KEY ELEMENTS OF MECHANISM OF THE ESG-INTEGRATED MANAGEMENT

Portnyi Oleksii Volodymyrovych
PhD student of the Department of Economics, Marketing and Business Administration
State University of Infrastructure and Technology, Ukraine

The philosophy of sustainable development pursue the companies to demonstrate a high level of environmental, social and corporate governance. That is why the study of theoretical, methodology and methodological principles and, in particular, the formation of organizational and economic mechanism of company development in accordance with the concept of value-oriented management is extremely relevant and timely.

From the standpoint of a systems approach, organizational and economic mechanism of managing the functioning and / or development of company is presented as a system of interconnected elements, consistent action of which determines the achievement of a certain goal and includes: development of legal documents, organizational structure, forecasting, planning, organization, motivation and control, marketing and information support, price and financial-credit mechanisms, mechanisms of taxation and insurance, mechanism of labor stimulation [1].

"Management" according to its definition [2, Vol. 2, p. 479] has the following key elements: subjects of management; purposes; objects of management, they will become the first elements of the formed organizational and economic mechanism. Considering the element "subject of management", it should be added that this component is a control subsystem, which is implemented through "a person or group of people who exercise managerial influence on the managed subsystem (object of management) by specialized technical means" [3, Vol. 3, 731 p.], that is why the "organizational structure" is another element of the mechanism, tangent to the element of "subject of management". Communication between the control and managed subsystems is carried out through the exchange of information.

Summarizing the management methodology, D. O. Novikov notes that the external (in relation to the subject of activity) environment set a number of factors, namely: operating conditions; requirements for the activity and its results; criteria for assessing the compliance of the result of the goal [4, p. 12]. Focusing on the specified content of the internal process, the following important components of the mechanism of ESG -integrated management should be identified: support system; theoretical and methodological principles; specific functions; directions of implementation.
Block "Support system of value-based management" specifies conditions which ensure the effective functioning of the organizational and economic mechanism, and therefore the optimal goal. It includes such elements as: regulatory documents (external and internal), covering the entire regulatory fields of processes of formation and determining information flows between the controlling and managed subsystems; economic resources (natural resources, capital, labor, entrepreneurship) used in economic activities for the production, exchange, distribution and consumption of tangible and intangible goods and meet the growing needs of the population; financial resources, which are deliberately allocated to a separate element, although a wide range of scientists takes into account the financial component in economic means [2, Vol. 1, p. 206]; internal and external information, according to E. Semenyuk includes messages, information about something transmitted by man, information embodied in the material structure, reduction of uncertainty due to the received messages, reflected diversity in any objects and processes [3, Vol. 1, p. 701].

The block "theoretical and methodological principles of value-oriented management" describes the requirements for the implementation of the management process. The corresponding block covers the elements: general and special functions, which reveal the essence and content of management activities at all hierarchical levels through a purposeful impact on connections and relationships. General functions include: planning, organizing, stimulating and controlling, sometimes forecasting, regulating, coordinating. As for special management functions, according to classifications O. Lesyuk and A. Ustenko, they are divided into specific and concrete [3, Vol 3, p. 856], for purposes of this research specific ones are separated below in block, while here included concrete functions: rationing, standardization, accounting, reporting, analysis, etc.; approaches and principles, the approaches are understood as theoretical and applied principles of value-oriented management of the company, and the principles of management are accepted the principles generalized in particular by I. M. Hvostina: complexity, integration, optimality, economy, flexibility, alternative, objectivity, indisputability [5, p. 31]; methods and models are mainly classical methods of management decisions and ways to make them in order to effectively manage production activities and personnel, while models, on the contrary, include specific mainly mathematical dependencies used in the decision-making process and provide a sufficient level of validity of the choice of alternatives; tools and indicators - cover a variety of modern and Business Management Tools: systems, applications, controls, methodological approaches, methodologies, etc., while Performance Indicators, mostly quantitative, are used to assess the effectiveness of current economic activities and overall long-term efficiency of the company, and accordingly should also be part of the organizational and economic mechanism.

The block "specific functions of value-oriented management" is designed to form the appropriate functional component, it details management activities in the context of previously defined theoretical and methodological basis of ESG-integrated management of value-oriented economic development. The key elements of this block are the company's value analysis, ESG analysis, ESG- integrated company value analysis and ESG-integrated risk management. This block analyzes the financial
indicators that form the value of the company, monitors and evaluates a set of ESG-criteria, determines integrated indicator and assesses the risks. Execution of this block of mechanism is performed by comparing and benchmarking, determining absolute and relative deviations, establishing trends and factor analysis, forecasting and modeling further changes in indicators with the identified probability of alternative directions of development.

The block "directions of realization of value-oriented management" focuses management actions, essentially detailing objects of management. Accordingly, the mechanism is implemented in relation to the company 's business processes, investment projects, financial systems and integrative effects of development. Speaking of business processes, it is obvious that the decisive factor in the peculiarities of their formation is the industry affiliation of the company. The element "financial systems" denotes a set of investment mechanisms for the implementation of investment projects. Using the generalizations of Y. V. Yelnikova and N. O. Bulavinova, the relationship "investment mechanisms - financial systems" can be described by the corresponding linguistic pairs: traditional investments - traditional finances, socially responsible investments - social finances, "green" investments - climatic, "green" finance, impact-investing - mixed finance, ESG-investing - finance of sustainable development [6, p. 295]. The element of "integrative effects of development" is laid down in order to be able to actively regulate the level of company values through the impact on the effects depending on the state and / or potential for improvement of business processes, investment projects and even financial systems.

Finally, the functioning of the organizational and economic mechanism takes into account the mutual influence of such exogenous elements as: stakeholders (their external part), government regulation, the institutional environment and the competitive environment.

References: