

BUILDING SUSTAINABLE AND FAIR MARKETS: GERMAN EXPERIENCE

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Introduction. Modern trends in the development of global and national economies have been largely formed due to the awareness of mankind of the need to use available resources wisely and to care for the environment. Thus, a specific type of managerial scientific and practical activity has emerged - sustainable development management. The creation of values in the sustainable development management system involves compliance with relevant principles not only within individual companies, but along the entire value chain and considering global and national sustainable development goals. Depending on the size of the organization and its market goals, the Sustainable Development Management Program of companies may provide different degrees of responsibility for sustainable development, due to factors such as company size, industry affiliation, activities, and market goals, etc.

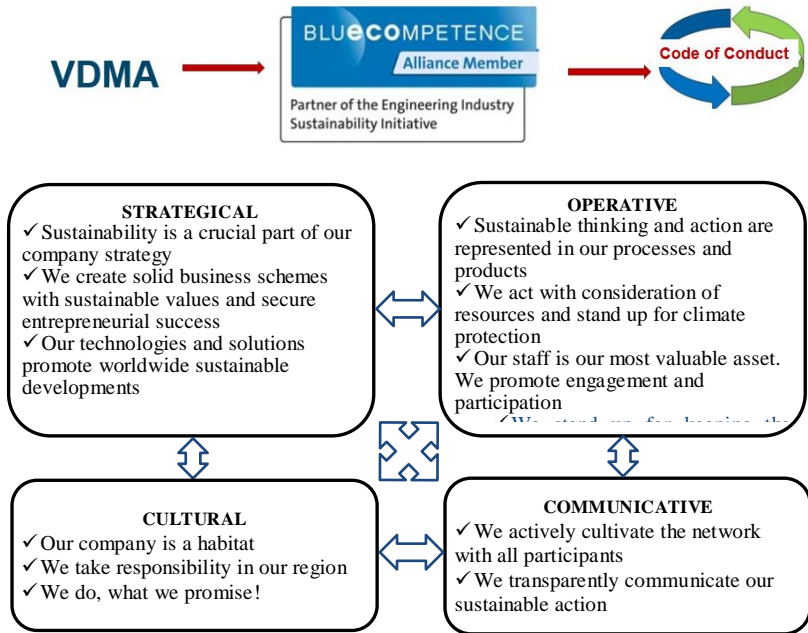
Presentation of the main research. One of the active participants in the global movement for sustainable development is the German Union of Machine Builders (German: Verband Deutscher Maschinen und Anlagenbau – VDMA), that also stands for free and fair competition. The Union has developed and is implementing many programs for sustainable development management in mechanical engineering and equipment production (VDMA, 2021), that are also directed to popularizing of sustainable decision in the sector. As part of the partnership, the participants recognize and adhere to the twelve principles of sustainable development of mechanical engineering and industrial production set out in Sustainability Initiative Blue Competence (see Figure 1).

Initiative Blue Competence helps individual companies to find optimal solutions and products, as well as to ensure compliance with the values of sustainability in global chains with the involvement of all participants in such chains using common transparent criteria and standards of sustainable development.

By VDMA a Code of Conduct has also been formulated, the provisions of which are assumed by all participating companies «Blue Competence». Such provisions are: respect for human rights and the rule of law; prevention of discrimination in all its manifestations; prevention of the use of child labor, forced labor and punishment of employees; prevention of corruption; ensuring the freedom of self-determination of employees, decent pay for their work and compliance with labor laws; creating safe working conditions and caring for the health of employees; ensuring the protection of the environment through compliance with current requirements and the prudent use of natural resources.

Figure 1

The principles of Sustainability Initiative Blue Competence (compiled on the basis of VDMA, 2021).



As part of the Initiative Blue Competence, Kärcher Group has identified its mission as “a market leader in sustainable development that guarantees customers a high level of customer satisfaction” and has developed the Sustainability Management Program “Perfect Sustainability” (Kärcher, 2021). This program covers six areas of responsibility: for the environment; for products; for supply chains; for the development of the organization; corporate social responsibility; responsibility for the company's employees.

Figure 2

*Sustainability management program: German experience
Kärcher (Kärcher, 2021)*



- Environmental responsibility
- Product responsibility
- Responsibility in supply chains
- Responsibility for the development of the organization
- Corporate social responsibility
- Responsibility for the company's employees
- Accountability to society for sustainable development

Sustainable development management is designed to ensure the usage of effective actions for environmentally and socially balanced economic development of the company, which would contribute to the

implementation of strategies for sustainable development of the industry, region, and country. The implementation of sustainable development tasks involves the use of various management tools at the level of the company as whole and individual departments that perform specific management functions.

Such tasks may include the introduction of circular models of resources utilization. Considering the need for constant adaptation of the company to changing and unpredictable operating conditions, the establishment of partnerships with stakeholders along the value chains deserves special attention. Adaptive management displayed as a cycle with double-loop learning. A deliberative phase includes problem assessment, design of the decision architecture and implementation. An iterative phase includes monitoring, evaluation of monitoring results and adjustment of management strategy (Williams, Brown, 2014).

Conclusions. Thus, a balanced and effective activity of the company in the long run can be ensured through the accumulation of knowledge about external factors, learning from experience and predicting the results of mutual influences of the environment and human activities. The use of adaptive management provides opportunities for gradual implementation of the principles of sustainable development, which is especially important in the primary sectors of the economy, which activities significantly affect environmental, social and other systems, and to adopt adequate strategic solutions lack the necessary knowledge or experience.

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