

ISCKMC 2022**International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»****INNOVATION AND INVESTMENT PROCESS MANAGEMENT OF
AGRICULTURAL ENTERPRISES WITHIN SUSTAINABLE
DEVELOPMENT**

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Abstract

The purpose of the paper is to determine the directions of managing the behavior of agricultural activities in the field of competitiveness, innovation, and investment. The analysis is based on the hypothesis that to mitigate the impact of global challenges in the agro-industrial complex, it is necessary to implement the sustainable development paradigm for the activities of agricultural enterprises. Associated with the processes of industrialization, ensuring the growth of production efficiency and competitive potential, the paradigm will ensure the development of economic, social, and environmental. The article concludes that for the successful functioning of an agricultural enterprise, it is necessary to take into account social and environmental aspects based on the interaction of various stakeholders. Compliance with the principles of social responsibility affects the competitiveness of agribusiness in the areas of brand reputation, increasing sales and consumer loyalty to the company's products, reducing staff turnover, establishing partnerships with government agencies, facilitating access to the media, and increasing investor interest.

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1. Introduction

From the point of view of philosophy, the theory of Vernadsky about the noosphere should be considered the sustainable development basis. The noosphere is a modern stage of geological development of the biosphere, within which there is an interaction between society and nature, while the active component, the source of changes and transformations, is the rational activity of a man. The theory is based on the understanding that humanity, in the course of evolution, turns into a powerful “geological force” that, based on thought and labor, changes the parameters of the biosphere. This leads to the conclusion that the society is responsible for the development of the biosphere, which is transforming into the noosphere.

The prerequisite is a change in worldview based on ecological as well as humanistic ethics. Such a change in the vector of formatting the social and economic space necessitates the implementation of sustainable development components in the strategy and tactics of managing the competitive and innovative as well as investment behavior of agricultural enterprises.

2. Problem Statement

Today, humanity has entered a protracted environmental crisis, caused by the rapid development of technology field, negative processes resulting from the use of nature, lack of environmental awareness, “responsibility for the destruction of natural resources, pollution of natural environment, and consumer attitude towards nature” (Dadaev, 2020, p. 65).

3. Research Questions

The balanced development of the economy, environment and society underlies the problem field of sustainable development and science. “The solution to this problem requires well-thought-out actions and targeted measures, which should be carried out taking into account the interconnection of environmental, economic and social aspects” (Bekmurzaev & Dadaev, 2021, p. 3).

The evolution of sustainable development paradigm is revealed based on the study of various scientists, namely: Vernadsky V., Peccei A., Mesarovich M., Pestel E., Tinbergen J., Forester D., Meadows D., Nordhaus V., Romer P., Banerji A., Kremer N. et al. The problems of improving the social component of enterprise management are of scientific interest among the following scientists: Lutens F., Meskon N., Hedouri F., Blake G., Robbins S., Dolan E., Stewart J., Shein E., Handy C., Cameron K., Haet L., Kossen S.

4. Purpose of the Study

The purpose of the article is to reveal promising areas for managing the competitive as well as innovative and investment behavior of agricultural enterprises with the immanent global trends in the functioning of the world economy on the basis of a study of the sustainable development paradigm evolution.

5. Research Methods

When preparing this article, general scientific methods of comparative, systemic, and statistical analysis in the economics were used. Further, the methodological basis was the work of domestic and foreign economists, ecologists, practicing agricultural workers, the provisions and conclusions of scientists involved in the problems of environmental development of the Agro-Industrial Complex.

6. Findings

The noospheric thinking proposed by V.I. Vernadsky, the foundation of which is the use of natural forces in the interests of a man, growth of productivity, rational use of natural resources, preservation and development of human health formed the basis of the sustainable development paradigm with the allocation of its three main components:

- Economic component based on the theory of the maximum flow of total income of Hicks – Lendal;
- Social component aimed at maintaining the stability of social and cultural systems. An important aspect here is the mechanism of local and global distribution of benefits;
- Ecological component provides a strategy to ensure the preservation of the integrity of biological and physical natural systems. At the same time, the emphasis is transferred from the sphere of static to the dynamic sphere, which includes the ability to self-restoring and adjustment.

Popularization of the sustainable development paradigm is closely related to the activities of the Club of Rome, a non-governmental organization that includes up to a hundred well-known scientists, entrepreneurs, politicians from around the world who do not hold official government positions. The purpose of this organization is to give society a methodology that can be used to analyze the problems of mankind associated with the limited resources of the Earth, the rapid growth of production and consumption, etc. (Club of Rome, 2003).

In 1969, A. Peccei's work *Before the Abyss* was published on the basis of which the Project of Humanity's Difficulties was developed. That was the beginning of global modeling.

The Club of Rome representatives not only gave a picture of the threats to humanity, but also offered their vision of a strategy for overcoming the crisis. In particular, A. Peccei introduced a new system of values for a person, which was called New Humanism and included such basic aspects as a sense of globality, love of justice and intolerance to violence.

A person must move to the strategy of "creating" the future, the short-term and long-term consequences of activity deserve equal attention as regulators of human activity.

In 1974, the second report of the Club of Rome was published, the authors of which were M. Mesarovic and E. Pestel *Mankind at a Turning Point*. It is devoted to the problem of organic growth and sustainable development. Based on the hypothesis that the world is a living organism, in which each region and each country must perform its special function in an interdependent world community, it is concluded that the spontaneous development of the economy is irrational, that it requires planned management at the global level.

The report of the research team under the leadership of J. Tinbergen *Reviewing the International Order* (1975) was also largely devoted to this problem. The new world order provided for the exclusion of selfish actions for one's own benefit, the revision of the concept of national sovereignty, which prevents the world community from organically developing (Tinbergen, 1976).

In the 1970s of the 20th century, the first generation of computer models had appeared, designed to study long-term trends in world development. The ancestor of this trend was J. Forester, who was approached by the Club of Rome as an expert. He developed the models World-1 and World-2, which were aimed at predicting scenarios for the development of all mankind in its relationship with the biosphere. Further development of the method was carried out within the framework of the World-3 model by a group of scientists headed by D. Meadows (the result was the concept of zero growth), the improvement of which became the basis for the emergence of new versions – World3/91, World3/2004.

In 1984, an independent international Commission on the Environment and Development was established (Chairman – Gro Harlem Brundtland). She worked from 1984 to 1987 and prepared a report published in the book *Our Common Future*, which was based on the concept of sustainable development. It was emphasized that ensuring a balanced social and economic and environmental development comes to the fore. Economic processes should not violate the fundamental measures of biospheric processes, endanger the lives of future generations.

A significant contribution to the concept formation of sustainable development in its modern version was made by the United Nations as part of the implementation of various events: the World Conference on Environment and Development under the auspices of the UN in Rio de Janeiro (1992); Economic and Social Council of the United Nations (1993); United Nations Conference on Human Rights (Vienna, 1993); United Nations Population Conference (1994); Conference on Social Development (Copenhagen, 1995) (Copenhagen Declaration..., 1995); Berlin Mandate (1995); Kyoto Protocol (1997); Johannesburg Plan (2002); The 70th session of the UN General Assembly (2015) with 193 UN member countries, including Russia, approved the 2030 Agenda, which is a plan of action for people, planet and prosperity. 17 Sustainable Development Goals have been approved, which include 169 tasks. They were aimed at the implementation of human rights and ensured the alignment of three dimensions of sustainable development: economic, social and environmental. The objectives of the CSD are reflected in the UN Resolution *Transforming our world: The agenda for sustainable development until 2030*".

The awareness of the relevance of the problems of sustainable development is confirmed by the analysis of the problems, for the development of which in recent years, the Alfred Nobel Prize in Economics had been awarded. In 2015, A. Deaton received it for the analysis of consumption, poverty and welfare. Significant positive developments in health and welfare have widened the gap between developed and developing countries. The way out of the vicious circle of poverty and disease lies not in the policy of financial assistance to poor countries, but in the elimination of customs restrictions, restrictions on labor migration, and the creation of drugs for tropical diseases.

In 2018, the Swedish National Bank Prize for Economic Sciences, founded in memory of A. Nobel, was awarded to W. Nordhaus and P. Romer for their work in the field of long-term economic analysis with the introduction of factors such as climate change (W. Nordhaus) and innovation (P. Romer). Nordhaus began his work on a model that demonstrated the co-dependence of the economy

and climate back in the 1970s. Its application value lies in its use to study the consequences of climate change, for example, the introduction of a carbon tax. The model included macroeconomic indicators, the carbon cycle factor, as well as an assessment of the costs and benefits of measures to combat the greenhouse effect.

Abhijit Banerjee, Esther Duflo and Michael Kremer received the 2019 Nobel Prize in Economics for their experimental approach to fighting global poverty. The approach involved dividing the problem into smaller ones that are better manageable.

Regarding the sustainable development of agricultural enterprises, it could be ensured under the following conditions:

- Limitation of economic growth, material production and consumption, the ability of ecological systems to recover;
- Humanization, introduction of a certain system of fundamental approaches to the issues of social activity, transformation of social subsystem of enterprise management in the framework of human orientation, maintaining the stability of social and cultural subsystems.

As for the significance of the of sustainable development concept, the study of the problems of sustainable development of agricultural enterprises will help to offset the impact of challenges associated with the processes of globalization and industrialization of the industry, overcome its crisis state and ensure the growth of production efficiency and environmental protection.

In modern conditions, the sustainable development of the agricultural sector of the economy can only occur in conditions of proportional and harmonious development of interrelated components: economic, social and environmental. It is interesting to assess the trends of such interaction: as a result of recent changes in the economic and political spheres, positive dynamics begin to level off, before that it was inherent in the general integral indicator of sustainable development of agrarian sector of the national economy, and the potential for sustainable development of the studied industry was implemented partially.

The restraining factors in the economic sphere are as follows: a reduction in the investment volume and the number of business entities in the industry, resulting in a decrease in gross agricultural output. As for the social sphere it could be a high level of unemployment among the rural population and a low level of income generated by this circumstance and unfavorable social and living conditions. In the environmental sphere those are insufficient funding for environmental programs and a reduction in measures to restore the productivity of agricultural land. An assessment of the degree of balance of the three components that determine the sustainable development of the agricultural sector revealed the insufficient development of the social component, which hinders the development of human capital, the most important factor of production in any area. The growth of social assets of agricultural enterprises is closely related to changes in the social management subsystem.

The social subsystem of enterprise management includes a set of its employees with training opportunities and certain practical experience. The efficiency and competitiveness of any entity largely depends on the fixed, demographic composition of the staff, their ability to adapt to changes in the process of implementing the goals of the system. Competition in the labor market challenges modern managers to create a competitive organization with a unique culture.

In modern management theory, organizational culture is revealed as a system-forming element in solving strategic management problems. In the structure of the change management mechanism, organizational culture is included in the group of indirect factors of influence of the strategic direction.

The effect of this factor is indirect and is realized through the personnel of the enterprise by forming the desired behavior and competencies of employees based on an effective system of labor motivation in accordance with the company's goals and mission. The importance of organizational culture as an element of a strategy for increasing product competitiveness, creating successful brands, and ensuring an appropriate attitude towards customers is being updated.

An analysis of the definitions of organizational culture given in the scientific literature suggests that the essence of the concept under study is revealed through such components as a set of the most important assumptions, techniques and rules for solving the problems of external adaptation and internal integration of employees, provisions, system of assumptions, set of basic beliefs, and material and spiritual values.

Elements of organizational culture are declared by the organization and set guidelines for behavior in the internal and external environment for the staff. Such a factor as organizational culture has a positive impact on the enterprise only if it is positively perceived by the majority of the organization's members.

The composition of the backbone elements of organizational culture includes the following:

- Behavioral components, i.e. type of behavior, motives, and incentives.
- Moral and ethical components, i.e. customs and traditions, ceremonies and rituals, images, legends and myths, symbols.
- Cognitive components, i.e. mission, values, ideals, attitudes, and desires.
- Material components, i.e. the building in which the organization is located; layout of premises, interior design, furniture, and branded clothing for employees.

The place of organizational culture in the mechanism of strategic change management is determined by the goals of organizational culture formation, as well as the tools for their implementation. The set of tools includes staff motivation, development of the most suitable staff structure based on competence, development of an innovative management structure, organizational structure, organizational practice, a system of criteria for encouraging employees, etc.

In the structure of the cognitive component of the organizational culture, the central place is occupied by the mission and value orientations of the enterprise. Modern global development trends and the complication of the processes of interaction between society and business within the framework of the sustainable development paradigm updates the adjustment of the enterprise's mission in accordance with the principles of social responsibility.

The social responsibility of business is based on the practice of bringing social and environmental aspects into business activities based on the interaction between various stakeholders. It should be noted that social responsibility in our country is a voluntary initiative, although there are countries for which the principles of social responsibility are mandatory. For the full implementation of the philosophy of social responsibility, the mechanism of interaction of the company with the internal and external groups of influence is important. The system of social responsibility of business includes elements of external and

internal corporate strategy. The elements of social responsibility of business in the implementation of the corporate development strategy of enterprises are shown in Table 01.

Table 1. Characteristics of business social responsibility elements when implementing corporate development strategy

External corporate social responsibility strategy components	Internal corporate social responsibility strategy components
Loans (grants) to charity	Social investment
Financial and physical assistance	Scientific and practical developments
Fellowship	Environmental program
Legislative initiative development within associations	Ethical and other work standards
Employee retraining courses	Staff career growth
Partner projects	Transparency in reporting
Volunteering and public organization activities	Incentives
Corporate Philanthropy	Fringe benefits

Let us disclose the level structure of the implementation of the concept of social responsibility. The first basic level is the legal conduct of business (the relationship between the amount of taxes paid and the possibility of implementing social programs). The second (microeconomic) level is the economically justified level of wages. The third level is charity as a system of external corporate strategy of social responsibility (loans and grants for charitable purposes, financial assistance).

The problem of social responsibility of business in recent years has received its ambiguous development in Russia. On the one hand, starting from the XIII Congress of the Russian Union of Industrialists and Entrepreneurs, during which the President of the Russian Federation (2003) called on business to become “socially responsible”, a process of voluntary activity in this area began on the part of strategically thinking business people of Russia. It was mostly large private business. The following Russian companies were among them: MMS Norilsk Nickel, OAO LUKOIL, RAO UES of Russia, OAO Tatneft, OAO Magnitogorsk Iron and Steel Works, etc. However, so far this is only a small group of enthusiasts who understand the strategic importance for sustainable development (The Concept of Corporate ..., 2008).

7. Conclusion

Mitigation of the impact of global challenges in the agricultural sector associated with industrialization processes, ensuring the growth of the production efficiency and competitive potential as a necessary prerequisite provides for the implementation of the sustainable development paradigm in the activities of agricultural enterprises, which ensures the harmonious development of interrelated components: economic, social and environmental.

An assessment of the degree of balance of three components (economic, social and environmental), which determine the sustainable development of the agricultural sector, revealed the insufficient development of the social component, which hinders the development of human capital.

The growth of social assets of agricultural enterprises is closely related to changes in the social management subsystem. The phenomenon of organizational culture is recognized as a system-forming

element in solving the problems of strategic management, in particular, achieving the goals of increasing competitive potential, a significant factor of indirect influence.

The complication of the processes of interaction between society and business within the framework of sustainable development paradigm brings up to date the adjustment of the mission of enterprises in accordance with the principles of social responsibility, which refers to the involvement of social and environmental aspects in business activities based on interaction between various stakeholders (groups of influence).

Compliance with the principles of social responsibility affects the competitiveness of agribusinesses. The following directions of influence are identified: improving the image and reputation of brands, increasing sales volumes and consumer loyalty to the company's products, reducing staff turnover, establishing partnerships with the authorities, facilitating access to the media, and increasing investor interest.

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