

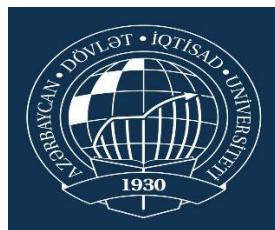


# **The Ministry of Education of Azerbaijan Republic**

## **The Role of Business Environment in Sustainable Development**

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## **Abstract**

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## INTRODUCTION

Until now, measures were taken to support a more favorable and more efficient business and investment climate in order to raise the level of economic progress of the OSCE countries. Countries that want more foreign currency cash flows and entrepreneurship development were encouraged to "open" their economies and eliminate unnecessary rules. Nevertheless, countries should be convinced of the sustainability of their investment and the logical continuation of economic development. Governments should limit their involvement in business activities and control over entrepreneurship but at the same time monitor the impact of business activities on the social and environmental situation. Below are the so-called three-pronged elements of continuous development:

- Economic growth;
- Environmental Protection;
- Social development

Millennium Declaration and Millennium Development Goals call on the world community to achieve environmental sustainability in a wider global context for reducing poverty and hunger, as well as education and health promotion. More competitive and richer countries like Northern Europe are still at the forefront in the implementation of sound environmental policies, as in the business environment. Hence, governments need to think better before attracting foreign exchange currencies to the extent that they do not weaken the legal standards or make certain concessions for their execution. It is the fact that, some industries that have a detrimental effect on the environment may be exposed to countries where stringent standards of environmental standards are weakened, but this practice will inevitably endanger the national viability of those countries. In particular, ecological pollution of cities in agricultural economies has a devastating impact on the ecosystems of the surrounding agricultural regions. Of course, there is no need to talk about the general health

of the population here. Improper disposal of wastewater in the coastal areas can seriously affect the local fishing industry. The tourism industry also depends on the protection of the environment: it is enough to just note the importance of clean beaches and other such factors for tourism. True, it is difficult to maintain a good balance between environmental protection and economic and technological advancement, but the requirement for a scientific assessment of environmental risk can lead to environmental protection without causing unnecessary damage to economic development. Environmental protection and sustainability create good opportunities for investments. Countries can attract high technologies for carbon emission limitation in industry by obtaining sufficient resources from the sale of pollutant waste quotes through international trade mechanisms.

In countries with oil reserves in the Caspian Sea, recent developments in foreign investment flows and economic development are observed. Nevertheless, half of the total population in these countries is less than \$ 1 per day. If economic development has a very limited impact on social development and poverty reduction, then the country does not seem to have a big difference and the nation's desire to support a more favorable business environment is diminished. Governments should not limit themselves to the need to understand their corporate social responsibility if they are willing to improve and strengthen the business environment and should support the relevant activities. Cooperation between government and business accelerates the social development process. All real possibilities will be comprehensively discussed at this diploma work.



## CHAPTER I

### THEORETICAL AND METHODOLOGICAL REVIEWS FOR SUSTAINABLE DEVELOPMENT AND BUSINESS ENVIRONMENT

#### 1.1 THE CONCEPT OF SUSTAINABLE DEVELOPMENT AND THEORETICAL REVIEWS TO THIS

Over the past few decades, a great amount of definitions of sustainable development have been offered and broadly discussed, resulting in a concept that has become comprehensive and somewhat uncertain. Sustainable development has become the “word” of not only the academic also the business world. It goes without saying that sustainable development might be defined as development that meet the needs without arguing the ability of future generations. Unfortunately, this is the fact that sustainability has become a “fashionable” concept in theory, but it is considered so valuable and expensive to analyze in practice by main corporations, markets and local or national governments. As manys tend to ignore is the evolution of the concept of sustainability. Although the history and estimating of a concept might seem that does not make a difference, it could help us to tell the beforehand the future trends and defects that will happen. And it would be an important role by helping us ensure that the 21st century will be “the Sustainability Century”. (Elkington, John 1997)

In 1980, the plan of a word conservation that was one of the first references to sustainable development as a global duty was existed by the International Union for the Conservation of Nature and introduced the term "sustainable development". (*World Conservation Strategy: Living Resource Conservation for Sustainable Development*)After the two years, the United Nations World Charter for Nature raised five principles of conservation by which human behavior that affecting nature is to be guided and judged. In 1987 ,there was some actions realized to some extend and the United Nations World



Commission on Environment and Development released the report “ Our Common Future” , commonly called the Brundtland Report. One of the most recognized definition of sustainable development for present is existed in the Report and although many definitions abound, the most often used definition of sustainable development is that proposed by the Brundtland Commission.( United Nations General Assembly. 1987)

While sustainable development is a widely accepted the goal by a lot of governmental and non-governmental agencies, concerns about what it means in practice have frequently been raised. One point of contention is over the role of economic development in fostering sustainable development. On the one hand some argue that economic growth is the best way to help developing countries conserve their natural resources, on the other hand others argue that as we already consume too much any economic growth is unsustainable.

In 2002, The second Earth Summit that held in Johannesburg was an attempt by the UN to review the increasement of the waitings raised in Rio and to reaffirm the commitment of some world leaders who are on going on that various to continue actions towards sustainable development. The Report of the World Summit on Sustainable Development encircled the challenges to some extend, and commitments of, the international community in achieving these goals. The summit leaders also developed a plan of implementation, included means of eliminating poverty, changing unsustainable samples of consumption and defending biodiversity and natural resources.( [www.world-tourism.org/sustainable/wssd/final-report.pdf](http://www.world-tourism.org/sustainable/wssd/final-report.pdf))

As sustainable development goes well beyond economic issues, linking the economy, environment, and society no comprehensive economic theory related to sustainable development exists. However, assurance that could tend to convert sustainable development is frequently measured by a various of indicators what can be used at the period of placement to some extend regional.

Some of these performance are components to an economic performance, cost of goods, some other measures, and budget process.

While utilizing economic tools, some theorists suggested that several policies to protect the environment could also promote innovation and may abound a great amount of profit. In 1920, One of the most prominent economist of England Arthur Cecil Pigou (1877-1959) said that the presence of incidental, crippled services act as an obstacle to achieving many success in the market. The work of Pigou "The Economics of Welfare"(Pigou,1920), he had tried to express his feelings by saying that the divergence between marginal value and income and other values and export that we are calling it externalities for now . These are conceived for transaction makers, that it make a great difference between some other connections . In order to eliminate and correct the market structure, Pigou offered a tax on those activities that produce negative externalities at a rate that equals to those external costs. After this period of time it started to call a Pigouvian tax, so during this policy it will be gained more benefit in market vale system.

Michael Porter and Claas van der Linde who are the one of theorists expressed their feelings to some extend in this form that pollution is a cause of many of these problems. So, win-win opportunities for the environment and economy can be bring about some opulent things that captured through improvements which is going without sayin that to decrease rate of pollution while producing products. (Porter,M. E., & van der Linde, C. (1995 pp 97-118). M.Porter and Claas van der Linde are strongly believe that competitive advantages true the capacity for providing that kind of pleasures, to maintain those connections can really be a part of that competitive. (Porter, M. E., & van der Linde , C. (1995). pp 98). As the Porter Hypothesis states,he was also did his best to reach and expess his ideas to the people that can help to the introduction of new technologies and gradually reducing producing that kind of product. The tests of this theory came to the different decisions , so it formed

this thought that the support of public are important elements of these goods. Nonetheless, producing a product that makes a process are generally gained as more “business friendly” than to manipulate some of the actions.(Cooper & Vargas 2004)

The appreciation of our natural resources maintains some important rules in it. It is the fact that, these connections provide that kind of resources without any capacity. The connections between the environment and development thus provide a powerful rationale for environmental security. (Dernbach, J. C. (1998). 1-103 p. 20). Due to Porter’s win-win hypothesis , that wasn’t acceptable easily, so sustainable development decisions seemed to some extent while struggling with the sources of environmental security, that has not just the connections, while still consisting of conditions and creating loans for economic measures. (Michael E. Porter and Claas van der Linde . 1995, pp. 97-118)



Source: [www.flickr.com/photos/mitopencourseware/3234592442](http://www.flickr.com/photos/mitopencourseware/3234592442)

As a healthy environment such as clean air and water is clean and dirty, it is considered public goods. In this case, it remains in the public sector to provide goods and services. Today, nations have to integrate full costs of contamination

and market-based mechanisms to ensure long-term stability in the environment, that is, sustainable development they implement them.

In applying this definition of sustainable development, one issue concerns capital change. There are different kinds of capital: social, natural and technological. The definition of weak sustainable development shows only the general level of capital: human production or capital production, alternative to natural capital. Strong sustainability recognizes the unique characteristics of natural resources that can not be replaced by capital produced. Many environmentalists and environmentalists have strong resistance. (Stoddart, H. (2011)). Along with its alteration, this definition of sustainability is based on other important principles. Successful equity recognizes long-term sustainability measures to meet the needs of future generations within the framework of a general definition of sustainable development. (Dernbach J. C, 1998. p.95-102) .

For this reason, an advocate of an activity carries a burden to prove that this action does not constitute a significant cause of damage. As it is clearly stated in the Rio Declaration, the general but different concept of responsibility assumes that each nation has its own role in sustainable development. This principle contributes to the degradation of the environment by developed and emerging economies, although highly appreciates the future development needs of less developed countries. (Brodhag, C., & Talieri, S. (2006). 136-145.). Developed nations, therefore, bear greater responsibility in light of the resources they need and the pressures they show on the environment. As it is known ,the key principle of sustainable development stay to some extend all others is the integration of environmental, social, and economic and to some others into whole of decision for making. On the other hand all other principles in the Sustainable Development have accepted decisionons that makes at their view (Dernbach, J. C. (2003)). This is clearly beyond known that concept of accepting this kind of sides sustainability from the other forms of policy. Institutionally,

government organizations are typically arranged into some ministries and departments. This works fairly well until the system encounters something very comprehensive and highly integrated in nature, such as sustainable development. In practice, sustainable development requires the integration of economic, environmental, and social objectives across sectors, territories, and generations. Therefore, sustainable development needs the reduction of fragmentation that is, environmental, social, and economic concerns have to be integrated throughout decision making processes in order to move towards development that is truly sustainable.



## 1.2 THE CONCEPT OF BUSINESS ENVIRONMENT AND TYPES OF BUSINESS ENVIRONMENT IN ECONOMIC SYSTEM

The Business Environment is made up of all the factors that the business has on the job, such as the strengths, weaknesses and orientations of the business, government policies and regulations, the nature of the economy and the economic conditions, socio-cultural factors; natural factors , global trends and cross-border developments.

Modern business is dynamic. It is the fact that if there is only one word that can best explain today's work, this is a change. This change spends a great deal of money on research and development to survive in some markets.

They are some suggestions that followed by commercial enterprises. There are only three companies between 1969-1970, that these companies produced a great amount of products in a short time.

Today's business is characterized by these diversifications:

***Concentric Diversification*** - refers to the new addition process, but expresses products or services.

***Horizontal Diversification*** - Adding new, some kind of products or services to existing customers is called horizontal Diversification.

***Conglomerate Diversification*** - means the addition of new and some products or services. International trade is another trend to the modern business places to follow.

Business places are beyond clear to global competition which is good for consumers. It is also a science that plays a major role in the global economic scenario.

Business organizations can not change the external environment, but only react. They change internal business components to capture foreign opportunities and face external environmental threats. For this reason, it is very important to analyze the business environment in order to achieve success and

achieve success for a business in its own sector. For this reason, it plays a vital role in ensuring that managers follow an important business strategy to analyze the work environment. A business enterprise takes human resources, capital, technology, knowledge, energy and raw materials from the community. It follows the government's rules, expectations, social factors and regional agreement and global connections. According to this reason, a business organization is a dynamic business environment because it operates in a dynamic business environment. The Accuracy can be understood as efforts to organize to provide goods and services for profit to consumers. Businesses vary in size, measured by number of employees or sales value. However, all businesses share the same goal to profit.

There are some business goals, those are: Profit, Growth, Power, Employee satisfaction and development, Quality Products and Services, Market Leadership, Challenging, Creation loving, Collective service

**Profit** - Profit is the main objective of any commercial venture.

**Growth** - Business grows everywhere for a while.

**Power** - Businesses have large resources in their hands. These resources provide an enormous economic and political power.

**Employee satisfaction and development-** Business people. Ensuring employee satisfaction and ensuring development has been one of the aims of intellectual business ventures.

**Quality Products and Services** - The quality of enduring products is a vital element in winning brand loyalty.

**Market Leadership** - Innovation is an important factor in winning a niche in the market on its own.

**Challenging** - Job offers a wide range and creates tremendous challenges.

**Creation loving** - new ideas and innovations with business strategies transformed into useful products and services.



**Collective service** - Work is a part of society and there are various obligations for it.

Depending on the degree of closeness with the firm, environmental factors can be classified in different types or levels. As it mentioned below, there are two types of mediums in the broad sense, internal factors, the factors that are relevant to the firm and the external environment, that is the factors that are of interest to the firm itself.

Internal and External factors influences to business decision.

Internal factors are generally considered controllable factors because the company controls these factors; personnel, physical facilities, marketing mix, organizational and operational tools.

On the other hand, outside the control of a company, external factors are perfect. For this reason, economic factors, socio-cultural factors, government and legal factors, demographic factors, geo-physical factors and so on. Such external or environmental factors are generally regarded as uncontrollable factors.

However, it can be stated that a firm sometimes does not have full control over all internal factors. And, it is also sometimes possible to change some external factors.

Some external factors have direct and direct influence on the firm . These factors are also classified as micro media, also known as task environment and working environment. There are other external factors that affect a sector in general.

Despite the fact that the business environment occurs both internally and externally and most of people often limit business to the outside world.

#### **Internal Environment:**

Important internal factors based on strategy and other decisions are summarized below.

**Value system.** It has an important influence on the value system of the founders and businessmen, the choice of work, the mission and goals of the institution, its business policies and practices. It is widely acknowledged that the value system has been a significant contributor to success, to what extent it is shared by the established public. Value system and ethical standards, suppliers, distributors, collaborators and so on. The choices of companies are among the factors that are evaluated by a great amount of companies.

**Vision, Mission and Targets.** The business area of the company, priorities, development direction, business philosophy, business policy, etc. Vision is driven by the mission and goals of the company. Ranbaxy's move to foreign markets was driven by its mission of "becoming an international pharmaceutical company based on research".

**Management Structure and Nature.** Organization structure of the Board of Directors is professionalization of management. They are important factors affecting business decisions. While some management practices and styles delay the decision-making process, others make it easier to make quick decisions. The stock holding model may have significant managerial implications. There are very large companies, including the vast majority of shareholders, and there are enormous companies where the positions of supporters are very sensitive like some group of companies.

**Internal Power Relation.** Employees at different levels of senior management, shareholders and the factors that determine the support of the Executive Board have significant influence in their decision-making and implementation. The relationship between board members, the board of directors and the board of directors is also important.

**Human resources.** The talent, quality, morale, loyalty, attitude, some other of human resources. Properties can contribute to the strength and weakness of an institution. Some institutions make it difficult for workers to carry out restructuring or modernization due to resistance, while others are problem-free.

**Company Image and Brand Equity.** While the image of the company gradually increases funds, it establishes joint ventures or other alliances, asks for marketing intermediaries, enters into purchase or sale contracts, it makes an important role to produce new products. Brand equity equals most of these cases.

**Various factors.** There are a number of other internal factors that contribute to job success / failure or affect the decision-making process. It includes the following.

1. **Physical Assets and Facilities.** technology and efficiency, physical assets such as distribution logistics and facilities are among the factors affecting the competitiveness of the company..

2. **Research & Development and Technological Capabilities.** determine the ability of a company to innovate and compete, among other things.

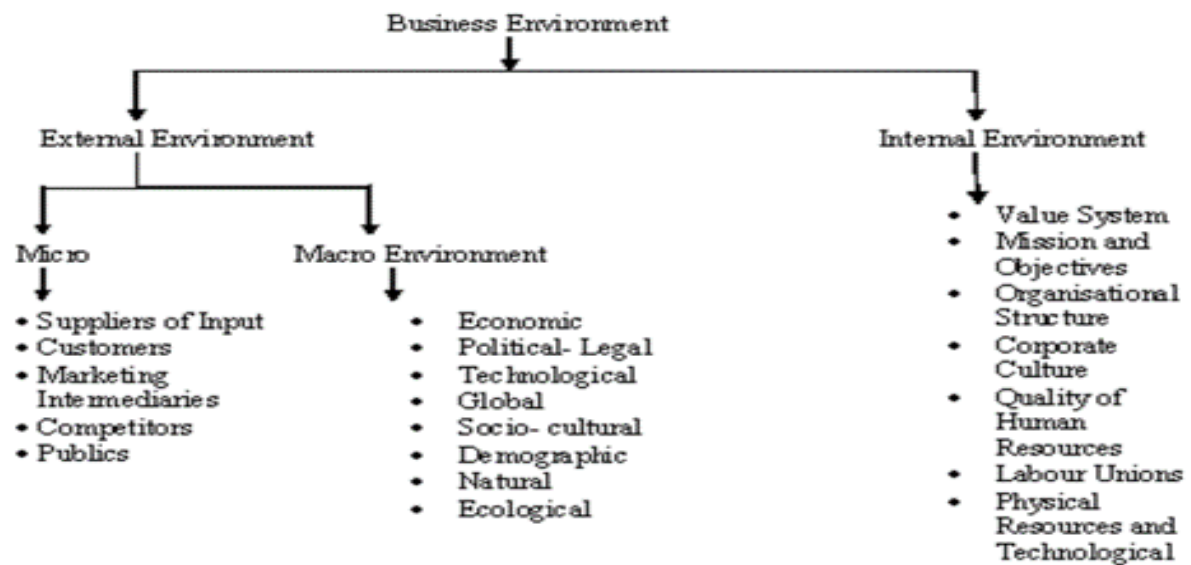
3. **Marketing Resources.** organization depends on direct marketing efficiency, such as marketing men, equality and the quality of the distribution network. Brand extension, new product promotion etc. It is also important for establishing the marketing research.

4. **Financial Factors.**such as financial policies, financial situation and capital structure are important internal environments affecting business performances, strategies and decisions.

### **External Environment**

As mentioned earlier, the external business environment consists of a micro environment and a macro environment.

## Components of Business Environment



*Fig: Components of Business Environment*

Source:<http://isc-commerce.blogspot.com/2015/02/chapter-1-continued-dimensionelements.html>

### **Micro Environment**

"The micro environment is made up of actors who influence the performance of the company in the immediate vicinity of the company, including the company, suppliers, marketing intermediaries, competitors, customers and peoples." The macro environment consists of major social forces affecting all actors in the company's micro environment, demographic, economic, natural, technical, political and cultural forces. "It is clear that microenvironmental factors are more closely related to macro factors than the company. Micro powers do not have to affect all firms in a given sector in the same way. Some micro factors can be specific to a firm.

### **Suppliers**

In a company's micro environment, it is a major power for the supplier and the suppliers of inputs such as raw materials and components. Reliable source / supply sources are open for proper operation of the operator.

Due to the sensitivity of the supplier, many companies place great emphasis on developing sales. Whenever possible, vertical integration helps solve the supply problem. For example, some firms always believed in consistency: "Raw material prisoner production facilities, the best way to control the cost of production, and a mammoth went for retro integration. In most cases, outsourcing is more useful. Connecting a single supplier is very risky. A strike, lockout or any other manufacturing problem with this supplier can seriously affect the company, the change in the attitude or behavior of the supplier can also affect the company, multiple supply sources help reduce these risks.

Accepting the critical importance of the supply factor, companies around the world increasingly resort to partnership with relationship marketing.

### **Customers**

As this is often case, the main point of a job is to create and maintain customers. An attempt exists only because of the presence of the customer. For this reason, checking up the sensitivity of customer is a prerequisite for business success.

A company may have different categories of consumers, such as individuals, households, industry and other business organizations, government and other institutions. For example, the customers of a tire company may include individual car owners, automobile manufacturers, public sector transport operators, and other transport operators.

Along with globalization, the customer environment is becoming increasingly global. Not only do other countries' markets become clearer, but markets are also more exposed to global competition and become more "global" with customers.

### **Competitors**

A company's competitors include not only other companies that market the same or similar products, but also all companies that compete for the incomes of

consumers. For example, competition for a company's televisions can only come from others

If the consumer decides to pass on his own appreciation to recreation, the TV is still in stereo, both together face a number of alternatives. These alternatives that meet a specific request category are called general competition. If the consumer decides to enter a T.V. , the next question is which form this types of controls the black and white remotely. In other words, a product form is competitive. Finally, the consumer is opposed to brand competition, that is, the competition between different brands in the same product form.

### **Marketing Intermediaries**

"Marketing agencies that assist these to find out and potential sellers"  
"physical appearance is good companies that help to this firms store and transport goods to their wants such as way or transportation. Marketing intermediaries are vital links between the company and the end consumer. Connection or corruption or incorrect connection can be very costly to the company.

### **Macro Environment**

The forces at a company and micro are working in a larger macro environment that shapes opportunities and poses a threat to the company. Macro forces are sometimes more uncontrollable than micro forces. When the macro environment can not be managed, the success of a company depends on its compatibility with the environment. For instance, if the cost of imported components increases greatly due to the depreciation of the local currency, a solution may be its own internal production. Important macro environmental factors include the economic environment, political and regulatory environment, social-cultural environment, demographic environment, technological environment, natural environment and global environment.

### **1) Technological Environment**

Technology is understood as a systematic application of scientific or other organizational knowledge to practical tasks. Technology is changing frequently and businessmen should not be warned to adopt ever-changing technology in their business.

### **2) Economic Environment**

There is a very close relationship between business and economic environment. The business deals with all of the inputs it needs from an economic standpoint and absorbs the production of business units.

### **3) Political Environment**

It refers to the influence of three political institutions, the legislature and the judiciary to shape, direct, develop and control business activities. A stable and dynamic political environment is indispensable for business growth.

### **4) Natural Environment**

The work of human economic exploitation continues to be dictated by nature. This is an interesting study of how much work is connected to nature and what is the relationship between these two connections.

### **5) Global or international environment**

Thanks to the liberalization, Indian companies are forced to see business issues from a global perspective. To stay alive in the global environment, business responses and management practices should be fine-tuned.

### **6) Social and Cultural Environment**

It means people's attitude of work and wealth, the role of family, marriage, religion and education, ethical issues of work and social sensitivity.

## CHAPTER II.

### SUSTAINABLE ECONOMIC DEVELOPMENT AND THE ROLE OF BUSINESS ENVIRONMENT IN PROVIDING OF SUSTAINABLE ECONOMIC DEVELOPMENT

#### 2.1 Modern Problems of Sustainable economic development

The General Assembly noted in September 2015, the 2030 Agenda for Sustainable Development to some extent that includes 17 Sustainable Development Goals . Building on the principle of “leaving no one behind”, the new Agenda emphasizes a holistic approach to achieving sustainable development for all.

The Sustainable Development Goals also explicitly include disability and persons with disabilities 11 times. All the countries and all shareholders working together are going to implement this plan. We want to free the human race from poverty and to enjoy the healing and safety of our planet. We decided to take the courageous and transformation steps urgently needed to move the world to a lasting and firm path. We promise you that we will not be behind anyone because we are getting start a collective journey. Today's 17 Sustainable Development Goals and 169 targets show the scale and enthusiasm of this new universal agenda. They seek to build on the Millennium Development Goals and to complete what they did not achieve it. They want all of the human rights, gender equality and the strengthening of all women and all girls. The goals and targets are for the next 15 years to stimulate activity in areas critical to humanity and the planet.

The 17 sustainable development goals to transform our world:

Goal 1: End poverty in all its forms everywhere

International Day for the Eradication of Poverty is in October 17



It has been decided to realize these targets of goal 1 :□ By 2030, annihilate outrageous destitution for all individuals all over the place, as of now estimated as individuals living on under \$1.25 a day.

- By 2030, decrease at any rate considerably the extent of men, ladies and offspring of any age living in neediness in every one of its measurements as indicated by national definitions.
- Execute broadly proper social assurance frameworks and measures for all, including floors, and by 2030 accomplish significant scope of poor people and the defenseless.
- Make sound strategy systems at the national, local and global levels, in view of master poor and sexual orientation touchy improvement procedures, to help quickened interest in neediness annihilation activities

It has been decided to realize these targets of goal 2 :

**Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

- By 2030, end hunger and guarantee access by all individuals, specifically poor people and individuals in defenseless circumstances, including babies, to sheltered, nutritious and adequate sustenance throughout the entire year.
- By 2030, end all types of unhealthiness, including accomplishing, by 2025, the universally concurred focuses on hindering and squandering in youngsters under 5 years old, and address the nourishing needs of immature young ladies, pregnant and lactating ladies and more established people
- By 2030, twofold the horticultural efficiency and wages of little scale sustenance makers, specifically ladies, indigenous people groups, family ranchers, pastoralists and fishers, including through secure and equivalent access to arrive, other beneficial assets and sources of info,

learning, money related administrations, markets and open doors for esteem expansion and non-cultivate business

- Embrace measures to guarantee the correct working of nourishment product markets and their subsidiaries and encourage auspicious access to advertise data, including on sustenance saves, so as far as possible extraordinary nourishment value instability

It has been decided to realize these targets of goal 3 :

**Goal 3: Ensure healthy lives and promote well-being for all at all ages**

- By 2030, lessen the worldwide maternal mortality proportion to under 70 for every 100,000 live births
- By 2030, end preventable passings of babies and kids under 5 years old, with all nations meaning to lessen neonatal mortality to at any rate as low as 12 for each 1,000 live births and under-5 mortality to in any event as low as 25 for every 1,000 live births
- By 2030, end the plagues of Helps, tuberculosis, jungle fever and ignored tropical sicknesses and battle hepatitis, water-borne illnesses and other transferable infections
- By 2030, decrease by 33% untimely mortality from non-transferable sicknesses through counteractive action and treatment and advance emotional wellness and prosperity
- Strengthen the aversion and treatment of substance mishandle, including opiate medicate mishandle and hurtful utilization of liquor

It has been decided to realize these targets of goal 4 :

**Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

- By 2030, guarantee that all young ladies and young men finish free, evenhanded and quality essential and auxiliary training prompting pertinent and Objective 4 compelling learning results

- By 2030, guarantee that all young ladies and young men approach quality early youth improvement, mind and preprimary instruction with the goal that they are prepared for essential training
- By 2030, guarantee measure up to access for all ladies and men to reasonable and quality specialized, professional and tertiary training, including college
- By 2030, significantly increment the quantity of youth and grown-ups who have important aptitudes, including specialized and professional abilities, for business, conventional occupations and enterprise
- Build and redesign training offices that are youngster, handicap and sex delicate and give sheltered, peaceful, comprehensive and successful learning situations for all

**It has been decided to realize these targets of goal 5 :**

**Goal 5: Achieve gender equality and empower all women and girls**

- End all types of oppression all ladies and young ladies all over the place
- Eliminate all types of savagery against all ladies and young ladies in the general population and private circles, including trafficking and sexual and different kinds of abuse
- Eliminate every single hurtful practice, for example, tyke, early and constrained marriage and female genital mutilation
- Recognize and esteem unpaid care and residential work through the arrangement of open administrations, foundation and social security approaches and the advancement of shared duty inside the family and the family as broadly suitable

It has been decided to realize these targets of goal 6 :

**Goal 6: Ensure availability and sustainable management of water and sanitation for all**

- By 2030, accomplish general and impartial access to protected and moderate drinking water for all

- By 2030, accomplish access to satisfactory and evenhanded sanitation and cleanliness for all and end open crap, giving careful consideration to the necessities of ladies and young ladies and those in defenseless circumstances
- By 2030, enhance water quality by lessening contamination, dispensing with dumping and limiting arrival of unsafe chemicals and materials, splitting the extent of untreated wastewater and considerably expanding reusing and safe reuse all inclusive
- Support and fortify the investment of nearby groups in enhancing water and sanitation administration

It has been decided to realize these targets of goal 7:

**Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

- By 2030, guarantee widespread access to reasonable, dependable and current vitality administrations
- By 2030, increment generously the offer of sustainable power source in the worldwide vitality blend
- By 2030, twofold the worldwide rate of change in vitality effectiveness

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

It has been decided to realize these targets of goal 8 :

- Sustain per capita financial development as per national conditions and, specifically, no less than 7 for every penny GDP development per annum at all created nations
- Achieve larger amounts of financial profitability through enhancement, mechanical redesigning and advancement, including through an attention on high-esteem included and work escalated segments
- By 2030, accomplish full and gainful business and fair work for all ladies and men, including for youngsters and people with inabilities, and equivalent pay for work of equivalent esteem

- By 2020, considerably decrease the extent of youth not in work, instruction or preparing
- Protect work rights and advance protected and secure workplaces for all laborers, including vagrant specialists, specifically ladies transients, and those in tricky business

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

It has been decided to realize these targets of goal 9 :

- Develop quality, dependable, manageable and strong framework, including territorial and transborder foundation, to help financial advancement and human prosperity, with an attention on reasonable and evenhanded access for all
- Promote comprehensive and manageable industrialization and, by 2030, fundamentally raise industry's offer of business and GDP, in accordance with national conditions, and twofold its offer in minimum created nations
- Increase the entrance of little scale modern and different ventures, specifically in creating nations, to monetary administrations, including reasonable credit, and their mix into esteem chains and markets
- By 2030, update framework and retrofit businesses to make them maintainable, with expanded asset utilize productivity and more prominent appropriation of clean and earth sound innovations and mechanical procedures, with all nations making a move as per their individual abilities
- Significantly increment access to data and correspondences innovation and endeavor to give all inclusive and moderate access to the Web in slightest created nations by 2020

Goal 10: Reduce inequality within and among countries

It has been decided to realize these targets of goal 10 :

- By 2030, logically accomplish and manage salary development of the last 40 for each penny of the populace at a rate higher than the national normal

- By 2030, enable and advance the social, monetary and political consideration of all, regardless of age, sex, handicap, race, ethnicity, source, religion or financial or different status
- Adopt approaches, particularly financial, wage and social security strategies, and dynamically accomplish more noteworthy equity
- Improve the control and checking of worldwide budgetary markets and foundations and reinforce the usage of such directions

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

It has been decided to realize these targets of goal 11 :

- By 2030, guarantee access for all to satisfactory, sheltered and moderate lodging and fundamental administrations and update ghettos
- By 2030, give access to sheltered, reasonable, open and manageable transport frameworks for all, enhancing street wellbeing, outstandingly by extending open transport, with uncommon regard for the necessities of those in defenseless circumstances, ladies, kids, people with handicaps and more established people
- Strengthen endeavors to secure and protect the world's social and characteristic legacy
- By 2030, decrease the unfriendly per capita natural effect of urban areas, including by giving careful consideration to air quality and city and other waste administration

**Goal 12: Ensure sustainable consumption and production pattern**

It has been decided to realize these targets of goal 12 :

- By 2030, accomplish the maintainable administration and effective utilization of normal assets
- By 2030, split per capita worldwide nourishment squander at the retail and shopper levels and decrease sustenance misfortunes along generation and supply chains, including post-reap misfortunes

- By 2030, significantly decrease squander age through aversion, lessening, reusing and reuse
- Encourage organizations, particularly extensive and transnational organizations, to embrace manageable practices and to coordinate manageability data into their detailing cycle

It has been decided to realize these targets of goal 13 :

**Goal 13: Take urgent action to combat climate change and its impacts**

- Strengthen versatility and versatile ability to atmosphere related risks and cataclysmic events in all nations
- Integrate environmental change measures into national approaches, methodologies and arranging
- Improve instruction, mindfulness raising and human and institutional limit on environmental change relief, adjustment, affect decrease and early cautioning

**Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

It has been decided to realize these targets of goal 14 :

- By 2025, avoid and essentially diminish marine contamination of different sorts, specifically from arrive based exercises, including marine trash and supplement contamination
- By 2020, economically oversee and secure marine and beach front biological systems to stay away from huge antagonistic effects, including by fortifying their versatility, and make a move for their reclamation keeping in mind the end goal to accomplish sound and beneficial seas
- Minimize and address the effects of sea fermentation, including through upgraded logical participation at all levels
- Provide access for little scale high quality fishers to marine assets and markets

**Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

It has been decided to realize these targets of goal 15 :

- By 2030, guarantee the preservation of mountain biological systems, including their biodiversity, keeping in mind the end goal to improve their ability to give benefits that are basic to manageable advancement
- Take critical and noteworthy activity to decrease the corruption of normal living spaces, end the loss of biodiversity and, by 2020, ensure and keep the elimination of debilitated species
- Promote reasonable and evenhanded sharing of the advantages emerging from the use of hereditary assets and elevate proper access to such assets, as globally concurred
- Take pressing activity to end poaching and trafficking of secured types of verdure and address both request and supply of illicit untamed life items

**Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

It has been decided to realize these targets of goal 16 :

- Significantly lessen all types of viciousness and related demise rates all around.
- End mishandle, abuse, trafficking and all types of brutality against and torment of youngsters.
- Promote the run of law at the national and global levels and guarantee square with access to equity for all.
- By 2030, altogether lessen unlawful money related and arms streams, reinforce the recuperation and return of stolen resources and battle all types of sorted out wrongdoing.

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

It has been decided to realize these targets of goal 17:

**Finance**



- Strengthen household asset assembly, including through global help to creating nations, to enhance residential limit with regards to impose and other income gathering
- Mobilize extra budgetary assets for creating nations from various sources

### **Technology**

- Promote the advancement, exchange, spread and dispersion of naturally stable advances to creating nations on ideal terms, including on concessional and particular terms, as commonly concurred

### **Capacity building**

- Enhance international assist for realizing effective and targeted capacity-building in developing countries to help national plans to realize all the sustainable development goals, including through North-South, South-South and triangular firms

### **Trade**

- Promote a general, rules-based, open, non-oppressive and evenhanded multilateral exchanging framework under the World Exchange Association, including through the finish of transactions under its Doha Advancement Motivation
- Significantly increment the fares of creating nations, specifically with a view to multiplying the slightest built up nations' offer of worldwide fares by 2020

## 2.2 THE ROLE OF BUSINESS ENVIRONMENT IN SUPPORTING OF SUSTAINABLE DEVELOPMENT

The concept of sustainable development has accepted developing acknowledgment, but it is another thought for some business administrators. For most, the concept stays dynamic and theoretical. Securing an association's capital base is an all around acknowledged business rule. However, associations don't for the most part perceive the likelihood of stretching out this idea to the world's characteristic and HR.

It has turned into a platitude that ecological issues are significant and that monetary development adds to them. A typical reaction is stricter natural control, which frequently represses development. The outcome can be an exchange off between a solid situation from one perspective and sound development on the other. As a result, open doors for business might be compelled.

However, there are a few types of improvement that are both naturally and socially economical. They lead not to an exchange off but rather to an enhanced situation, together with improvement that does not draw down our ecological capital. This is the thing that practical improvement is about - a progressive change in the way we approach these issues.

Organizations and social orders can discover approaches that will move towards each of the three objectives - ecological assurance, social prosperity and monetary improvement - in the meantime.

Reasonable advancement is great business in itself. It makes open doors for providers of 'green purchasers', designers of naturally more secure materials and procedures, firms that put resources into eco-effectiveness, and those that connect with themselves in social prosperity. These ventures will for the most part have an upper hand. They will acquire their neighborhood group's altruism and see their endeavors reflected in the primary concern.

The part of business in adding to economical advancement stays inconclusive. While all business undertakings can make a commitment towards its fulfillment, the capacity to have any kind of effect shifts by segment and association estimate.

To a few, feasible improvement and ecological stewardship are synonymous. For the time being, sound natural execution is likely a sensible goal for most organizations, with reasonable improvement as a more drawn out term objective. In any case, this can prompt perplexity. In the created world, the attention is on natural administration, while in creating nations, fast and economical advancement is central.

The concept of sustainable development should be consolidated into the strategies and procedures of a business on the off chance that it is to take after maintainable improvement standards. This does not imply that new administration techniques should be designed. Or maybe, it requires another social introduction and broad refinements to frameworks, practices and techniques.

The two primary territories of the administration framework that must be changed are those worried about:

- A more prominent responsibility to non-customary partners;
- Continuous change of detailing rehearses.

Building up a powerful administration system for feasible development requires tending to both basic leadership and administration. The idea of feasible improvement must be coordinated both into business arranging and into administration data and control frameworks. Senior administration must give reports that measure execution against these procedures.

Administration is progressively imperative in view of the developing responsibility of the partnership and its senior administration. Data and announcing frameworks must help this need. Basic leadership at all levels must

turn out to be more receptive to the issues emerging from sustainable development.

According to the principles of sustainable development ,seven steps are required for managing an enterprise. These are given below.

### **1. Perform a shareholder analyses**

A shareholder analyses is required with a specific end goal to recognize every one of the gatherings that are straightforwardly or in a roundabout way influenced by the undertaking's activities. It sets out the issues, concerns and data needs of the partners regarding the association's maintainable advancement exercises.

An organization's presence is specifically connected to the worldwide condition and also to the group in which it is based. In doing its exercises, an organization must keep up regard for human pride, and endeavor towards a general public where the worldwide condition is ensured.

Toward the start of this century, organization procedures were coordinated fundamentally towards gaining the greatest return for investors and financial specialists. Organizations were not anticipated that would accomplish some other social or natural goals. Abuse of regular and HR was the standard in numerous businesses, similar to an absence of respect for the prosperity of the groups in which the endeavor worked. To put it plainly, companies were responsible just to their proprietors.

Today, business ventures in created nations work in a more entangled, and more managed, condition. Various laws and controls administer their exercises, and make their chiefs responsible to a more extensive scope of partners. Maintainable advancement broadens the partner amass significantly further, by including who and what is to come and regular assets.

The partner investigation may uncover clashing desires. For instance, clients may request new, earth safe items, while workers may be worried that such an approach could debilitate their occupations. Investors, in the interim,

might be attentive about the arrival on their venture. A partner examination can be a helpful method to distinguish regions of potential clash among partner bunches before they emerge.

## **2. Define sustainable development policies and objectives**

The following goal is to express the essential esteems that the venture anticipates that its representatives will take after concerning supportable improvement, and to set focuses for working execution.

Senior administration is in charge of defining a practical improvement strategy for its association, and for setting up particular destinations. Feasible improvement implies more than simply 'the earth'. It has social components too, for example, the easing of destitution and distributional value.

It likewise considers financial contemplations that might be truant from an entirely 'ecological' perspective. Specifically, it accentuates keeping up or upgrading the world's capital enrichment, and features cutoff points to society's capacity to substitute artificial capital for common capital. By the by, an arrangement on ecological duty is a decent initial move towards the more extensive worries of reasonable improvement.

Administration should join partner desires into a wide strategy explanation that sets out the association's central goal as for reasonable improvement. This strategy articulation would direct the arranging procedure and set forward qualities towards which administration, representatives and different gatherings, for example, providers are required to endeavor.

## **3. Design and execute an implementation plan**

It is very important to draw up an arrangement for the administration framework changes that are required so as to accomplish feasible improvement goals.

Making an interpretation of manageable advancement arrangements into operational terms is a noteworthy endeavor that will influence the whole association. It includes changing the corporate culture and worker mentalities,

characterizing obligations and responsibility, and building up hierarchical structures, data announcing frameworks and operational practices. These progressions are typically so significant that a three-to-five-year design with one year points of reference will be required.

Dealing with this kind of hierarchical change requires authority from senior administration. The top managerial staff, the CEO and other senior administrators must be effectively engaged with the procedure. They have to show others how its done, and to set the tone for whatever remains of the association.

Business arranging procedures ought to be changed to mirror the manageable advancement needs, the extended partner meeting procedure, and outer observing needs. Administration data frameworks ought to be upgraded, with a specific end goal to guarantee that administration and representatives get the data they have to survey their execution against the targets.

An effective execution design relies upon 'reevaluating the company' on the off chance that it is to react to the change in perspective related with maintainable advancement. It is imperative to address the positive powers for change as well as obstructions and wellsprings of protection.

#### **4. Develop a supportive corporate culture**

In order to guarantee that the association and its kin give their sponsorship to the supportable advancement approaches, a suitable corporate culture is fundamental.

During the time spent executing practical advancement or ecological administration strategies, numerous organizations have encountered a sort of authoritative reestablishment. The expanded support of workers produces handy thoughts, as well as builds eagerness for the program itself. Most clients and workers appreciate being a piece of an association that is focused on working in a socially dependable way.

Executing economical advancement targets will presumably expect directors to change their states of mind. This might be expert simply subsequent to retraining. For instance, a few administrators may feel that their sole obligation is to amplify the abundance of the venture's proprietors. Therefore, they may experience issues understanding the manageable improvement idea and in tolerating it as a real business objective.

## **5. Develop measures and standards of performance**

The execution of economical advancement targets, and the planning of important reports on execution, require suitable methods for estimating execution.

The measures used to survey and give an account of execution will be affected by the organization's maintainable advancement targets, and by guidelines that have been built up by government and other open offices. For instance, execution targets might be set as far as emanation levels and vitality utilization per ton of yield, or maybe working hours lost because of mishap or disease. The data produced must be in the correct units if real execution is to be contrasted and the set targets. This may require new estimating techniques to be presented.

There is a noteworthy open door for the business part to work with governments in building up execution measures and benchmarks, and to help create detailing and checking frameworks that are practical and which address the issues of both the general population and business.

While outside benchmarks, measures and announcing frameworks are required, they set aside opportunity to create and actualize, particularly if discussion is required. Organizations ought not sit tight for such benchmarks to be created before setting practical advancement targets and estimating the manageability of their exercises.

## **6. Prepare reports**

The next stage in the process is to create significant reports for inward administration and partners, sketching out the undertaking's practical improvement destinations and looking at execution against them.

Chiefs and senior officials utilize inward reports to gauge execution, settle on choices and screen the usage of their arrangements and methodologies. Investors, leasers, workers and clients, and in addition the general population everywhere, utilize outer corporate reports to assess the execution of a company, and to consider the chiefs and senior administrators responsible for accomplishing money related, social and natural goals. Controllers and government authorities add to the errand by requiring a regularly growing level of exposure, to guarantee consistence with their directions.

Outside writing about reasonable advancement issues can take various diverse configurations. A few associations are trying different things with unique reports for specific partner gatherings, for example, representatives. Others give a universally useful write about ecological exercises. Still others incorporate the subject of ecological and social issues in a different segment of their yearly reports.

Each business undertaking ought to distribute, at any rate once per year, an outside 'supportable improvement report'. Eventually, an all inclusive configuration for such reports will be alluring. Meanwhile, administrators and sheets of chiefs ought to choose the association and substance of reports.

## **7. Enhance internal monitoring processes**

On a progressing premise it will be imperative to create systems to enable chiefs and senior supervisors to guarantee that the supportable advancement strategies are being actualized.

Execution checking is entrenched as an essential component of the administration procedure. In numerous zones, it is straightforwardly connected



to revealing. The way to any framework's viability is whether the administration screens tasks and yields on a progressing premise.

Monitoring can take many forms:

- Reviewing reports presented by middle managers
- Touring to operate sites and observing employees performing their duties
- Holding meetings frequently with subordinates to review reports and to seek entrance on how the procedures and reporting systems might be improved
- Realizing an environmental auditing programme

Setting up sustainable development goals, frameworks and observing components requires initiative with respect to senior administration, and a guarantee to nonstop change.

It is vital that corporate feasible advancement approaches be executed reliably all through an association. Excessively numerous business endeavors watch variable levels of corporate morals and trustworthiness, contingent upon the nation in which they are working. This twofold standard is conflicting with the idea of practical advancement, and guaranteeing that it doesn't win is an imperative part of the chiefs.

The board additionally has a part in checking the usage of its strategies. It ought to get general reports on how the approaches are executed, and ought to be responsible to its partners on the organization's execution against these strategies.

## **2.3 Business environment assessment forms and its impact on economic development**

Doing Business measures the direction of business regulation and its impact on the establishment and operations of companies. It does not include all aspects of business decisions, but it covers key areas under the control of policy makers. Governments accept the economic and political benefits of business regulation developed all around the world.

Business regulations can make new ideas pass by. When a software engineer realizes he can develop a better and less expensive product at the moment, he may choose to set up his own company to improve the idea.

The concept Doing business measures establishing a business, building a construction license, establishing electrical connections, transferring property, paying taxes, obtaining commercial disputes in the courts and solving bankruptcy cases, arranging credit and capital markets, and importing and exporting logistic goods (figure 1.1). There are a lot of factors that influence firm decisions such as skilled workforce or market size that are not captured when doing Business. But Doing Business focuses on key areas of interaction between government and entrepreneurs, where policy makers and regulators can directly influence procedures to facilitate these interactions. Much more information about what is measured and what is not done, see About Doing Business.

The 11 Doing Businesses capture the best influences and quality of business regulation. The research findings confirm the economic viability of the direction of business regulation measured by Doing Business. According to the recent research, examines the impact of improving business regulation. One study shows that high initial costs can reduce overall productivity.

Figure 1.1 What is measured in Doing Business?



Source: Doing Business database.

Note: Labor market regulation is not included in the ease of doing business ranking.

In particular, resident firms are more likely to continue to work despite poor productivity, because there is little competition from new and more productive firms. In the absence of effective regulation, some firms tend to leave the informal sector.

Doing Business also measures to the extent, scope and quality of credit information that can be held in one hand from credit records and sources. While well functioning, these institutions are an important element of the financial infrastructure of an economy, strengthening access to financial services, particularly credit. By gathering and sharing credit information, such agencies reduce information asymmetries, increase credit access for small firms, lower interest rates, improve lending areas, and strengthen bank supervision and credit risk monitoring. The study of a credit bureau in the equipment financing sector in the United States shows that better information exchange among lenders has resulted in reduced reimbursement behavior and lower incidents and defaults. This effect was stronger for companies that generally lack information transparency, such as small and young firms.

Good rules start off create an environment where new venture owners and good ideas can start to work and good companies can invest, expand and

create new businesses. The role of government policy in daily operations of local small and medium-sized companies focuses on the issue of Business Data. The aim is to promote efficient, easy-to-implement and easy-to-implement regulations. Bad regulation keeps entrepreneurial energy away from the development of business. However, efficient, transparent and simple regulation facilitates business expansion and innovation and makes it easier for entrepreneurial candidates to compete equally

Doing business measures the direction of business management with the objective lens for domestic companies too. The focus of the project is small and medium-sized companies, which are one of the largest business cities in the economy. Based on standardized case studies, Doing Business provides quantitative indications of the regulations applied to the firm at different stages of the life cycle. The results of each economy are compared with other economies and time. Doing business takes only a few important dimensions of the regulatory environment as it is implemented by local firms. It provides quantitative indications for setting up a business, dealing with building licenses, receiving electricity, delivering property, lending, protecting minority investors, paying taxes, cross-border trade, contracting and solving payment problems (table 2.1). Doing work also measures the characteristics of labor market regulation.

Since Doing Business does not show the ranking of the economies in the labor market regulation indicators or even if they include it in order due to the border score or the ease of doing business, it presents the data of these indicators.

The design of the Doing Business indicators has been informed by extensive research and theoretical knowledge gained from the literature on the role of institutions in getting achieve economic development.

<b>TABLE 2.1 What <i>Doing Business</i> measures—11 areas of business regulation</b>	
<b>Indicator set</b>	<b>What is measured</b>
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

Source: [www.slideshare.net/AmrHosny6/about-doing-business](http://www.slideshare.net/AmrHosny6/about-doing-business)

Background documents that improve the methodology of each Business Buildings set out the necessity of rules and regulations that focus on economic outcomes such as trade volume, foreign direct investment, market value in the stock market and the private sector.

Data from business indicators, economic research and firm-level data, particularly from the World Bank Enterprise Surveys, have been guided. These surveys provide data highlighting important obstacles in front of business activities reported by entrepreneurs in more than 131,000 companies in 139 economies. For instance, access to finance and access to electricity are among the affects essential for businesses by surveys - inspiring the design of Doing Business Indicators on borrowing and accepting electricity.

Some Doing Indicators abounds a higher score for much more regulation and better functioning organizations. For instance, in the protection of minority investors, higher scores are awarded for more stringent disclosure requirements for related party transactions. Higher scores tend to be awarded to simply implement the arrangement, which reduces the compliance costs of firms, such

as reducing the burden of business start-ups from a single point or through a single online portal. Finally, Doing Business rewards economies that implement a risk-based approach to regulation as a way of addressing social and environmental concerns for instance, realizing a greater regulatory burden on activities that poses high risk for the population and lower-to-low-activity activities. So, due to the sake of ease of doing business, the economies at the top are not the countries where no regulation exists, but the countries in which governments have gotten succes in establishing rules that facilitate the interactions in the market without unduly disturbing the improvement of the private sector.

Businesses are also affected by all situational factors that determine the environment and conditions they are in from day to day. Therefore, businesses need to have a check and analyze the environment in which they conduct their trade and take part in the market.

A detailed analysis of the macro environment or environment is called PESTLE analysis, which means PESTLE analysis is a bird's eye view of business behavior. PESTLE analysis is the determinant of where managers and strategy developers' markets stand and where they will be headed in the future. PESTLE analysis consists of elements that affect the business environment, and each letter in the abbreviation stands for a number of factors that directly or indirectly influence each industry. The letters indicate the following things:

For political factors P: These factors contribute to the political situation of a country and the world in relation to the country. For instance, which government leaders influence which decisions a government is making? All of the policies, all of the tax laws, and any tariff that a government installs in a trade, fall into these categories.

For economic factors E: Economic factors include all determinants and conditions of an economy. The Inflation rate, monetary and fiscal policies, interest rates, imports and exchange rates affecting exports all point to the

direction that an economy can move, so they analyze this factor due to their environment to form strategies.

For social factors S: Every country is different and each country has its own mindset. These mentalities have had an impact on the sales of businesses and products and services; for this reason PESTLE analysis includes these factors. Cultural implications, gender and related demographic characteristics, social lifestyles, indigenous structures. All of these have been examined by companies to better understand the market and the consumer.

For technological factors T:

Technology affects an enterprise a lot, so PESTLE analysis is also performed on these factors. Technology is changing frequently, even every minute and companies must stay connected and integrated when needed for this reason. In addition, these factors are analyzed to understand how consumers react to technological trends and how they benefit from their benefits.

For legal factors L:

Legal changes sometimes happen and affect most business situations. For instance, if a regulator sets up an arrangement for the industry, it will affect all industries and trade in that economy, so they analyze the legal developments in their environment.

For environmental factors E: Countries' position affects operations performed by businesses. In addition, many climate changes are changing the trade of the industry and the reactions of consumers on a particular monopoly in the market. Environmental factors include weather, climate, geographical location and other factors not limited to climate conditions.

## CHAPTER III

### 3. SUSTAINABLE DEVELOPMENT AND DEVELOPMENT PERSPECTIVES OF MODERN BUSINESS ENVIRONMENT IN AZERBAIJAN REPUBLIC

#### 3.1 SUPPORT MECHANISMS OF BUSINESS ENVIRONMENT TO ECONOMIC DEVELOPMENT IN AZERBAIJAN REPUBLIC

Nowadays, state programs covering various areas are successfully implemented in Azerbaijan, and socio-economic problems of our people are solved positively. Production and social infrastructure facilities, new jobs are created, positive dynamics in the agrarian sector is sustainable. State care for education, science, culture, health and sports is steadily increasing. "Improving the position of the Republic of Azerbaijan on the Doing Business report", prepared as a logical outcome of the State Commission meeting on July 28, 2017, "Improving the business climate in the Republic of Azerbaijan and further improvement of the country's position at international ratings," 2017-2018 The Action Plan for Years' was adopted as an integral part of the state policy.

Implementation of continuous measures in the field of entrepreneurship in recent years to maintain the continuity of intensive reform measures and to reflect the achievements achieved in this direction in the international rankings is part of the national policy. In this regard, the measures taken as part of the Commission's activities (hereinafter referred to as the Commission) on "Improving the business climate in the Republic of Azerbaijan and further improving the country's position in international ratings", established by the Decree No. 2199 of the President of the Republic of Azerbaijan dated July 13, 2016 especially when it comes to highlighting. As a logical consequence of the measures taken, the adoption of the Action Plan for 2017-2018 on the improvement of the position of the Republic of Azerbaijan on the Doing Business Report approved by the Commission on 28 July 2017,



will play a positive role in raising the attractiveness of its environment, attractiveness for local and foreign investors, and the pursuit of targeted steps to enhance its competitiveness, which in turn can be considered as an integral part of sustainable public policy in this area. It should be noted here that the effective implementation of the Action Plan will effectively say in the international rankings, particularly in the Doing Business report.

In addition, it should be noted that the evaluation of 5 rating agencies, which were considered as major reports in the international arena as part of the Commission's activities, were reviewed and analyzed during the preparation of the Action Plan. These assessments include the analysis of data on indicators and subordinate indicators such as Global Reporting Report, Economic Freedom Index, Global Opportunities Index, and Global Innovation Report, along with the Doing Business report.

The data presented on the basis of the analyzes were grouped into three directions - legislative indicators, practical - administrative application indicators and macro-economic indicators and categorized in different directions.

Later on, special scales of international rating agencies' methodologies and indicators for each subdivision were studied in all areas, international experience in the field of potential reforms was investigated and a relevant action plan was prepared and included in the Commission's action strategy.

More specifically, it is envisaged to implement 9 Doing Business Reports as part of the Action Plan, which can be grouped as follows:

### **Construction permits**

1. Establishment of a system of electronic permits for construction permits and the provision of electronic information exchange between all involved organs for the purpose of issuing permits for construction;
2. Applying the Technical Terms System through the Technical Council;

3. Improvement of the procedure for obtaining feedback within the framework of construction on the basis of international experience, optimization of the number of required institutions;
4. Ensure that construction permits are granted on the basis of a "one-stop shop" system (technical specifications, opinions from different bodies and project expertise within the framework of construction proceedings by executive authorities) and form a sufficient number of those authorized by this mechanism;
5. Preparation of detailed plans for the Baku city and territories, as well as identification of information on engineering communications, environmental geological, sanitary-hygienic, fire-safety and other specific cases requiring coordination on the covered areas
6. Investigation of international experience in the field of state control of the facilities under construction and preparation of proposals for improvement of supervision;
7. Implementation of the principle of "one window" in the process of commissioning of a construction object;
8. Conducting relevant seminars and trainings for construction activity subjects, including construction permits and representatives of government agencies responsible for the construction of the building legislation.

### **Connection to power supply networks**

1. Starting the Technical Terms System through the Technical Board and forming a sufficient number of users;
2. Formation of an electronic reference system for obtaining technical specifications;
3. Improvement of the mechanism for power supply delays (defining limitations for breakdowns, consumer compensation for breakdowns, definition of penalties for suppliers);

4. Application of Geographical Information System (GIS) to create a map of electricity distribution systems;
5. Carrying out analyzes on optimization of expenses connected with connection to the power supply network and preparation of relevant proposals;
6. Implementation of the minimum quality standards for electricity supplier services by the regulator.

### **Property registration**

1. Establishing a sufficient number of users to use electronic extraction systems;
2. Accelerate cadastral and electronic accounting in Baku;
3. Creation of an appropriate mechanism for the enforcement of the state registration of rights within one working day on accelerated basis.

### **Purchase of loans**

1. Creation and registration of private credit bureaus;
2. Formation of adequate coverage of debtors in the private credit bureau;
3. Ensure the integration of the retail trade and utility services information into the database of the credit bureau;
4. Supporting the creation of a potentially potentially able-bodied creditworthy credit rating based on the borrower's information in the new private credit bureau;
5. Creating a register of movable property registry, improving the mechanism for "Doing Business" questions

### **Protecting the interests of small investors**

1. Re-analyze and improve legislation in terms of Doing Business questions;
2. Organization of public events in the light of the legislation on the protection of the rights of small investors

### **Payment of taxes**

1. Amendments and additions to the Tax Code, which are assessed in terms of Doing Business requirements;

2. Improving the level of electrification in order to shorten the periods for paying taxes;
3. Improvement of VAT refund mechanism;
4. Electronicization of applications for reimbursement of already paid taxes, interest and financial sanctions to the taxpayer

### **Trade on the border**

1. Formation of sufficient users to use the green corridor system
2. Reduction of the number of documents required for customs clearance
3. Full implementation of the e-purchasing system of certificates required for export through the Azexport.az portal and the creation of the necessary users
4. Establishing an electronic payment system for export-related payments
5. Determination of the right of access to electronic database of authorities authorized to issue those documents for verification by the customs authorities of authenticity of the documents (compliance certificate, origin certificate, sanitary certificate, hygienic certificate, etc.) to be submitted jointly with the Customs declaration
6. Establishment of the possibility of exchange of electronic documents with the customs authorities of the documents specified in the goods and types of activity determined by special permission, opinion and license (special permit) from the relevant State Authority, which is passed from the checkpoints of the state border
7. Establishment of appropriate facilities (access to electronic database) for the purpose of verifying the validity of the originator's certificate of origin (origin certificates) for the purposes of obtaining preferential discounts for customs payments

### **Ensure the implementation of contracts**

1. Establishing an online application system for administrative-economic courts and forming a sufficient number of users

2. Making appropriate changes to the legislation on electronic publication of court rulings
3. Setting up alternative dispute resolution mechanisms
4. Re-analysis and improvement of legislation in terms of "Doing Business" questions

**Business closure**

1. Re-analyze and improve administrative legislation in terms of "Doing Business" questions. Finally, it should be noted that time limits were envisaged to ensure that the Action Plan was effectively implemented by all institutions that correspond to the "Doing Business" report as of 31 March 2018. So, the main goal here is to complete the entire process until the deadline for all events to be fully considered by the Doing Business evaluation team.

### 3.2 PERSPECTIVES FOR IMPROVING THE SUSTAINABILITY OF THE AZERBAIJANI ECONOMY AND BUSINESS SUPPORT CAPABILITIES

The Azerbaijani economy will develop in an environment exposed to the effects of various changes in the medium and long term perspective. Observing and understanding such effects is crucial to coping with the difficulties that they have caused and the benefits they make. While the probability of such unplanned processes is likely to occur, the first signs of some of the global trends affecting the global economy over the decades have already been seen. It is clear that four of these effects will be important for Azerbaijan:

1. The movement of the global economic power center to emerging markets in Asia,
2. Important effects of technological innovations
3. Changing geopolitical configuration
4. Oil and gas prices

The Azerbaijani economy has entered a new stage of quality as one of the world's fastest growing economies in the last 10 years. During this period, the economic policy implemented in the country has made it possible to significantly expand the volume of the economy, to increase the social welfare of the population and to completely modernize the socio-economic infrastructure.

The economic reforms implemented in Azerbaijan have also been accompanied by a significant increase in the country's global rating. It is no coincidence that according to the World Bank's "Doing Business" report, Azerbaijan was rated the world's "leader reformist state" in 2009. According to the World Economic Forum's "Global Competitiveness Report for 2016-2017," Azerbaijan ranks 37<sup>th</sup> among 138 countries by stepping 27 in comparison with 2006. According to this report, Azerbaijan ranked 39th in the world for

macroeconomic quality indicators, 26th in labor market efficiency, 37<sup>th</sup> in GDP ratio and 55th in infrastructure.

There are three potential opportunities for accelerating economic diversification it is extremely important to take appropriate measures now to avoid these opportunities

The overall economic development dynamics of the region change constantly and create opportunities for export. Azerbaijan is located between Iran, Turkey and Russia, with a total population of more than 300 million and GDP ranging from \$ 3 trillion<sup>4</sup> to three large economies. As the sanctions applied to Iran are eliminated and new trade patterns arise between other economies in the region, unique opportunities are created for the country. In a larger scale, Azerbaijan's total GDP is at \$ 30 trillion<sup>5</sup> in the center of the European Union, the markets of China and the Gulf countries. For example, there is only Kazakhstan among China, which is considered the second largest economy in the world; Azerbaijan and the Gulf are the only ones between Iran, Azerbaijan and the European Union. Thus, Azerbaijan has a great potential to enter the markets both in short and in the irradius.

The global economic picture is weak in Europe and is changing according to the declining growth in China. In response, China plans to implement the Silk Road project, which will connect it with major economic regions, one of which is going through Azerbaijan. At the same time, one line of the North-South transport corridor linking Europe, Russia, Iran, India and Central Asia will pass through Azerbaijan. These initiatives will create opportunities for road and transport and logistics services throughout the country by increasing the volume of commodity and passenger turnover. Azerbaijan is not only a transit country but also has the potential to create additional value on commodities that cross its territory. In general, the positions of the country can be strengthened by global value chains due to transport corridors passing through Azerbaijan. Opening of such new international opportunities for Azerbaijan creates high and sustainable

economic growth potential. The Strategic Roadmap is designed to take advantage of these opportunities.

Global investment trends will be taken into account in Azerbaijan, which is interested in investing in sustainable economic growth. Compared to 2007, direct foreign direct investment flows increased by 36 percent in 2015 to reach \$ 1.7 trillion. In 2015, developed countries attracted 55 percent of direct foreign investment. The increase was mainly due to mergers and acquisitions. In 2015, emerging economies in the Asian region attracted 1/3 of the world's direct foreign investment. In this sense, the Asian region is the most attractive region in the world. Direct foreign investment flows to transition countries, with Russia and Kazakhstan, decreased by 54 percent in 2015.<sup>6</sup> Low raw material prices and regional conflicts have been a major obstacle to direct foreign investment flows in transition countries. Without considering mergers and acquisitions, the flow of direct foreign investments in the world will weaken in the short-term prospect. Because the global economy is fragile, global financial markets are volatile, demand is low, and economic growth rates in developing countries are weak. In order to attract the investment flow, Azerbaijan will be provided with a favorable business environment and the development of private entrepreneurship will be further stimulated.

Programs have been implemented in Azerbaijan to achieve both macroeconomic and sectoral targets. As a result, Azerbaijan ranked 63th among 189 countries in the Doing Business report prepared by the World Bank in 2016. Azerbaijan ranked among the world's top 40 in terms of 5 out of 10 reflected in the report. The main factor of economic development in 2004-2014 was the attraction of foreign investments into the oil and gas sector and the direct and indirect participation of 93 states. The new economic approach requires further improvement of the business environment in order to stimulate the private sector's investment in non-oil economy. From this point of view, economic reforms will focus on further improving the business environment, ongoing



policy of encouragement and institutional reform. By supporting macroeconomic stability and infrastructure development, it will continue to contribute to the improvement of the state of the business environment. The Strategic Road Map reflects conceptual issues covering eleven sectors of business environment. A more detailed action plan is provided on the Strategic Road Map for each sector.

The most important issues are the development of entrepreneurship in the country, improvement of state regulation in increasing its competitiveness, the formation of attractive business and investment environment and the increasing availability of advanced international experience, the existence of a progressive regulatory and legal basis in this area. In order to achieve these goals, the government has consistently taken measures to develop state-entrepreneurial relations, eliminate illicit interventions and artificial barriers to entrepreneurial activities, expand competitiveness and export opportunities, form government support and incentives for entrepreneurs, and provide comprehensive e-government services was carried out. The Commission has been set up to ensure the sustainability of rapid development achieved in the field of entrepreneurship in recent years and to strengthen competitiveness, as well as to further improve the position of Azerbaijan in international ratings.

The Doing Business report analyzes a number of useful information: Azerbaijan is in a satisfactory position on indicators such as starting a business, registering a property, protecting investors' rights, paying taxes, and executing contracts. These findings show that due to the implemented measures, including the recent orders of the President of the country, reforms in many areas of Azerbaijan are carried out in accordance with world standards. While Azerbaijan is ahead of most of these post-Soviet countries, starting with the review of the following areas, 99 initiatives related to strengthening the business environment can be improved: building permits, access to power supply networks, obtaining loans, conducting foreign trade and closing businesses.

These areas, which will contribute to the development of the private sector, are based on certain rules and provisions and these issues are detailed in the "Strategic Road Map on the Production of Consumer Goods at the Level of Small and Medium Enterprises in the Republic of Azerbaijan". Increased attention to business facilitation in Azerbaijan can accomplish current reforms in support of economic development. In this regard, an appropriate Commission was set up by the Presidential Decree dated July 13, 2016 "On Additional Measures to Increase the Business Environment's Accessibility in the Republic of Azerbaijan and Further Improve Our Country's Position in International Ratings" in order to explore additional reform opportunities and measures to be taken in this area. The recommendations of the Commission can be very important for strengthening the economic development of targeted economic targets with professional tactical steps. International ratings play an important role in identifying priorities for development goals and should be viewed as an indicator of progress, not just a goal.

## CONCLUSION

It is clear that sustainable development is understood as the sustainable, sustainable, continuous, stable and long-term development of society. Sustainable Development is the way of development that encompasses humanity's most up-to-date, progressive, future generations' needs, limiting their capacities, recognizing human potential and capital, mobilizing new knowledge as a key requirement of the environment. The strategy proposed in that report is a concept that promotes the long-term development of the world economy and ways to address global socio-economic problems through it.

It goes without saying that sustainable development can not occur and realize without a strong business and investment environment. There should be a proper management and regulatory framework for firms to stay in action and demonstrate responsible behavior. Environmental regulation is one of the areas in which the government should ensure a balanced management of both national interests and commercial skills of enterprises. After creating a framework that is appropriate, governments can ensure long-term sustainability of the business environment by encouraging such behavior, not by forcing enterprises to act responsibly or by putting pressure on them. The decision on corporate social responsibility must be made by each entity itself. Companies that participate in corporate social responsibility are usually more profitable businesses. So, I would like to affirm these statements by saying that the most useful experiences in this area include adopting industry code codes and supporting employee engagement in voluntary work.

**Suggestions:**

Reconciliation of sustainable development goals with the business environment support mechanism in Azerbaijan.

Selection of national objectives in key sectors in sustainable development. Investigating opportunities to improve key performance indicators on Business Environment Indicators.

To make a comprehensive evaluation of the key factors affecting the sustainable development of the Azerbaijani economy.

Developing mechanisms for consistent development of the business environment and international assessment criteria. Implementation of development and improvement reforms on key performance indicators to make business reports

Implement training and institutional measures to increase the social and environmental responsibilities of entrepreneurs. Business activities of entrepreneurs support social and environmental sustainability with economic viability.

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