particularly in deferred tax liabilities, which could positively impact the company's financial health by reducing long-term obligations and potentially freeing up resources for other uses. However, the absence of information on long-term bank credits and other long-term liabilities limits a comprehensive analysis of the company's long-term financing structure.

Table 2. Liquidity and liabilities: current liabilities

	Structure of liabilities as of 12/31/2020	Structure of liabilities as of 12/31/2021	Structure of liabilities as of 12/31/2022
Current accounts payable for:	-	-	-
goods, works, services	6102	1442	3184
Payments to the budget	1281	1582	1557
insurance calculations	134	160	118
payroll calculations	525	591	453
Current accounts payable for advances received	1693	5806	2034
Current payables from internal settlements	92523	119540	139695
Current provisions	1184	1159	1464
Other current commitments	87784	37057	37337
Total	191226	167337	185842

Source: (Financial data of the company)

Analyzing the data on liquidity and liabilities presented in the table, we can observe the changes in the structure of current liabilities over the three years from 2020 to 2022:

1. Goods, Works, Services Payable: there was a significant decrease from UAH 6102 in 2020 to 3184 in 2022, indicating potentially improved management

of these payables.

2. Payments to the Budget: this item fluctuated but remained relatively stable over the three years, with a slight decrease from 1582 in 2021 to 1557 in 2022.

3. Insurance and Payroll Calculations: both insurance and payroll calculations decreased over the years, suggesting either more efficient processes or reduced expenditure in these areas.

4. Current Accounts Payable for Advances Received: there was a notable increase from 1693 in 2020 to 5806 in 2021, followed by a decrease to 2034 in 2022, indicating fluctuations in advance payments received.

5. Current Payables from Internal Settlements: this item saw a steady increase from 92523 in 2020 to 139695 in 2022, indicating potentially increasing reliance on internal financing or internal transactions.

6. Current Provisions: there was fluctuation, but overall, a slight increase from 1184 in 2020 to 1464 in 2022, indicating a potential need for increased provisions for future liabilities.

7. Other Current Commitments: this category experienced a significant decrease from 87784 in 2020 to 37057 in 2021, with a slight further decrease to 37337 in 2022. This suggests potentially improved management of miscellaneous current commitments.

Overall, the analysis indicates various changes in the structure of current liabilities, reflecting shifts in operational and financial activities over the three-year period.

Table 4. Liquidity and liabilities

Indicator	on 31.12.2020	on 31.12.2021	change, % 2020/2021	on 31.12.2022	change, % 2021/2022
The share of liabilities in the total value of the company's assets	0,66	0,61	-8,2%	0,62	+1,6%
The share of current	0,66	0,61	-8,2%	0,62	+1,6%



liabilities in the total value of the company's assets					
Solvency ratio	0,51	0,65	+21,5%	0,60	-7,7%

Source: (Financial data of the company).

One can see from the table that:

1. Share of Liabilities in Total Assets:

- The share of liabilities decreased from 0.66 in 2020 to 0.61 in 2021, marking an 8.2% decrease.

- However, it slightly increased to 0.62 in 2022, showing a 1.6% rise from 2021. This suggests a slight uptick in the proportion of liabilities relative to total assets from 2021 to 2022.

2. Share of Current Liabilities in Total Assets:

- Similar to the overall liabilities, the share of current liabilities decreased from 0.66 in 2020 to 0.61 in 2021, a decline of 8.2%.

- It then increased to 0.62 in 2022, reflecting the same 1.6% rise from 2021. This indicates a slight increase in the proportion of current liabilities relative to total assets from 2021 to 2022.

3. Solvency Ratio:

- The solvency ratio improved significantly from 0.51 in 2020 to 0.65 in 2021, showing a 21.5% increase. This indicates a stronger ability to meet long-term obligations.

- However, it decreased to 0.60 in 2022, representing a 7.7% decline from 2021. Despite the decrease, the ratio remains higher than in 2020, indicating continued but slightly weakened solvency.

Overall, the analysis shows fluctuations in the share of liabilities and current liabilities relative to total assets, with a notable improvement in solvency from 2020 to 2021 followed by a slight decrease in 2022. These changes suggest varying levels of financial stability and management effectiveness over the three-year period.

Table 5. Capital Investments (without VAT, thousand hryvnias)

The total amount of capital investment is	16082
Capital investments by types of assets:	
- non-residential buildings	5897
- machines, equipment, inventory	3034
- vehicles	6655
- other material assets (tools, furniture, other low-value non-current material assets)	496

Source: (Financial data of the company)

Now we should analyse the data presented in the Table 5.

1. Total Capital Investment: the total capital investment for the period is 16,082 thousand hryvnias.

2. Capital Investments by Types of Assets:

- Non-residential Buildings: investments in non-residential buildings amount to 5,897 thousand hryvnias, indicating a significant portion of the total investment.

- Machines, Equipment, Inventory: this category represents 3,034 thousand hryvnias of investment, suggesting a substantial allocation to machinery and equipment.

- Vehicles: investments in vehicles amount to 6,655 thousand hryvnias, indicating a significant investment in transportation assets.

- Other Material Assets: this category includes tools, furniture, and other low-value non-current material assets, with investments totaling 496 thousand hryvnias.

Overall, the analysis shows a diverse allocation of capital investments across various types of assets, with a notable portion allocated to non-residential buildings and vehicles. This suggests a strategic investment approach aimed at enhancing infrastructure, operational efficiency, and transportation capabilities.

## **2.2. Research and analysis of the financial condition of the Sarana FOP car service**

Now we should analyze the Balance Sheet (Statement of Financial Position) focusing on assets (see Appendices):

### 1. Non-current Assets:

- Intangible Assets: There's a slight decrease in intangible assets from UAH 7.00 thousand at the beginning to 1.00 thousand UAH at the end of the reporting period, primarily due to accumulated depreciation.

- Unfinished Capital Investments: There's a significant decrease from 205,731.00 thousand UAH to 247.00 thousand UAH, indicating progress or completion of capital projects.

- Fixed Assets: This category shows an increase from 18,942.00 thousand UAH to 22,499.00 thousand UAH, primarily due to additions or acquisitions, despite depreciation.

- Investment in Real Estate: There's a substantial increase from 4,702.00 thousand UAH to 215,584.00 thousand UAH, indicating significant investment in real estate.

- Current Assets:

- Inventories: A slight decrease from 13,209.00 thousand UAH to 12,879.00 thousand UAH.

- Accounts Receivable: A decrease from 20,574.00 thousand UAH to 33,409.00 thousand UAH, indicating potential challenges in receivables management.

- Cash and Cash Equivalents: A decrease from 4,449.00 thousand UAH to 3,489.00 thousand UAH, indicating less liquidity.

### 3. Non-current Assets Held for Sale and Disposal Groups:

- There are no assets reported in this category for both the beginning and end of the reporting period.

Overall, the analysis indicates changes in asset composition, with notable increases in investment real estate and fixed assets, while inventories and cash decreased slightly. Additionally, there's a significant decrease in unfinished capital investments, suggesting progress in ongoing projects.

Now we should analyze the passive side of the balance sheet:

### 1. Equity:

- The registered capital remains constant at 39,777.00 thousand UAH throughout the reporting period.

- Reserve capital also remains unchanged at 9,944.00 thousand UAH.

- Retained earnings (uncovered loss) increased from 58,362.00 thousand UAH to 62,210.00 thousand UAH, indicating retained profits or reduced losses.

## 2. Long-term Liabilities and Provisions:

- Deferred tax liabilities decreased from 127.00 thousand UAH to 112.00 thousand UAH, indicating a reduction in long-term tax obligations.

- There are no other long-term liabilities or provisions reported.

## 3. Current Liabilities and Security:

- Short-term bank loans, bills of exchange issued, and current payables for long-term liabilities show no values reported.

- There are significant changes in current payables for goods, works, services, and other current liabilities, with an increase from 37,057.00 thousand UAH to 37,337.00 thousand UAH.

## 4. Net Value of Non-State Pension Fund Assets:

- There are no values reported for this line.

## 5. Balance:

- The balance increased from 275,585.00 thousand UAH to 297,896.00 thousand UAH, reflecting overall changes in assets and liabilities.

Overall, the analysis indicates stability in equity, with an increase in retained earnings. Long-term liabilities show a decrease in deferred tax liabilities, while current liabilities fluctuate, particularly in payables for goods, works, services, and other current liabilities. The overall balance increased, reflecting changes in the company's financial position over the reporting period.

Based on the analysis of the Balance Sheet focusing on assets and the passive side of the balance sheet, the following conclusions can be drawn:

## 1. Asset Composition:

- There have been notable changes in asset composition during the reporting period. Notably, there was a significant increase in investment in real estate and fixed

assets, indicating significant investments in these areas. However, there was a decrease in inventories and cash and cash equivalents, which may indicate a shift in liquidity or operational priorities.

- The decrease in unfinished capital investments suggests progress or completion of ongoing projects, potentially contributing to the increase in fixed assets and investment real estate.

## 2. Equity and Liabilities:

- Equity remained relatively stable, with no significant changes in registered capital or reserve capital. However, there was an increase in retained earnings, indicating retained profits or reduced losses, which contributes to the overall stability of equity.

- Long-term liabilities and provisions showed a decrease in deferred tax liabilities, suggesting a reduction in long-term tax obligations. However, there were no other significant changes reported in this category.

- Current liabilities and security exhibited fluctuations, particularly in payables for goods, works, services, and other current liabilities. Despite this, the overall balance increased, reflecting changes in the company's financial position over the reporting period.

## 3. Overall Assessment:

- The company's financial position appears to be stable, with a focus on strategic investments in real estate and fixed assets. While there are fluctuations in certain asset and liability categories, the overall balance increased, indicating positive changes in the company's financial position. However, careful monitoring of liquidity, payables management, and ongoing projects is recommended to ensure continued financial stability and growth.

In conclusion, while there are areas of stability and positive developments in the company's financial position, ongoing vigilance and strategic management are necessary to navigate potential challenges and capitalize on opportunities for growth.

Now we will analyze the Statement of Financial Results (Statement of

## Comprehensive Income):

### 1. Net Income from Sales of Products (Goods, Works, Services):

- There was a decrease in net income from sales of products from 151,712.00 hryvnias in the previous year to 93,204.00 hryvnias in the reporting period, indicating a decline in sales revenue.

### 2. Cost of Goods Sold (Goods, Works, Services):

- The cost of goods sold decreased from 116,759.00 hryvnias in the previous year to 65,761.00 hryvnias in the reporting period (2022) which contributed to the decrease in net income.

### 3. Gross Profit:

- Gross profit decreased from 34,953.00 hryvnias in the previous year to 27,443.00 hryvnias in the reporting period, reflecting the impact of reduced sales revenue and decreased cost of goods sold.

### 4. Operating Expenses:

- Administrative expenses decreased from 8,609.00 hryvnias in the previous year to 7,951.00 hryvnias in the reporting period.

- Sales expenses also decreased from 15,880.00 hryvnias to 12,623.00 hryvnias.

- Other operating expenses increased slightly from 10,029.00 hryvnias to 10,838.00 hryvnias.

### 5. Financial Result from Operating Activities:

- The financial result from operating activities decreased significantly from 13,502.00 hryvnias in the previous year to 4,815.00 hryvnias in the reporting period, mainly due to the decrease in gross profit.

### 6. Net Financial Result:

- The net financial result (profit) decreased from 11,002.00 hryvnias in the previous year to 3,848.00 hryvnias in the reporting period, reflecting the overall decrease in profitability.

Overall, the analysis indicates a decrease in sales revenue, gross profit, and net financial result compared to the previous year. This suggests potential challenges

in revenue generation and cost management, leading to a decline in profitability for the reporting period.

Now we will analyze the Comprehensive Income statement:

1. Markup (Markdown) of Non-current Assets and Financial Instruments:

- Both categories show no markup or markdown for the reporting period, indicating no significant changes in the valuation of non-current assets or financial instruments.

2. Accumulated Exchange Rate Differences:

- There are no accumulated exchange rate differences reported for the reporting period, suggesting stability or no significant impact from currency fluctuations.

3. Share of Other Aggregate Income of Associated and Joint Ventures:

- Similarly, no share of other aggregate income from associated and joint ventures is reported, indicating no significant income from these sources.

4. Other Comprehensive Income:

- There is no other comprehensive income reported for the reporting period, implying no additional income beyond the financial results reported in the Statement of Financial Results.

5. Total Income:

- The total income for the reporting period is 3,848.00 hryvnias, compared to 11,002.00 hryvnias for the same period in the previous year. This reflects a decrease in comprehensive income over the period.

Overall, the analysis suggests a lack of significant changes or impact from non-operating activities on the comprehensive income for the reporting period, with the total income decreasing compared to the previous year.

### **2.3. The financial aspect of the sustainable development of the Sarana FOP car service**

Based on the financial data analysis, the financial aspect of the sustainable development of the car service company can be characterized as follows:

### 1. Revenue and Profitability:

- There has been a notable decrease in sales revenue, gross profit, and net financial result compared to the previous year. This indicates challenges in revenue generation and profitability, which could impact the financial sustainability of the company.

The decrease in sales revenue, gross profit, and net financial results compared to the previous year signals various challenges the company might be facing. It could be due to factors such as declining demand for products or services, increased competition, higher production costs, or ineffective cost management. These challenges directly impact the company's ability to generate revenue and maintain profitability. If not addressed promptly and effectively, this trend could threaten the financial sustainability of the company, potentially leading to liquidity issues, inability to meet financial obligations, or even business closure. Therefore, it's essential for the company to analyze the underlying causes of the decrease in revenue and profitability and implement strategies to address them effectively to ensure long-term financial stability.

### 2. Cost Management:

- While there was a decrease in the cost of goods sold, operating expenses, and administrative expenses, the reduction in revenue outweighed these savings, resulting in a significant decrease in financial performance.

Despite experiencing decreases in the cost of goods sold, operating expenses, and administrative expenses, the overall financial performance of the company has declined significantly. This indicates that the cost-saving measures implemented were not sufficient to offset the impact of the decrease in revenue. Several factors could contribute to this outcome:

- 1) Revenue Decline: the primary reason for the decrease in financial performance is likely the reduction in revenue. Even though costs were reduced, if the revenue decline is substantial enough, it can outweigh any savings achieved through cost-cutting measures.

- 2) Fixed Costs: some expenses, such as rent, utilities, and salaries, may be



fixed and not easily adjustable in the short term. Even if variable costs are reduced, fixed costs can still contribute to overall expenses and impact financial performance.

3) Economies of Scale: decreases in revenue may lead to a loss of economies of scale, resulting in less efficient operations and higher unit costs despite lower overall expenses.

4) Market Dynamics: changes in market conditions, consumer behavior, or competitive landscape could have contributed to the revenue decline, making it difficult for the company to maintain its financial performance.

Overall, while reducing costs is an essential strategy for improving profitability, it's crucial to ensure that these efforts are balanced with strategies to increase or stabilize revenue. Simply cutting costs may not be sufficient if revenue continues to decline, highlighting the importance of comprehensive business planning and adaptation to changing market conditions.

### 3. Comprehensive Income:

- The lack of significant changes or impact from non-operating activities on comprehensive income suggests a limited diversification of income sources or potential challenges in generating additional income beyond core operations.

The absence of significant changes or impact from non-operating activities on comprehensive income indicates a potential limitation in the diversification of income sources or challenges in generating additional income beyond core operations for the company. Several factors could contribute to this observation:

1) Overreliance on Core Operations: if the company's primary source of income is its core operations, such as selling products or providing services, without significant income from non-operating activities (such as investments, royalties, or asset sales), it may be vulnerable to fluctuations or downturns in its core business.

2) Limited Diversification: a lack of significant changes or impact from non-operating activities suggests that the company may not have diversified its income streams adequately. Diversification can help mitigate risks associated with reliance on a single source of income and provide stability during challenging economic conditions.

3) Challenges in Generating Additional Income: generating income beyond core operations may require strategic investments, partnerships, or innovative business ventures. The absence of significant changes or impact from non-operating activities could indicate challenges or constraints in pursuing such opportunities effectively.

4) Efficiency of Core Operations: while non-operating activities can contribute to comprehensive income diversification, the lack of significant impact from these activities does not necessarily imply inefficiency in core operations. However, it may highlight the need for the company to explore opportunities for income diversification to enhance resilience and long-term financial sustainability.

Overall, assessing the impact of non-operating activities on comprehensive income provides insights into the company's income diversification strategies and its ability to generate additional income beyond core operations. Addressing any limitations or challenges in this area can help strengthen the company's overall financial position and mitigate risks associated with reliance on a single source of income.

#### 4. Overall Financial Performance:

- The decrease in total income, coupled with the decline in profitability, indicates a need for the company to reassess its financial strategies and operational efficiency to ensure sustainable growth and resilience in the face of economic challenges.

The decrease in total income, combined with the decline in profitability, signals potential financial challenges for the company that need to be addressed promptly. Several factors could contribute to this situation:

1) Revenue Decline: a decrease in total income suggests a decline in revenue from sales or other sources. This could be due to various factors such as declining demand for products or services, increased competition, or economic downturns.

2) Profitability Decline: the decline in profitability indicates that the company's expenses may be outpacing its revenue, resulting in reduced profitability margins. This could be caused by rising costs, inefficiencies in operations, or pricing

pressures.

3) Need for Financial Strategy Reassessment: given the decrease in total income and profitability, it's essential for the company to reassess its financial strategies. This may involve reviewing pricing strategies, cost-cutting measures, investment decisions, or exploring new revenue streams.

4) Operational Efficiency: the decline in profitability suggests potential inefficiencies in the company's operations. Improving operational efficiency by streamlining processes, optimizing resource allocation, or investing in technology could help mitigate the impact of declining income on profitability.

5) Sustainable Growth and Resilience: to ensure long-term sustainability and resilience in the face of economic challenges, the company needs to focus on strategies that promote both growth and financial stability. This may involve balancing short-term cost reductions with long-term investments in innovation, market expansion, or diversification.

In summary, the decrease in total income and profitability highlights the need for the company to reassess its financial strategies and operational efficiency to navigate economic challenges effectively and ensure sustainable growth in the future.

## 5. Long-term Sustainability:

- To ensure long-term financial sustainability, the company may need to focus on strategies to increase revenue, improve cost management, diversify income streams, and enhance overall operational efficiency. This could involve measures such as optimizing pricing strategies, investing in marketing and customer acquisition, controlling expenses, and exploring new business opportunities or markets.

Ensuring long-term financial sustainability requires a multi-faceted approach that addresses various aspects of the company's operations and financial management. Here's an explanation of the suggested strategies:

1) Increasing Revenue: to counter the decrease in total income, the FOP Sarana should focus on strategies to boost revenue generation. This could involve

expanding market reach, launching new products or services, enhancing existing offerings, or improving sales and marketing efforts to attract more customers.

2) Improving Cost Management: controlling expenses is essential for maintaining profitability. The FOP Sarana should evaluate its cost structure and identify areas where costs can be reduced or optimized without compromising quality or efficiency. This may include renegotiating supplier contracts, implementing cost-saving measures, or streamlining internal processes.

3) Diversifying Income Streams: relying solely on one source of income can expose the FOP Sarana to risks. Diversifying income streams can help mitigate these risks and provide stability during economic fluctuations. The FOP Sarana should explore opportunities to generate revenue from multiple sources, such as expanding into new markets, offering complementary products or services, or investing in income-generating assets.

4) Enhancing Operational Efficiency: improving operational efficiency can help the FOP Sarana maximize productivity and reduce costs. This could involve implementing technology solutions to automate processes, reorganizing workflows for better efficiency, or investing in employee training and development to enhance skills and performance.

5) Implementing Strategic Measures: the FOP Sarana should implement strategic measures tailored to its specific circumstances and goals. This may include optimizing pricing strategies to maximize profitability, investing in marketing and customer acquisition to drive sales growth, or exploring new business opportunities or markets to expand revenue potential.

By focusing on these strategies, the FOP Sarana can strengthen its financial position, adapt to changing market conditions, and ensure long-term sustainability and success. It's crucial for the FOP Sarana to regularly review and adjust its strategies to remain competitive and resilient in the ever-evolving business landscape.

In conclusion, while the FOP Sarana may be facing short-term financial challenges, there are opportunities for improvement and sustainable growth through

strategic financial management and operational optimization. By addressing the identified issues and implementing proactive measures, the FOP Sarana can enhance its financial sustainability and position itself for long-term success in the competitive market.

## **CHAPTER 3**

### **STRATEGY AND INITIATIVES FOR SUSTAINABLE DEVELOPMENT IN THE CAR SERVICE BUSINESS OF FOP SARANA**

#### **3.1. Development of a program for efficient use of resources**

This chapter will present a program of actions necessary, in our opinion, for sustainable development in the car service business of FOP Sarana. The proposed program for car service FOP Sarana is based on two key principles: optimizing resource usage and implementing sustainable practices. This program aims to streamline operations and minimize waste while maximizing efficiency. By adopting eco-friendly initiatives such as recycling materials, optimizing energy consumption, and reducing water usage, FOP Sarana can contribute to environmental preservation while simultaneously improving cost-effectiveness. Additionally, implementing training programs for staff on resource-efficient practices will further enhance the effectiveness of this initiative. Through these measures, FOP Sarana can establish itself as a leader in sustainable development within the car service industry, setting a positive example for other businesses to follow.

Businesses are recognized as major contributors to environmental pollution, emphasizing the significance of evaluating the roles of shareholders and their organizations. Following electricity and heat production, the manufacturing sector emerges as a significant source of CO<sub>2</sub> emissions, both within the European Union and in Ukraine.

Driven by market regulations and procedural mandates, major manufacturing firms have begun disclosing their endeavors and participation in sustainable development, adhering to internationally recognized standards. Conversely, small and medium-sized enterprises (SMEs) hold significance in fostering economic efficiency and social stability in both developed and emerging economies. Although these companies undertake significant measures to enhance and communicate their sustainability initiatives to stakeholders, their impact remains constrained (Prashar 2019).

Numerous studies on sustainable development indicate that organizational sustainability (OS) in small businesses often results in potential gains and improved financial outcomes primarily at the theoretical level, with limited tangible impacts evident in annual financial statements. Conceptually, organizational sustainability entails altering the vision, mission, structure, processes, and activities of an organization to generate more desired outcomes (i.e., sustainable) and fewer undesired outcomes (i.e., unsustainable), aiming to enhance organizational competitiveness and minimize environmental impact. The increasing significance of OS for companies is attributed to various advantages, particularly in terms of brand perception and operational efficiency. The ramifications of organizational actions should be assessed across three dimensions: economic, social, and environmental (Patón-Romero et al. 2019).

Characteristics of the car service industry include skilled human resources, a culture of innovation, high complexity, process standardization, strong reputation, advanced technology, production of high-quality products, and other aspects (Batista, Francisco 2018). Operations and processes within the industry are notably intricate and heavily reliant on technology. Innovation is highly emphasized, and process standardization is key (Poberezhna et al. 2022). The industry boasts a wealth of knowledge, often fostering robust collaborations with universities (Patón-Romero et al. 2019). Product quality is consistently high, and ongoing training for human resources is prioritized. Cost reduction strategies are prevalent throughout the car service sector (Kulinich et al. 2021).

The car service industry operates as a complex system comprising various interconnected components, both direct and indirect, working together to create economic value. Given its substantial impact on the environment, economy, and society, the industry assumes a critical role in sustainable development. Regulatory agencies closely monitor vehicle and car service to ensure compliance with environmental standards and mitigate the impact of both products and service processes. This pressure prompts companies to adopt innovative business strategies and leverage advanced information and communication technologies to meet

environmental and economic performance objectives (Patón-Romero et al. 2019). By implementing sustainable development practices, these companies aim to minimize their organizational footprint on the environment, economy, and society.

The proposed program for car service FOP Sarana i based on two key elements: an assessment of sustainable development principles and targets gleaned from literature, and insights garnered from focus group discussions with the FOP Sarana representatives. This framework comprises four sequential stages as outlined below:

1. Understanding and assessing organizational capacity for sustainable development: this stage involves identifying, evaluating, and comprehending the factors influencing the design of a sustainable development program.
2. Evaluation of sustainable development initiatives: this phase entails identifying and assessing the initiatives implemented for organizational sustainability (OS).
3. Generation of evaluation reports: here, a report is generated based on the assessment conducted on organizational capacity.
4. Organization's action plan: in this final stage, an action plan is devised to enhance the likelihood of achieving organizational sustainability.

### **3.2. Involvement of consumers and the community in supporting sustainable development**

To collect data on the involvement of consumers and the community in supporting the sustainable development of the car service Sarana, a mixed-methods approach combining quantitative and qualitative techniques are to be employed:

1. Focus groups research:
  - Organization of focus group discussions with consumers and community members to facilitate group interactions and generate discussions on sustainable development efforts at Sarana.
  - Encouraging participants to share their perspectives, ideas, and experiences regarding FOP Sarana's sustainability practices and explore potential strategies for



increasing community involvement.

- Capturing group dynamics and consensus on key issues related to sustainable development.

## 2. Observations:

- Conduction of observational studies at FOP Sarana's premises and within the community to observe actual consumer behaviors and community engagement with sustainability initiatives.

- Documenting instances of consumer participation in eco-friendly practices, community events organized by Sarana, and other relevant activities.

## 3. Document analysis:

- Reviewing existing documents, reports, and communication materials produced by FOP Sarana related to sustainability efforts, community engagement activities, and consumer feedback.

- Analyzing customer reviews, social media posts, and other online platforms to gather additional insights into consumer perceptions and interactions with FOP Sarana.

A focus group research, employed by companies for marketing research, is a qualitative research method comprising a small number of participants, typically ranging from six to 12 individuals, drawn from the FOP Sarana 's target market. These consumers convene for discussions on pertinent FOP Sarana matters or areas open to improvement. Originating in the 1920s for gathering diverse market insights and later in the 1950s to assess public reactions to war propaganda, focus groups have remained a prevalent research technique (Kitzinger 1994).

Focus groups offer insights into stakeholders' perspectives and facilitate a deeper comprehension of the phenomena and activities under examination. Unlike surveys, which typically feature closed questions limiting feedback, focus groups provide substantial information, albeit at a higher cost and resource requirement. This method aims to obtain detailed insights relevant to marketing research objectives. Notably, focus groups afford operators the opportunity to delve into intricate details about the subject matter. Advantages include group dynamics and

non-verbal communication cues. Group interactions within focus groups may prompt participants to draw connections between various concepts through discussions that might not occur in individual interviews, thereby yielding valuable insights. Skilled facilitators can encourage these interactions, resulting in comprehensive data collection. Additionally, non-verbal communication plays a significant role in data collection. Participants' responses and reactions provide observational data for analytical purposes. Non-verbal cues, such as participants' expressions or interactions with others, further contribute to understanding their reactions to important topics (Kitzinger 1994).

In the realm of sustainability, focus groups are frequently used because respondents' responses are rooted in their experiences, reflecting sustainability as a developmental trajectory rather than a fixed endpoint. Sustainability encompasses topics that require creativity and effective communication. The benefits of employing focus groups in organizational sustainability (OS) research include:

- The opportunity to enlist a skilled facilitator who can foster interactions among participants;
- Interaction among participants fosters nuanced discussions that yield novel insights;
- Non-verbal communication regarding a concept that organizations often approach due to external pressures from the business environment;
- Sustainability remains a subject of intense debate among researchers, with no established concrete performance indicators or implementation tools, making such discussions pertinent for addressing the concept.

To ensure consistency between three focus groups, each consisting of 10 regular customers, moderator adhered to identical procedures, which were documented and shared exclusively with the facilitators. These instructions were crafted to align with the study's objectives while also accommodating variations in group dynamics. Before the individual group sessions began, all participants were given a group presentation that provided an overview of the study and a set of topics for discussion. These topics are presented in Table 6.

Table 6. Topics of discussion

<b>Common Questions Discussed in the Three Focus Groups</b>	<b>Questions Discussed in Focus Group 1</b>	<b>Questions Discussed in Focus Group 2</b>	<b>Questions Discussed in Focus Group 3</b>
Knowing the OS concept Sustainability holds significance in the strategic endeavors of the organization. 5 tools used for OS Training employees regarding OS 3 objectives targeted by OS 3 benefits after adopting OS 3 disadvantages of OS	Primary organizational benefit. Organizational sustainability outcomes.	Interest of consumers in OS	Assessment of the FOP Sarana 's level of maturity.

Source: (developed by the author).

Drawing upon the benefits of employing focus groups, the specifics of data collection, and the central theme of analysis, a sequence of stages has been formulated for conducting the research. This study adhered to the following methodology with the subsequent steps:

1. Compiling literature based on empirical experiences in qualitative research, we identified and structured various elements: principles of the 2030 Agenda, sustainability objectives, models of sustainable development, and consumer engagement models in sustainable development. From these qualitative assessments, we derived 15 significant principles for organizational sustainability pertinent to the car service industry, which underpin the development of the proposed sustainability model.

2. Subsequently, we analyzed data from focus groups involving 33 invited employees, aiming to identify crucial aspects of organizational sustainability to incorporate into the proposed model. Three separate focus groups were used, with each participant attending only one session lasting 90 minutes, led by a facilitator or expert chosen from categories such as consumers, managers, or general managers

based on their demonstrated expertise in organizational sustainability. Seven predetermined discussion questions were posed, supplemented by three questions from each expert facilitator.

3. Our sample comprised all large multinational companies with branches in Ukraine. We conducted three in-depth interviews with experts to prevalidate it. These interviews involved the same three experts who facilitated the focus groups.

4. Finally, we validated the proposed model within Sarana FOP Sarana in Kyiv and evaluated and analyzed the results, while also suggesting avenues for future research.

Organizational sustainability involves assessing three dimensions: economic, social, and environmental responsibilities. For the proposed model, specific areas pertaining to these responsibilities have been delineated and organized in Table 7. These areas have been tailored to the car service's unique characteristics, as identified through conducted focus groups researches. Given the industry's significant contribution to greenhouse gas emissions, experts and specialists involved in the discussions deemed these areas comprehensive and pertinent for assessing organizational sustainability.

Within each domain, a set of indicators has been established. Each indicator is assigned a score based on the team's evaluation in stage 1. Subsequently, the field's score is computed as the arithmetic mean, and ultimately, the FOP Sarana 's total score is calculated. This score serves as input data for the subsequent stage. Each indicator is rated on a scale of 1 (not implemented) to 7 (fully implemented), with a score of zero assigned if the indicator is not applicable.

Table 7. Organizational sustainability (OS) responsibilities and domains

<b>Responsibility</b>	<b>Domain</b>	<b>Number</b>
Economic	financial stability	10
	developed partnerships	5
	organizational efficiency	8
	capacity to reduce production time	7
Social	communication and human resource	20

Environment	environment	15
	waste management capacity	15
	greenhouse gas reduction	5

Source: (developed by the author).

The proposed model underwent validation at Sarana FOP Sarana, where requisite data from the FOP Sarana were employed. Validation involved engaging managers and specialists from five departments. Semi-quantitative assessment of indicators was derived from the average evaluations provided by these five specialists. Elements of strategic management were sourced from the FOP Sarana 's official website (Sarana website).

By endorsing the 2030 Agenda for Sustainable Development, 193 member states pledged to promote economic growth, foster social inclusion, and safeguard the environment. This comprehensive document represents the most ambitious endeavor aimed at eradicating extreme poverty, promoting economic stability, addressing inequalities, and preserving the planet. It encompasses 17 overarching principles known as the Sustainable Development Goals (SDGs) and comprises 169 specific targets. The fundamental principles (8–14) of the 2030 Agenda include:

- **Universality:** the scope of application extends universally to all countries and can be implemented at any point in time.
- **Leaving no one behind:** the agenda aims to provide support to individuals regardless of their location or environmental circumstances.
- **Interconnectedness and indivisibility:** emphasizes the interconnectedness and indivisibility of all 17 SDGs, applicable to any entity.
- **Inclusiveness:** Advocates for the involvement of all market segments, irrespective of race, ethnicity, identity, or interests.
- **Multi-stakeholder partnerships:** encourages the establishment of communication channels across various partnerships to facilitate the exchange of knowledge, experiences, technologies, and utilize organizational resources effectively.

Aligned with the 17 principles of the 2030 Agenda and its 169 targets, we

introduced in the research 15 principles tailored to the car service industry, which serve as the foundation for developing the industry-specific model. These principles collectively address the 17 Sustainable Development Goals (SDGs) as outlined in Table 8. Throughout the implementation phases, these principles are integrated into the proposed model, designed to align with the functionalities of the car service industry.

Table 8. 15 proposed sustainability principles along with their corresponding implications and objectives covered by Agenda 2030

#	Sustainability Principle	Implication	Goal
SP1	Interests of consumers	Implementing initiatives aligned with consumers' strategic objectives	SDG1, SDG12
SP2	Reduction of toxicity	Minimizing the adverse effects of the workplace environment on employees	SDG4, SDG5
SP3	Reducing operator overload	Alleviating excessive workload for operators in production roles	
SP4	Reducing resources	Decreasing process wastage enhances financial outcomes.	SDG9, SDG12
SP5	Time efficiency	Enhancing production capability through decreased activity duration.	SDG9, SDG12
SP6	Reducing waiting time	The organization needs to minimize its waiting time to enhance its production capability.	SDG9, SDG12
SP7	Monitoring fixed costs	Lowering fixed expenses enhances the efficiency of production operations.	SDG12, SDG17
SP8	Consumer engagement in strategic decisions	Strategic planning needs to incorporate the principles of sustainable development.	SDG6, SDG8, SDG17
SP9	Supporting community activities	Corporate engagement in society enhances living standards.	SDG2, SDG3, SDG16
SP10	Training human resources	Enhancing the FOP Sarana 's performance level is achieved through human resource training.	SDG4, SDG5
SP11	Corporate Social Responsibility (CSR)	Corporate social responsibility initiatives enhance employee well-being and enhance public perception.	SDG 1, SDG10

SP12	Increasing recycling capacity	Minimizing waste generation helps mitigate the organization's environmental footprint.	SDG14, SDG15
SP13	Increasing the capacity of the reuse, remanufacturing, reconditioning	Waste management activities create value-added for the organization.	SDG7, SDG12
SP14	Reducing energy consumption	Reducing energy consumption help safeguard the environment.	SDG9, SDG13
SP15	Greenhouse gas reduction	The FOP Sarana 's involvement in this endeavor results in a reduction of environmental pollution.	SDG11, SDG13

Source: (developed by the author).

Organizational sustainability practices vary depending on factors such as FOP Sarana size, business maturity level, complexity of business processes, strategic planning, organizational structure, and stakeholder interests, primarily those of shareholders. From this perspective, organizations strategically plan and execute their activities in the medium and long term based on sustainability principles, innovation, and tools aimed at enhancing and implementing sustainability in their business operations. Companies that incorporate sustainability practices typically monitor and assess their engagement through sustainability reports. Among these reports, the Global Reporting Initiative (GRI) is widely recognized and accepted internationally, although there are no legal mandates for sustainability reporting, leading each organization to adopt its own reporting framework. While not legally required, sustainability practices are often influenced by stakeholder expectations, particularly from business partners and customers. Organizational practices vary across domains and entities, influenced by knowledge transfer capabilities (Poberezhna et al. 2022).

Consumer involvement in the decision-making process is a valuable approach to explore consumer satisfaction and enhance their interest in business practices (Kulinich et al. 2021). Several studies have examined consumers' expectations of organizational sustainability (OS), suggesting the use of consumer theory to drive performance in this area (Patón-Romero et al. 2019). Initially introduced by Edward

Freeman in 1984, consumer theory focuses on the interaction between specific groups of individuals and their interests within an organization. Since then, various consumer theories have emerged, shaping the discourse on organizational dynamics. Recent studies indicate that consumers play a pivotal role in advancing sustainability efforts and should actively contribute to fostering a better future. Consumer oriented management bears a positive responsibility in promoting sustainability, although consumer involvement in sustainable development is not mandatory for organizations; thus, consumers will engage in OS only if they perceive economic benefits (Patón-Romero et al. 2019).

It is noted that different consumers may hold varying expectations within a FOP Sarana, leading to diverse relationships. While there is no unified theory of consumer roles, multiple theories exist regarding organizational conflicts, stress, and health conditions. Consumer roles can be categorized to align with organizational objectives, while establishing groups of shared expectations among consumers regarding the implementation of sustainable development. Moreover, there is a knowledge gap concerning the understanding of the utility of indicators for managers (Kulinich et al. 2021). Despite the pivotal role consumers play in organizational sustainability and its assessment, their expectations remain ambiguous (Poberezhna et al. 2022).

### **3.3. Analysis of the effectiveness of the proposed improvements**

All organizational data utilized in this phase is sourced from FOP Sarana, encompassing its vision, mission, and organizational objectives, which constitute elements of strategic planning. The organizational assessment commences with elements of strategic management. The vision, serving as a forward-looking depiction of the business, articulates the FOP Sarana 's aspirations for the future and is integral in conveying organizational sustainability (Marchese et al. 2018). Similarly, the mission, another strategic component, encapsulates the fundamental aspects of the business's existence, including innovation, employees, customers, markets, technology, environmental responsibility, products, philosophy, and



relationships with stakeholders – all of which should reflect the sustainability of the business (Marchese et al. 2018). These components are scrutinized to ascertain their alignment with the principles of sustainable development.

The initial step in the proposed model entails examining elements pertaining to the functional requisites of strategic planning, evaluating both the current state and the envisioned future (vision) of the organization. At this juncture, the following steps are undertaken:

1a. Using of input data comprising the vision, mission, and organizational strategic objectives.

1b. Verification that the input data from step (1) aligns with the principles of sustainable development.

1c. If the input data lacks elements of sustainability, one needs to convene a focus group with consumers to comprehend their interests, with a focus on understanding consumer interests. Subsequently, ensure alignment of the strategic plan with OS objectives.

1d. Assessing whether a prior sustainability report exists. If available, one should retain it for comparative analysis; if not, acknowledge the absence of previous reporting. Establish a team to execute OS activities.

The assessment phase of sustainability indicators holds paramount importance. In models devised for gauging organizational sustainability, the number of indicators varies based on the FOP Sarana 's field of activity. In the case of car services, particular emphasis is placed on the impact of materials utilized and service quality (Marchese et al. 2018). Consequently, the economic and environmental dimensions encompass a greater number of indicators. These indicators pertain to cost and time reduction, waste minimization, energy consumption, industrial waste generation, among others, all of which are pivotal metrics (Marchese et al. 2018).

For the proposed program, 80 indicators have been delineated, categorized into domains corresponding to the three sustainability responsibilities. This division into domains facilitates evaluation. At this juncture, eight domains are assessed based on a predefined set of indicators. These domains include environment,

financial stability, partnership development, organizational efficiency, waste management capacity, production time reduction capacity, greenhouse gas mitigation, and communication and human resources. The steps of this stage can be outlined as follows:

2a. Gather data from the FOP Sarana and assign scores based on their importance to the following domains: environment, financial stability, partnership development, organizational efficiency, waste management capacity, production time reduction capacity, greenhouse gas mitigation, and communication.

2b. Assess the «environment» domain and compute its corresponding score.

2c. Evaluate the «financial stability» domain and calculate its corresponding score.

2d. Examine the «partnership development» domain and determine its corresponding score.

2e. Analyze the «organizational efficiency» domain and derive its corresponding score.

2f. Evaluate the «waste management capacity» domain and compute its corresponding score.

2g. Assess the «production time reduction capacity» domain and calculate its corresponding score.

2h. Evaluate the «greenhouse gas reduction» domain and determine its corresponding score.

2i. Examine the «communication» domain and derive its corresponding score.

2j. Calculate the total organizational sustainability score.

Following a comprehensive review, the researcher proceeds to suggest solutions aligned with the recommendations outlined in the report. Formulating an action plan is a crucial step in enhancing organizational competitiveness. This action plan must align with organizational strategies and objectives (Marchese et al. 2018). In the proposed model, this stage involves documenting the prioritized plan and activities from stage three. The proposed plan undergoes monitoring and oversight until organizational reassessment.

Upon utilizing the previously introduced program facilitated by the three experts who led the focus groups, several deficiencies in the proposed model were identified: the need to align consumer interests with organizational sustainability (OS) priorities, the absence of dedicated procedures related to OS within the tool, and potential delays in transcribing the plan.

Subsequent to the research, it was observed that Sarana FOP Sarana demonstrates awareness of organizational sustainability primarily in response to legislative regulations, demands from collaborators, or financial incentives. During the focus groups research, facilitators posed specific questions challenging participants to address key issues tailored to each group. These questions were formulated based on prior responses and the facilitators' expertise.

Noteworthy benefits reported by organizations include enhanced process quality, standardized workflows, and improved recycling capabilities. While the meetings underscored the existence of OS benefits, challenges such as costs, time constraints, and knowledge gaps often hinder implementation efforts. To mitigate these challenges, recommendations include conducting external training, integrating OS education into higher education curricula, and fostering collaborative partnerships between the FOP Sarana and universities to bolster interest in OS and alleviate associated costs and educational barriers for employees.

Based on the acquired findings, it is evident that:

The suggested program highlights the necessity of conducting environmental impact assessments to enhance environmental indicators.

The proposed program leverages the expertise of specialists within the car service industry to delineate indicators and domains requiring evaluation (Patón-Romero et al. 2019).

Assessing elements of strategic management, including vision, mission, and objectives, is pivotal for introducing a novel program.

Understanding the FOP Sarana 's maturity level, strategic planning, and consumer interests are crucial dimensions for organizational sustainability.

The 15 principles proposed align with the 2030 Agenda principles and

resonate with car service industry objectives. Consumer models indicate divergent interests in organizational sustainability, particularly with consumers having a direct interest in sustainability, potentially leading to enhanced financial results over an extended period.

Findings from three used focus groups with FOP Sarana employees revealed that over 80% of participants are familiar with sustainability concepts, with self-education being the primary training method. Various tools are utilized for organizational sustainability, ranging from internationally implemented standards to lean production tools.

Organizations generally exhibit awareness of organizational sustainability when compliance with environmental regulations and ISO standards is mandatory, or when environmentally friendly practices yield economic benefits.

Economic benefits associated with the OS approach typically encompass improved work conditions, innovation, responsible consumption and production, reduced process and material losses, enhanced resource efficiency, customer satisfaction, cost savings, increased product quality, productivity gains, and enhanced FOP Sarana image. The presence of economic benefits often drives organizational involvement in sustainable practices.

The insights gleaned from focus group discussions serve as a foundational knowledge base for the proposed sustainable development program.

Validating the tool within one of the car service industry's leading companies has bolstered the soundness of the proposed approach and facilitated adjustments pertaining to the quantity of indicators utilized for each domain. These indicators are adopted from sustainability reporting frameworks akin to GRI.

The decision to embrace a new model must be accompanied by a compelling motivational impetus. Offering unrestricted access to the proposed program could serve as an initial catalyst for car service companies.

In the car service sector, companies are well-acquainted with the concept of sustainable development. Decisions regarding the implementation of various initiatives are typically made at the headquarters, where expertise is readily

available. Developing sustainable strategies is a key priority for these? companies.

The homogeneous nature of the focus groups has yielded anticipated outcomes, indicating that these companies are receptive to aligning with international mandates as long as tangible economic benefits are realized. Challenges in implementing the proposed program are primarily linked to motivational factors and communication with corporate headquarters.

## CONCLUSIONS

In this research, we have illustrated the advantages of sustainability across economic, social, and environmental dimensions. While assessing sustainability can pose challenges, the ensuing benefits offer a sustained competitive edge. Evaluation can be complex at times due to various barriers, including insufficient staff training, excessive time allocation for assessment, employee skepticism towards sustainability, and other factors. These challenges were also encountered in the present case study evaluation.

Employing focus groups as a research methodology for organizational sustainability (OS) has demonstrated remarkable efficacy, as it encourages active participation and diverse viewpoints among respondents. Within these focus groups, over 80% of consumers acknowledged the significance of sustainable development, yet emphasized the importance of economic benefits for implementation. Companies across various sectors and with differing visions employ numerous methods and tools to enhance resource efficiency. Implementation of such tools or concepts in large organizations often occurs at their headquarters. Consequently, many competitiveness-related concepts are already ingrained in these companies. The car service industry is well-versed in sustainability, hence utilizing focus groups was a judicious decision to pinpoint key directions for inclusion in the proposed tool.

The validation of this tool within a prominent FOP Sarana signifies a crucial step forward, with future plans to expand its application to multiple industries. The envisioned online evaluation process, which incorporates organizational data including economic and financial reports, aims to streamline assessment and facilitate broader research horizons. This validation process is pivotal in advancing research breadth and laying the groundwork for the development of an integrated tool applicable across diverse industries.

The concept of sustainable development remains fluid, lacking definitive definitions and concrete indicators.

FOP Sarana is significant contributor to greenhouse gas emissions, prompting

consumers to demand the implementation of environmental protection measures and the optimization of related activities. Organizational sustainability (OS) is a familiar concept in this FOP Sarana , and while various tools exist to bolster sustainable development capacity, there is no universal OS assessment model. Therefore, this research presents a program tailored to the car service industry, with future research aiming to develop analogous models for other industries based on the framework proposed herein.

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