

## IMPLEMENTATION OF ESG MANAGEMENT AS A WAY TO OVERCOME THE POST-WAR CRISIS IN UKRAINE

Yevhenii Notevskiy<sup>1</sup>

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The Russian invasion of Ukraine has caused a serious social, economic and environmental crisis which must be overcome in the postwar period. As Kyiv School of Economics informs, direct damage caused to Ukraine's infrastructure during the war is almost \$63 billion. Global economic losses are about \$543–600 billion [1]. According to *The Economist*, since the beginning of the war, the Ministry of Ecology and Natural Resources of Ukraine has recorded more than 2,300 cases of environmental damage caused by the fighting [2].

The social sphere has also suffered significantly: the invasion of the Russian occupiers caused a humanitarian crisis. This includes migration losses, lack of qualified specialists due to the need to mobilize to the front, forced unemployment of internally displaced persons, problems with providing decent working conditions due to wartime restrictions, etc.

According to Lidia Tkachenko, a senior researcher at the Ptukha Institute of Demography and Social Studies of the National Academy of Sciences of Ukraine, at first our country needs «*a comprehensive labour market and employment policy harmonized with economic, financial and other policies. The protection of workers' rights should be strengthened in law and practice, especially with regard to the formalization of labour relations and wage guarantees*» [3]. This also means that, along with global political decisions, there is a need to rethink the system of Ukrainian management in the corporate segment, to understand management as a force that revives Ukrainian society, starting with the individual workplace.

The effective overcoming of the crisis described above, which has environmental, social, and economic manifestations, will be facilitated by the introduction of a new type of governance consciously aimed at building Ukrainian society. In the post-war difficulties, in the face of a shortage of resources, the manager of a national company can no longer consider his company as something «in itself» and follow only selfish interests. The strategic revival of the national economy and society is possible only if responsible management, which is prone to the economical use of natural

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<sup>1</sup> Kyiv National Economic University named after Vadym Hetman;  
President of the NGO «Molod – maibutnie natsii», Ukraine

resources, sensitive to the needs of society, and in contact with the public, such as ESG (Environmental, Social, Governance), is implemented.

When we talk about ESG management, we do not mean only a set of certain indices, standards or methods that can be implemented in the practice of Ukrainian companies. We are talking about a national, well-thought-out strategy of environmental, social and conscious management, which will be developed in accordance with the urgent needs of Ukrainian society and the capabilities of domestic business.

According to experts of the Kaizen Institute, ESG management should be understood as a long-term strategy that meets the needs of the environmental, social and financial systems in which the business operates and creates long-term value for stakeholders: the company's management and staff, its customers, partners, investors, etc. [4]. A. Winston notes that the concept of ESG is closely related to the definition of sustainable development, «*focusing on a company's role in society, how it creates value by managing its environmental and social impacts (both positive and negative), and how its actions affect a wide range of stakeholders*» [5].

Ukraine has been consciously moving towards the implementation of some ESG management principles for several years. In 2019, the President of Ukraine Volodymyr Zelenskyi signed the decree on the Sustainable Development Goals of Ukraine for the period until 2030. They included:

- the safety and ecological sustainability of cities and other settlements, ensuring the transition to rational models of consumption and production, combating climate change, rational use of oceans, seas and marine resources, protection and restoration of terrestrial ecosystems, rational forest use, combating desertification, stopping the process of biodiversity loss;
- ensuring the availability and sustainable management of water resources, ensuring access to affordable, reliable, sustainable and modern energy sources for all, promoting sustainable economic growth, full and productive employment and decent work for all, creating sustainable infrastructure, promoting inclusive and sustainable industrialization, innovation, and reducing inequality;
- eradicating poverty, achieving food security, improving nutrition and promoting sustainable agricultural development, ensuring healthy lifestyles and promoting well-being for all at all ages, ensuring inclusive and equitable quality education and encouraging lifelong learning opportunities for all, and ensuring gender equality, empowerment of all women and girls [6].

The National Strategy of ESG Management, developed in coordination between scientists and practicing managers, is able to contribute to the implementation of the Sustainable Development Goals of Ukraine in the

practice of domestic business in post-war conditions. It should contain three thematic blocks: environment, social and governance.

The environmental component of the Strategy will primarily be related to the waste management program; how the enterprise solves potential problems of air or water pollution arising as a result of its activities, taking into account the ecological disaster caused by the war; the problem of deforestation (if available), the use of ecological raw materials, etc.

The social component provides for the health and safety of employees at the workplace with special attention to the needs of war veterans and disabled persons; availability of public relations; observance of human rights on the territory of the company; establishing relations with the government and the public, transparency and accountability of companies in the field of social responsibility.

The primary task of implementing the ESG governance component in post-war Ukraine is to overcome the problem of corruption in the private sector as one of the main problem of society. Also, structure and accountability of management will be ensured, which is extremely important due to the lack of financial resources; accounting practice and availability of relevant information; the structure of the audit committee and independence of auditors; remuneration for managers; combating corruption and bribery.

Effective results of the implementation of The National Strategy of ESG Management will be able to bring the domestic management of the private sector as close as possible to European standards. In addition, it will contribute to the inflow of foreign investments into the Ukrainian economy, which should be revived after the Victory.

The main role of ESG reports from the very beginning is transparent communication with investors and potential creditors. However, over time, the role of reporting has increased, because first of all, business must be responsible to consumers and society. Today, people approach the choice of products more consciously. It is important for customers that the company cares about the environment, society and provides decent working conditions for its employees [7]. Therefore, ESG becomes a harmonious part of the philosophy of the new Ukrainian business, which develops and improves in difficult war conditions together with the entire Ukrainian society.

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