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SOCIALLY RESPONSIBLE BUSINESS AS AN EFFECTIVE OBJECTIVE OF A CIRCULAR ECONOMY MODEL ESTABLISHING

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Abstract. *In the article authors analyze modern global practices of conducting socially responsible business. It is shown that socially responsible business is a key component of social capital. The social responsibility analytical data of national business in Ukraine in terms of environmental protection were analyzed, and the indicators dynamics characterizing the efficiency of waste management in Ukraine from 2011 to 2020 were determined. The dynamics of enterprises' investments in equipment and facilities related to ecological complex technologies were considered, and it was determined that due to the uneven capital investments distribution and current expenditures of enterprises among ecologically important directions for measures related to environmental protection, there is a need for state regulation of this sphere, and, especially, when the country is in a state of war and post-war recovery. Recommendations were formulated regarding the fact that the state should develop and apply a system of motivational measures to attract national business to participate in meeting social environment needs. It was concluded that the direction of business in its activities towards socially responsible contributes to the implementation of effective goal-setting of a circular economy model formation. The basis of the research was information resources such as regulatory and legal acts of Ukraine, analytical materials of the State Statistics Service of Ukraine, strategic and program documents of the European Union (EU) regarding the priorities of sustainable development and the circular economy model, scientific works of Ukrainian and international scientists on research topics, etc. In the process of scientific research, such research scientific methods as empirical, namely description and comparison; theoretical: analysis, synthesis and generalization; systemic were applied. The study was prepared within the framework of the scientific research “Imperatives of socially responsible business on the basis of economy ecologization” (KPKVK 6541230 “Support of priority scientific research and scientific and technical (experimental) developments for the state”).*

Keywords: *sustainable development; strategic development; non-linear economy; corporate social responsibility; waste management; image risks; competitiveness of the company; post-war recovery.*

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СОЦІАЛЬНО ВІДПОВІДАЛЬНИЙ БІЗНЕС ЯК ЕФЕКТИВНЕ ЦІЛЕПОКЛАДАННЯ СТАНОВЛЕННЯ МОДЕЛІ ЦИРКУЛЯРНОЇ ЕКОНОМІКИ

Небога, Т. В., Голікова, О. С. Соціально відповідальний бізнес як ефективне цілепокладання становлення моделі циркулярної економіки. *Вісник соціально-економічних досліджень* : зб. наук. праць. Одеса : Одеський національний економічний університет. 2022. № 3-4 (82-83). С. 96–110.

Анотація. У статті проаналізовано сучасні світові практики провадження соціально відповідального бізнесу. Показано, що соціально відповідальний бізнес виступає ключовою складовою соціального капіталу. Проаналізовано аналітичні дані щодо соціальної відповідальності національного бізнесу в Україні у частині охорони навколишнього середовища та визначено динаміку показників, які характеризують ефективність поводження з відходами в Україні за період з 2011 по 2020 роки. Розглянуто динаміку інвестицій підприємств в обладнання та устаткування, що пов'язані з екологічними комплексними технологіями, і визначено, що через нерівномірність розподілу капітальних інвестицій та поточних витрат підприємств серед екологічних важливих напрямків на заходи, які пов'язані із охороною навколишнього середовища, виникає необхідність державного регулювання цієї сфери, і, особливо, коли країна знаходиться у стані воєнного положення та повоєнного відновлення. Сформульовано рекомендації стосовно того, що саме держава повинна розробляти та застосовувати систему мотиваційних заходів щодо залучення національного бізнесу до участі у задоволенні потреб соціального середовища. Зроблено висновок про те, що спрямованість бізнесу у своїй діяльності у бік соціально відповідального сприяє реалізації ефективного цілепокладання становлення циркулярної моделі економіки. Базою дослідження стали такі інформаційні ресурси, як нормативно-правові акти України, аналітичні матеріали Державної служби статистики України, Стратегічні та програмні документи Європейського Союзу (ЄС) щодо пріоритетів сталого розвитку та моделі циркулярної економіки, наукові праці українських та міжнародних вчених з тематики досліджень тощо. У процесі наукового дослідження було застосовано такі наукові методи дослідження, як емпіричний, а саме – опис та порівняння; теоретичний: аналіз, синтез та узагальнення; системний. Дослідження підготовлено в межах науково-дослідної роботи «Імперативи соціально відповідального бізнесу на засадах екологізації економіки» (КПКВК 6541230 «Підтримка пріоритетних для держави наукових досліджень і науково-технічних (експериментальних) розробок»).

Ключові слова: сталий розвиток; стратегічний розвиток; нелінійна економіка; корпоративна соціальна відповідальність; поводження з відходами; іміджеві ризики; конкурентоспроможність компанії; повосне відновлення.

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1. Introduction

The economic development's modern trend is its socially oriented focus on the basis of a circular reproduction model formation. Social responsibility is considered from different aspects. The modern economic development of the world countries is characterized by a radical modernization of their production capacities, which leads to an increase in production volumes due to an increase in the resources consumption. This leads to increased competition for resources, increased unemployment as a result of labor widespread mechanization and robotization. Since the key goal of business is to increase profits under any conditions with economically profitable technological cycles – to the environment deterioration. Such socio-economic changes in society prompted the emergence of new economic concepts, among which the concept of the circular economy model, or, in other words, the closed cycle economy. The above actualizes the research of business development problems on the basis of their social responsibility as an effective goal setting in the context of the formation of a circular economy model.

In 2021, more than 10 million tons of household waste was generated in Ukraine, and disposed in 6,000 landfills (90% of this waste), and only 3.2% is recycled, which does not meet European standards. As a result of the war, on August 2022 more than 200,000 tons of highly hazardous waste and scrap metal have already been generated. It will present a serious challenge to both cleanup and decontamination activities. Thus, in EU countries, waste management includes waste prevention, reuse, recycling and extended (social) producer responsibility. Ensuring this will be the responsibility not only of Ukraine's government, but also of investors and economic actors. At least these spending can be mitigated by "building back better" with using circular economy principles [1].

2. Aim and methodology of research

The article's purpose is the analysis of existing socially responsible business practices and the criteria formation for their selection in the context of the circular economy model formation in the conditions of post-war recovery, the effective goal of which should be socially oriented business.

To achieve the purpose of this study, the following objectives were defined:

- identify the existing global practices of conducting socially responsible business;
- determine trends in the socially responsible business development in the context of the circular economy model formation;
- show the role of motivational factors in the field of socially responsible business in modern conditions;
- analyze the waste management system efficiency in Ukraine;
- form criteria for choosing a socially responsible business model as a direct goal of circular economy model establishing a and conditions for post-war recovery;
- determine guidelines for the further development of socially responsible business in Ukraine in the conditions of martial law and post-war recovery.

The research basis was information resources such as regulatory and legal acts of Ukraine, analytical materials of the State Statistics Service of Ukraine, strategic and program documents of the European Union (EU) regarding the priorities of sustainable

development and the circular economy model, scientific works of Ukrainian and international scientists on research topics, etc. In the process of scientific research, such scientific methods of research as empirical, namely description and comparison, were applied; theoretical: analysis, synthesis and generalization; systemic. The study was carried out on the basis of the scientific research “Imperatives of socially responsible business on the basis of economy ecologization” within the financial budget program 6541230 “Support of priority for the state scientific research and scientific and technical (experimental) developments”.

3. Literature review, shortcomings and problem statements

The issue of scientific substantiation of the inclusive development of social entrepreneurship in nature management, the definition of social entrepreneurship as a tool for the interaction of institutions of public society and government on the basis of inclusiveness is considered in scientific studies by such scientists as K. Kostetska, Y. Gordiichuk etc. [2, pp. 502–505].

The issues of the principles of the circular economy in the context of its development and the relationship with the formation of socially responsible business are reflected in the works of both domestic and foreign scientists. Thus, the problems and prospects of sustainable development, the ability to manage changes within the framework of the European Green Deal in the example of Ukraine are substantiated by H. Shevchenko, M. Petrushenko, etc. [3, pp. 55–56].

Research is of particular interest among foreign scientists W. Haas etc. [4, pp. 770–773], in which the scientific and theoretical aspects of the formation of the circular economy model as a model of sustainable development in the conditions of globalization are revealed.

A scientific study on the classification of the motivation of entrepreneurs to conduct socially responsible business and the motivation of small businesses to corporate social responsibility in general, conducted by scientists S. M. F. Grimstad, R. Glavee-Geoand, B. E. Fjortoft [5].

The economic nature of socially responsible business and the problems of forming its institutional environment are studied by the following Ukrainian scientists: T. H. Bondaruk, I. S. Bondaruk [6], M. Y. Malik, V. A. Mamchur, O. H. Shpykuliak [7].

In the conditions of martial law in Ukraine, the question of ensuring conditions for conducting business in general is urgent. Currently, the state is actively solving the problem of a real opportunity to increase energy security and gain energy independence. The authors [8, p. 20] propose the creation of energy cooperatives and consider this a significant step towards the energy independence of communities and their energy security. The very creation of such cooperatives, in our opinion, is an example of a socially responsible organization of communities, since the generated electricity can be consumed by the private sector, which is relevant at the moment, when a large amount of energy infrastructure is damaged in the country.

Despite the above, the question of the motivational factors role in the formation of the socially responsible business sphere in modern conditions remains insufficiently developed. The problems of determining the effectiveness of socially responsible business in the context of the circular economy model formation in the conditions of post-war recovery, and its development as an effective goal setting for the such an economy model formation, haven't been fully explored.

Questions regarding the analysis of social business in the aspect of the enterprise social capital formation are controversial due to their relevance in the conditions of inclusive development principles implementation of social entrepreneurship.

4. The main material research

Limited natural resources is a cornerstone aspect of the main market contradiction, which is the opposition of growing needs to an exhaustive supply of resources capable to satisfy such needs. Historically, the main market contradiction found its solution at the expense of such objective processes as the social labor division and its result – specialization, market competition, and international capital migration. Today, it can be supplemented by the circular economy concept as such, which is able to create conditions for the rational use of non-renewable resources. This concept of a non-linear economy is realized due to the functioning of the socially responsible business system.

Analyzing the global experience of socially responsible business, authors identified several models of its implementation. They all differ in the state impact degree on the business practice. Thus, the European model on conducting socially responsible business is based on the active influence and state regulation, and this influence is direct, since the state owns stakes and has its representation in large companies. The European model of socially responsible business manifests itself in three areas – in the economy, in employment issues and in a careful attitude to the environment. It is important that businesses provide information about social initiatives. In contrast to the European model, the American model has a minimal impact on the socially oriented business conducting. The state supports social business initiatives indirectly through a system of tax benefits established at the legislative level. The active state intervention in the regulation of company's social initiatives is also typically to the British model of socially responsible business, when the state independently finances projects of socially responsible business, and courses on socially responsible entrepreneurship are taught in educational institutions. The Japanese model of socially responsible business is also distinguished, which is characterized by active state regulation on the one hand, and strict fulfillment of social obligations towards employees by the company. Moreover, companies take full responsibility for providing their employees with housing, medical treatment as needed, and pensions. And some corporations in their structure create departments of business's social responsibility, which publish reports and inform society about the social initiatives implementation.

For Ukraine, in our opinion, the practice of the European and American models on conducting socially responsible business can be useful, since the national business in the conditions of martial law is unable to independently implement social initiatives, they must be supported indirectly by a system of tax benefits (as in the American model), and active institutional provision in the form of state aid (as aspect of the European model). The main thing is that the social initiatives of the business are not discrete, and maintain a balance of the society interests and the company itself.

Summarizing the world experience of conducting socially responsible business, it is possible to determine trends in the socially responsible business development in the context of the circular economy model formation:

- social responsibility of business is transformed into a company's strategy and integrated into its long-term plans;
- companies engage in social initiatives both for philanthropic purposes and for the purpose of achieving image and reputation benefits;

- social responsibility of business is built into its economic activity as a necessary component;
- the social responsibility of business has both an internal focus (everything for employees) and an external one (everything for society, including environmental protection);
- social responsibility of business often takes the form of environmental responsibility.

Social responsibility of business begins with fair competition, which involves conducting business according to the rules and traditions of honest business activity. M. Friedman notes this, asserting that “there is one and only one social responsibility of the business world – to use its resources and engage in activities aimed at increasing profits, subject to compliance with the rules of the game, that is, to engage in open and free competition, without deception and fraud” [9, p. 142].

Along with this, social responsibility, having an economic basis, goes beyond the scope of economic component only. In the scientific literature, there are interpretations of social responsibility in the form of a pyramid [10], where the business’ social responsibility consists of economic, legal, ethical and philanthropic variations.



Fig. 1. The pyramid of business social responsibility according to A. Carroll’s theory
Source: developed by the authors based on [9]

We agree with A. Carroll’s opinion that economic responsibility should lie at the base of the pyramid, since every business can make a profit only after satisfying social needs. Production in the market economy conditions has always a socially necessary nature, and separate private goods and services producers at the time of sale to consumers perform their directly social function. With the evolution of the market, subjective – legal relations are built into objective economic relations. And the business begins to subordinate the established legal norms in its activities. Ethical responsibility involves business compliance with socially established moral norms. Philanthropic responsibility is the business responsibility to fully demonstrate its loyalty to members of society, when business acts as a kind of “corporate citizen”. At the same time, if the first three “steps of the pyramid” represent the necessary conditions for business operation, the fourth (philanthropic) is not implemented by every business owner. And that is why the state should develop and apply a system of motivational measures to attract national business to participate in meeting the social environment needs.

In our opinion, motivation in the management system of socially responsible business is of primary importance, since entrepreneurship always aims to obtain added value, and the environmental protection issues, prudent consumption of limited resources, and the creation of a social protection system for workers have always been of a secondary nature. As noted by [11], the organizational structure of socially responsible business management is influenced by a number of factors, among which important ones are the business scale, integration links in the company system, the degree of organizational relations formalization, and the focus of activities on specific stakeholders. At the same time, an important task of socially responsible business management is the formation of its management optimal organizational structure, taking into account the specified factors. The author notes that the management system of socially responsible business should be formed in case of mandatory important organizational changes with the construction of a new interaction system with all stakeholders [11, p. 63]. Supporting the author's opinion, we believe that such important changes should become a newly created motivation system as a necessary condition for the socially responsible business formation in modern conditions.

In the contemporary conditions of the circular economy model formation as a new system of social reproduction, it becomes impossible to use the traditional linear economy model "take-produce-consume-waste". In addition, a system of institutional support for the conduct of socially responsible business in the conditions of the circular economy model formation is necessary, namely, a set of political, economic, legal (formal) and social, objectively formed (informal) "institutions".

In Ukraine, the regulation of relations in the socially responsible business sphere is based on the such a normative legal act as the Concept of state policy implementation in the sphere of promoting the socially responsible business development in Ukraine until 2030 (approved by the order of the Cabinet of Ministers of Ukraine dated 24.01.2020 No. 66-r) [12]. The Concept formulates the background of "socially responsible business" as the responsible business entities behavior for the results of their decisions and actions on society and the environment. Such behavior is voluntary and should contribute to the sustainable society development, ensure the population well-being, be integrated into the economic entities business activities and comply with the norms of international law. In addition, the Concept defines directions for the development of socially responsible business, namely:

- environmental protection;
- employment;
- development of labor relations.

It is important that the specified legal act defines the development of socially responsible business as one of the priorities of state policy. The Concept did not bypass the issue of business entities motivation, and it provides for conducting trainings and motivational meetings with representatives of state authorities and local self-government in order to encourage the frugal behavior choice.

The experience of Norway can be interesting for Ukraine to forming a motivation system of socially responsible business. The authors [4] distinguish two main categories of socially responsible business motives – economic and ethical. Economic motives are divided into increased income, which is associated with increasing the company's reputation and restoring a previously lost image. Ethical motives are divided into two

groups: environmental protection and contribution to improving the population welfare. They also identified four models of companies behavior that intend to invest in the field of social responsibility: declaration of economic motivation, which leads to improvement of corporate reputation and profit increase; investments in social initiatives aimed at improving the corporate image or restoring a previously damaged image; expressing the intention to take care of one's employees leads to the fact that society as a whole receives social benefits; the company is ready to direct its efforts to conducting socially responsible business when it really intends to care for the environment or to improve a previously damaged image.

Social responsibility can be distinguished by levels in the system of economic relations, as: macro-level – responsibility of state authorities for socio-economic guarantees to citizens, micro-level – responsibility of enterprises in relation to employees, society, and the state, meso-level – responsibility of representatives' individual regions or industries.

In our opinion, socially responsible business is a key component of a company's social capital, along with social contacts, social values, and social infrastructure. The social capital development is determined by investments in formal and informal institutions (state and public), contributes to the growth of well-being through the national business stimulation, and the reduction of social inequality. By stimulating the socially responsible business development through a motivational measures system, the state achieves an important social external effect, as an effective institutional environment is formed for the economic system development and, importantly, it contributes to the formation of a positive state image.

It is necessary to distinguish social responsibility according to the types of its direction: internal, endogenous – in the form of the individual business entities responsibility to employees ensuring their social guarantees; and external, or exogenous – as mutual obligations of the state, business and society. In addition, social responsibility at the level of individuals is important, which manifests itself in relation to other citizens, to public property and public goods, to one's country, etc.

The circular economy model, or the closed cycle economy, which is also considered by scientists as a non-linear economy, promotes the rational and economical use of natural resources, implements the sustainable development principles of individual national economies, and the world economy as a whole. According to the authors [13], the emergence and development of innovative circular economy business models can take place under the conditions of an urbanized and environmentally responsible environment, and such models are aimed at reducing dependence on the use of material resources, increasing efficiency and increasing profits [13, p. 117].

Socially responsible business becomes an effective objective for the circular economy model development, and the principles of conducting business objectively change their key goal – the process of profit maximization becomes impossible without taking into account the impact degree of the economic activity's economic, environmental and social consequences on all interested persons and society as a whole.

The key principles that form the basis of socially responsible business are business compliance with the basic principles of the UN Global Compact Network regarding the protection of human rights, namely [14]:

- 1) Support and respect for the protection of human rights proclaimed at the international level.
- 2) Non-involvement in human rights violations.
- 3) Support of association freedom and valid recognition of collective bargaining rights.
- 4) An active position regarding the elimination of any forms of forced labor.
- 5) Support for the position regarding the complete elimination of child labor.
- 6) Support for the position regarding the elimination of discrimination in the field of labor and employment.
- 7) Support for a precautionary approach to environmental issues.
- 8) An initiative to increase responsibility for the state of the environment.
- 9) Promoting the development and dissemination of environmentally safe technologies.
- 10) Combating all forms of corruption, including extortion and bribery.

Among the mentioned principles, the first priority for Ukraine is a careful attitude to the environment, as well as the fight against corruption.

According to [15], about 9% of the world economy is circular. Almost half of the world's greenhouse gas emissions are created as a result of the extraction and processing of natural resources necessary for the total world product production, which prompts the world community to change existing business models towards a circular economy model. The model of the circular economy assumes compliance with the so-called "9R" principles (Fig. 2).

Socially responsible business as an effective goal setting of the circular economy model has its advantages in the form of a positive external effect, as:

- for the enterprise, it means cost savings, risk management, increased access to capital, customer relations, personnel management, the ability to implement innovations, which, ultimately, will allow achieving the main goal of any business – making a profit;
- for the country's economy – competitive national companies provide stable conditions for the country's competitiveness on the world market;
- for society – the formation of a set of values that will contribute to the building of a cohesive society, and on the basis of which the transition to a sustainable economic system will be possible.

Since the circular economy model implementation is aimed at ensuring the efforts consolidation to achieve economic growth, social equality, justice and "smart" management of the environment, Ukraine was also involved in the global process of the circular economy formation and functioning. Thus, on June 20, 2022, the Verkhovna Rada of Ukraine adopted the Law "On Waste Management". The adoption of the aforementioned Law confirms the country's intentions to form the foundations of civilized waste management, which is also relevant to granting Ukraine the status of a candidate on EU accession. The Law defines the possibility of European hierarchy implementing on rational waste management and reorganization of the outdated waste management system in the country. It establishes the "polluter pays" principle, introduces extended producers responsibility for complete packaging disposal that is released to the market together with goods. In addition, preferences are established for foreign investors in order to attract additional funds for the construction of modern infrastructure in compliance with EU norms and rules. Among the factors that stand in the way of the modern infrastructure construction, the main one is the low financing level, which is

formed from tax funds and targeted expenditures from local budgets, in particular for the liquidation of unauthorized landfills.

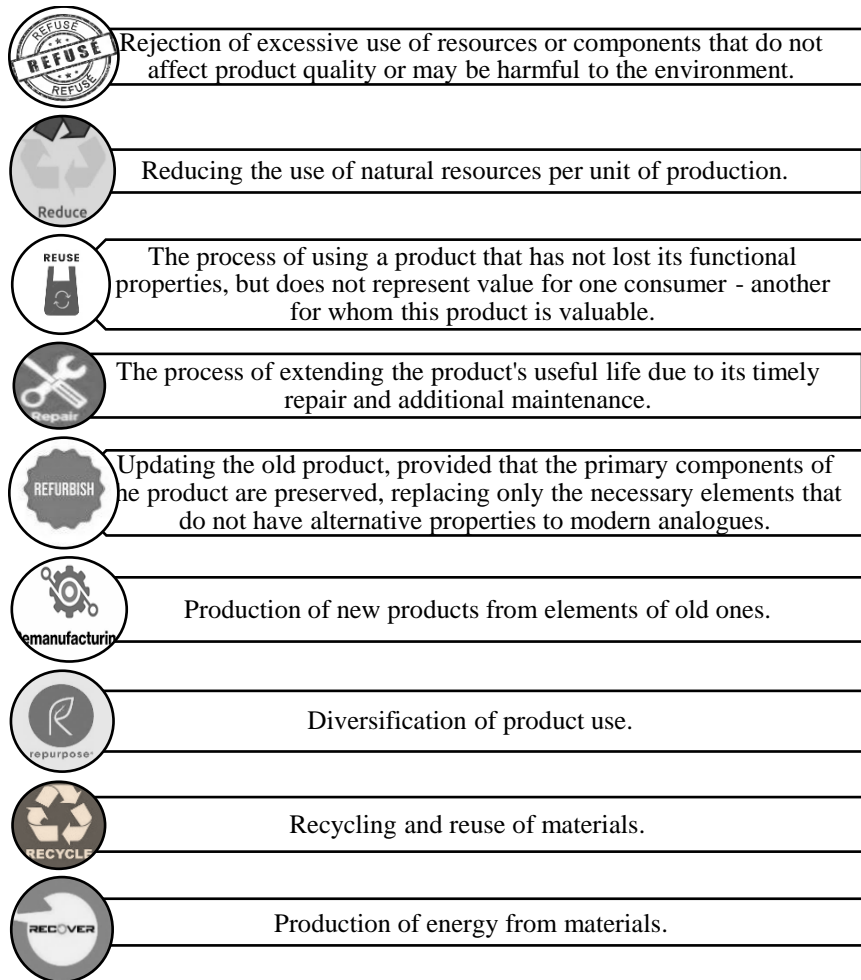


Fig. 2. Principles of circular economy (“9R”)

Source: developed by the authors based on [16]

The Law does not define the factors and mechanisms for the circular economy development and the sphere of the waste generated with extractive industry; it's remaining not covered. Comparing with the relevant European legal acts, we assume that the next step should be a framework law on the regulation of waste management in the extractive industry, as indicated in the Final and Transitional Provisions of the Law, for example Directive 2008/98/EC, which regulates general waste management, does not apply to extractive industry waste and refers to a separate Directive 2006/21/EC “On the management of extractive industry waste and amending Directive 2004/35/EC”.

5. Research results

The European Union has developed the European Green Deal strategy. This strategy offers reduced greenhouse gas emissions, economic growth that is frugal with natural resources, and social justice. This will empower circular business models and consumers

to go green. In particular, the “Circular Economy Action Plan” proposes to make the production of almost all goods on the EU market more environmentally friendly, circular and energy efficient throughout their life cycle. Joining international acts, Ukraine stimulates frugal energy – and resource-efficient circular economy models, which contribute to the socially responsible business development, the new jobs creation and the environment reproduction, which in the current conditions is extremely relevant both for the national economy and for the population.

Let’s turn to analytical data regarding the social responsibility of national business in terms of environmental protection. The dynamics of indicators that characterize the efficiency of waste management in Ukraine for the period from 2011 to 2020 are shown in Table 1.

Table 1

Dynamics of indicators that reflect the efficiency of the waste management system in Ukraine

Years	Waste generation, total million tons	Waste utilization million tons	Waste accumulation in the specially designated places or facilities million tons
2011	443,8	153,4	251,4
2012	446,7	143,1	263,6
2013	445,3	146,7	264,7
2014	355,0	109,3	203,7
2015	312,3	92,5	152,3
2016	295,9	84,6	157,4
2017	366,1	100,1	169,8
2018	352,3	103,7	169,5
2019	441,5	108,0	238,9
2020	462,4	100,5	276,0

Source: developed by the authors based on data [17]

The data in Table 1 allow us to conclude that the amount of waste generated by the country’s enterprises increased slightly in 2020 compared to 2011, by only 4.2%. At the same time, during the same period, the volume of disposed waste decreased by 34.5%. And if we compare the volumes of disposed and generated waste by year, then about a third of the generated waste was subject to disposal. It follows from this that the waste management system in Ukraine is not effective, and measures to improve it need to be developed. Considering the data in the Table 1 through the prism of the environmental component of social responsibility and the provisions of the European Green Deal, it can be concluded that Ukrainian business is only on the way to becoming socially responsible. Therefore, positive waste management practices at enterprises, environmental audit and introduction of corporate environmental policy are necessary development stages for those enterprises that intend to go beyond national markets and supply competitive products to European markets.

Capital investments and current expenses dynamics of enterprises for environmental protection for the period from 2016 to 2020 (Capital investment and operating cost for environmental protection of enterprises by type of economic activity) given in Table 2.

Table 2

Dynamics of investments of enterprises in equipment and facilities related to environmental complex technologies (mln UAH)

Years	Total	of them			
		protection of ambient air and climate	wastewater management	waste management	other nature protection activities
2016	7783,7	528,9	142,2	55,2	7057,4
2017	4183,4	300,1	250,1	40,1	3593,1
Growth rate, %	53,7	56,7	175,9	72,5	50,9
2018	3519,4	514,1	304,8	44,5	2656,0
Growth rate, %	84,1	171,3	121,9	111,0	73,9
2019	3519,1	514,1	304,9	44,5	2655,9
Growth rate, %	99,99	100	99,99	100	99,99
2020	4046,6	1599,1	76,0	163,2	2208,3
Growth rate, %	115,0	311,0	24,9	366,7	83,1

Source: developed by the authors based on data [18]

Table 2 shows that the total amount of investments in equipment and facilities related to environmental complex technologies in 2020 (for the first time in five years starting from 2016) increased by 15 percent compared to 2019. In 2020, the dynamics of such investments in Ukraine was negative, for example: in 2017, the drop was at the level of 46.3%. The greatest growth in 2020 compared to the previous year was shown by investments in complex environmental technologies related to the protection of the surrounding air and climate – a growth rate of 311.0% – and in waste collection and elimination – a growth rate of 366.7%. At the same time, investments in complex environmental technologies for the collection and disposal of wastewater decreased by 75.1% in the same year. The following conclusion can be drawn from this – enterprises capital investments and current costs for measures related to environmental protection are unevenly distributed among important ecological areas. Such a situation requires regulation by the state, and especially when the country is in a state of war and post-war recovery.

The EU experience regarding “waste prevention” is interesting. Thus, Directive 2008/98/EC defines that “waste prevention” means the application of such measures, which are taken before the product turns into waste, and which beforehand – reduce the waste amount in the process of consumption, reuse the product, or contribute to its extension life cycle; reduce the negative impact on the environment and human health; reduce the content of dangerous components in products [19].

That is, “waste prevention” involves the goods and materials development in such a way that in the process of their production, consumption, use and recycling, as little waste as possible is created.

The application of the socially responsible business principles by Ukrainian entrepreneurs is currently limited with the martial law conditions, which means the unstable economic situation, in addition, the lack of sufficient financial resources; insufficient institutional support from the state; limited information about business benefits as a result of supporting environmental initiatives; the imperfection of the motivational measures system that would contribute to the social responsibility formation and a careful attitude to the environment among businessmen.

On the basis of the conducted research, we will form the main criteria for choosing one or another model of socially responsible business as a direct goal setting for the circular economy model formation in the conditions of post-war recovery:

- 1) Socio-economic growth, which manifests itself in financial performance, which provides ample opportunities for further conducting a socially responsible business component, the so-called mutual influence of financial performance and socially responsible business arises.
- 2) The balance of the company's goals and compliance with the principles of socially responsible business conducting.
- 3) Promoting the development for ecological products market and formation the waste management system based on "prevention" of their occurrence.
- 4) Ensuring image and reputation dividends, which will lead in the long run to attracting investments and forming a circle of loyal customers.
- 5) Business operations transparency and solving the market information asymmetry problem.

In our opinion, the guidelines for the further development of socially responsible business in Ukraine in the conditions of martial law and post-war recovery should be its systematic implementation and full society awareness based on digitalization about the advantages of such a business model. The systematic nature of the proceedings means its popularization at all levels – among large, medium and small businesses using a motivation system. The effective state strategy development for conducting socially responsible business is envisaged with the business representatives' inclusion in its development. In the digitalization conditions of all spheres of activity, it's should become the next guideline for the development of socially responsible business in Ukraine. This, again, will contribute to the formation of an individual company positive image. It is necessary to inform society about successful companies that are socially oriented in their activities to stimulate demand for socially responsible business. The result must be measurable; otherwise the strategy implementation will not take place. In addition, the consumer is interested in ensuring that his environment remains safe and ecological. The policy implementation result on socially responsible business conducting should be progressive changes in the management system and the formation of the circular economy model foundations in the country.

6. Conclusions

Based on the results of the study, the following conclusions can be drawn:

- 1) The business orientation in its activities towards socially responsible contributes to the implementation of effective goal-setting of the circular economy model formation.
- 2) In the conditions of the circular economy model formation, a system of institutional support for the conduct of socially responsible business is necessary, in the form of formal and informal institutions, namely: political, economic, legal – formal; and social (which have objectively formed) are informal.
- 3) The motivation system of a socially responsible business should be based, firstly, on the awareness of obtaining the maximum profit as a result of the rational use of resources and creating a positive image, and, secondly, on the conscious observance of the legislation regarding a careful attitude to the environment.
- 4) Waste management in Ukraine is not effective and requires a measures set to improve it, and Ukrainian business itself is only on the way to becoming socially responsible.

- 5) Since capital investments and current enterprises expenses, which are directed to measures for environmental protection, are unevenly distributed among ecologically important areas, there is a need for state regulation of this area, which is also connected with a crisis situation, when the country is in a state of martial law or post-war recovery.
- 6) Obstacles to the development of socially responsible business in the context of the formation of a circular economy model in Ukraine are the economic crisis associated with martial law, the lack of a full-fledged extensive market infrastructure, the lack of a system of indirect incentives for a rational and responsible attitude to the environment for national business, insufficient awareness society about the essence and principles of the circular economy model.

Summarizing, we note that the motivation system formation for socially responsible business is a necessary condition for the circular economy model formation. An important component of the institutional socially responsible business support is motivation from the state, as it is known that the primary goal of any business is to obtain added value, and not to care for the environment or ensure better social conditions for society. And in the conditions of a military-type economy and post-war recovery, when issues of social and economic recovery turn into issues of strategic and life-necessary solutions, doing business cannot be socially responsible. So, the problem of limited resources, and especially under the conditions of martial law, when the lion's share of funds is directed to strengthening the country's defense capabilities, requires Ukrainian business to find new ways to maximize profits. In the context of Ukraine's focus on joining the EU, the "green" course and environmentalization, and in the period of post-war economic recovery, the circular economy model, the effective goal of which is socially responsible business, should become such a direction.

The prospects for further development, in our opinion, should be the study of the waste management system issues, responsible production and consumption in Ukraine with the specification of proposals for its improvement as an imperative of socially responsible business.

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