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THE DIFFERENCE BETWEEN ECONOMIC DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

The article shows approaches to studying the understanding of the differences between economic development and sustainable development to enhance innovation activity and targeted development of Ukraine's innovative potential based on European experience. The publication is devoted to the peculiarities of forming sustainable development in accordance with the needs of small and medium-sized businesses. Traditionally, economic development was determined by basic indicators; a need arose to study sustainable development, both at the level of national economies and individual enterprises. There was a need for practical solutions. The article presents a comparative analysis of various definitions and approaches to their formation. It is emphasized that fundamental research can only be carried out with the support of the state and industry, which also contributes to the development of this area. It explores and demonstrates how global cooperation can contribute to a better understanding and use of the fundamental principles of sustainable development. It is sustainable development that allows us to shape ecosystems. The need to provide appropriate conditions for the development of entrepreneurial activity is emphasized. The effectiveness of management decision making is discussed and the need to use a proactive approach is determined. In modern conditions, issues of "green sustainable development" are being considered.

Keywords: sustainable development; economic growth; innovative development; innovative solution; sustainability

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РІЗНИЦЯ МІЖ ЕКОНОМІЧНИМ РОЗВИТКОМ ТА СТАЛИМ РОЗВИТКОМ

У статті показано підходи до вивчення розуміння відмінностей економічного розвитку від сталого розвитку для посилення інноваційної діяльності та цілеспрямованого розвитку інноваційного потенціалу України на основі європейського досвіду. Видання присвячене особливостям формування сталого розвитку відповідно до потреб малого та середнього бізнесу. Традиційно економічний розвиток визначався базовими показниками; виникла потреба у дослідженні сталого розвитку, як на рівні національних економік, так і окремих підприємств. Потрібні були практичні рішення. У статті представлено порівняльний аналіз різних дефініцій та підходів до їх формування. Наголошується, що фундаментальні дослідження можуть здійснюватися лише за підтримки держави та промисловості, що також сприяє розвитку цього напрямку. Він досліджує та демонструє, як глобальна співпраця може сприяти кращому розумінню та використанню фундаментальних принципів сталого розвитку. Саме сталий розвиток дозволяє нам формувати екосистеми. Наголошується на необхідності забезпечення належних умов для розвитку підприємницької діяльності. Обговорюється ефективність прийняття управлінських рішень та визначається необхідність використання проактивного підходу. У сучасних умовах розглядаються питання «зеленого сталого розвитку».

Ключові слова: сталий розвиток; економічного зростання; інноваційний розвиток; інноваційне рішення; стійкість

INTRODUCTION. In the concept of economic development since the beginning of the 20th century, the basis of the change is based on sustainable development, which emphasizes the need to act more fairly and responsibly in carrying natural, economic and social capital to the future. In this process of change, which emphasizes that all economic and social actors, especially governments, should be responsible to create more livable earth, businesses are also increasingly important. Although sustainable development was initially considered as environmental responsibility, it is accepted as a whole of ecological, economic and social responsibilities that all individuals and organizations active in today's society should bear. At this point, the increasing roles of businesses in the society have increased their responsibilities towards sustainable development and it is necessary to institutionalize these responsibilities. In instance, corporate citizenship is a product of making businesses more feasible to fulfill these responsibilities (Chams and García-Blandón, 2019).

This article will draw attention to the importance of firms in the energy sector in the development of their country and will present an alternative innovative sustainable development framework that is revealed through various statistical and methodological techniques.

One of the most used concepts in all disciplines today is sustainability. The concept of sustainability, which is frequently used in agriculture, tourism, architecture, energy, businesses, and the economy, is defined as a participatory process that ensures the prudent use of all social, cultural, scientific, natural and human resources of

the society and creates a social perspective based on respect for it (Gladwin, Kennelly and Krause, 1995). By definition, the concept of sustainability, which has both an active and proactive structure, is also defined as the ability of a society, ecosystem, or any system with continuity to continue without interruption, disruption or overload of the main sources of the system. The main feature of this concept, which is used in many different areas, is that it focuses on the future of people and is based on the protection of resources in that area. In this context, the concept of sustainability is a concept that combines economics, social justice, environmental science and management, business management, politics, and law. It is also defined as a dialectical concept with rights, democracy, honesty and other important social concepts (Wilson, 2003). Sustainability is defined as welfare maximization in economics, especially in the neoclassical economic theory. Although the definition of sustainability combining benefit maximization from consumption and welfare maximization is criticized as "excessive simplification", this definition is the most important element of human welfare such as food, clothing, health, education. and it has the advantage of reducing the problem to an analytically measurable unidirectional indicator (Lehner et al., 2016).

The concept of development refers to efforts to change the socio-economic structure to provide significant and real increases in national income as well as to increase the welfare level of the society. In this respect, the clear aim of economic development is to increase the standard of living in the world by providing more goods and services

regularly to the growing population. The development of industrialization, which serves as the engine for development, is evaluated with unlimited possibilities. However, the fast and unplanned consumption of resources prevents the investments required for the development of new generations (Li and Lin, 2015). Increasing the purchasing power of individuals within the framework of the classical capitalist model, which determines the economic view of today's modern societies, will be reflected in individuals through the increase in the gross national product by increasing the economic activity in the market. In this model, development, defined as increasing per capita income, is based on unlimited production and consumption (Ritzer and Jurgenson, 2010). Although many countries have progressed significantly in terms of GNP and human development index globally, the development records in the world have merged into two main criticism points. Firstly, the possible benefits of development are not distributed equally, and secondly, the negative effects of development on the environment and social structure have increased. In particular, urban areas in developing countries have started to suffer from poor transport and infrastructure, and excessive pollution, and the understanding that environmental damage can reduce the success of development and even cause a collapse of needed ecosystems if they are not controlled (Lehner et al., 2016). In developed countries, the social and environmental negativities brought by over-industrialization support that the traditional concept of development is unsustainable.

The concept of sustainability is used extensively within the economic discipline within the framework of macroeconomic definitions such as sustainability of debts and sustainable growth to express the ability to maintain stability in different subjects. However, it is noteworthy that the concept of sustainability has become widespread and gained a broader meaning, in all areas, especially in the discipline of economics, by the definition of "sustainable development" published in the Joint Future or Brundtland Report published in 1987 by the World Environment and Development Commission. Sustainable development, although it has become a crucial point in the international environmental debate in the fields of development, applied science, environmental and international politics since the 1980s, there is little consensus on the results or meaning and definition of development strategies (UNESCO, 2019). Sustainable development is defined as the integration of social and structural economic transformations that optimize current social and economic profits without compromising potential future benefits. In this context, the primary purpose of sustainable development is to achieve the constant and smart distribution of the economic welfare levels of many generations (Goodland and Ledec, 1987). Sustainable development is a process of change. In this process of change, the use of resources, directing investments, choosing the direction of technological development and enriching the potential of institutional changes in harmony and meeting the present and future needs of humanity should be enriched (Ravago et al., 2015). According to Ravago in 2015, economic growth, one of the pillars of sustainable development, is supported by social justice and environmental protection, and there is a balance between them. Although the concept of

sustainable development is perceived to have different meanings, the definition of sustainable development of the World Economic Development Commission has been adopted with a common acceptance in recent years.

According to this definition, sustainable development is defined as "development that can meet today's needs without compromising the possibilities of future generations to meet their own needs". In this direction, the discussions on the expression of sustainable development are combined in 3 main points: economic success, environmental justice, and social equality. An economically sustainable system is a system that can avoid excessive sectoral imbalances that damage agriculture and industrial production, protect domestic debt and public debt at manageable levels and produce goods and services based on continuity. An environmentally sustainable system refers to a system that can maintain a stable resource structure by avoiding the excessive use of renewable resource systems and consuming non-renewable resources with investments instead of replacing them with investments. This definition includes biodiversity, atmospheric stability and other ecosystem elements that are not classified as economic resources. A socially sustainable system is a system capable of achieving the adequacy of social services such as education, health, distribution equality, gender equality, political accountability and participation (Shah, 2008). One of the essential developments taking place in the world is the 1973 oil crisis. It has an significant role for countries to review their energy policies. Energy security and geopolitics have led to a review of economic sustainability issues (Spero, 1973). The importance of renewable energy has increased rapidly after 1973. In 1992, the United Nations Framework Convention on Climate Change (UNFCCC) drew attention to environmental problems and emphasized the importance of climate change. These important developments are important dates for sustainable development, and the Kyoto Protocol and the Paris Conference laid the foundations for a green and sustainable economy. The United Nations Development Program (UNDP) came into force in January 2016 and aims to impose 17 sustainable development criteria to countries on their systems. The main goal of this program is focused mainly on three groups; economic development, solving world problems and environmental sustainability. UNDP program will be examined in detail in the second chapter of the thesis and will emphasize the starting points of the indicators used by the article. According to the UNDP, sustainable development requires the simultaneous adoption of environmentalism, economic and social equality principles. Development is sustainable if it does not reduce the average quality of life. Sustainability requires generations of justice. Sustainable development is one of the most important elements that ensure intergenerational solidarity and development. The main objectives of sustainable development, which emphasizes that future generations should not be able to meet their own needs while ensuring that resources are sufficient for today's needs, are to ensure social solidarity, increase economic capability and place ecological responsibility.

In this sense, sustainability should not be perceived only as harmony between economy and ecology.

Sustainable development is a multidimensional concept that includes social, cultural, political and institutional processes and has various indicators. Objectives such as achieving economic development, achieving social solidarity and environmental protection objectives concern all actors at the global, regional, local and community levels, from all individuals and groups in society to all countries on earth. (Quaddus and Siddique, 2001). At the Stockholm Conference of 1972, which was realized with international participation, to achieve these goals, the principles that highlight the carrying capacity of the environment, consider equity between resources and use of resources, emphasize the association of the environment with economic and social development, and emphasize the coexistence of development and environment. At the 1992 Rio Conference, attention was drawn to the necessity of the participation of governments and other institutions and organizations to establish a sustainable development approach and environmental issues (Momtaz, 1996). Five documents were adopted at the Rio Conference aimed at changing the traditional understanding of development. For sustainable development, there are two main emphases in strengthening the role of business circles and the industry of management and economics in Agenda 21; Firstly, supporting sustainable production is evaluated as efficient resource use, production with less waste, production sensitive to human health and environment (UNDP, 1992).

Secondly, it is the development of responsible entrepreneurship understanding. Social reconciliation as a precondition for sustainable development offers global partnerships for a safe future, in Agenda 21. The concept of global partnership and traditional management has been replaced by the management understanding based on partnership and participation. Within the understanding of governance, local governments, non-governmental organizations and other local actors have begun to be seen as "partners" by the international community and central governments (Hibbard and Chun Tang, 2004). The 2002 Johannesburg World Sustainable Development Summit aims to implement the decisions taken at the UN Conference on Environment and Development held in 1992 in Rio and to address the challenges faced in achieving the set goals. This summit has resulted in two important decisions. The first is government commitments and issues to be implemented by governments as an action plan, while the second and more important is the responsibility to assume responsibility not only by governments but by all stakeholders. Aiming to achieve concrete actions and results, the Johannesburg Summit proposes to commercial organizations to develop a dialogue between businesses and other stakeholders in which they operate (Sustainable Development Knowledge Platform, 2002).

Formulation of the problem. The main goal of this article is to demonstrate approaches to defining the concepts of economic development and sustainable development for the activation of innovative activity and purposeful development of innovative potential of Ukraine.

The importance of the business at the global level has been increasing in recent years. Today, the world economic output is under the control of the largest companies in the world. For several years, sales of large groups such as General Motors and Royal Dutch Shell have been higher

than the gross national product of countries such as the Philippines and Venezuela. In addition to the multinational enterprises' purchasing, production and investment decisions and developing new technologies, their impact on society and the environment leads to the rise of demand for their responsibilities (Nikolaou et al., 2019). The growing role of businesses in society has led to the increasing focus of sustainable development in the business world in recent years. Nowadays, it is accepted that society will not be able to achieve sustainable development without the support of the company as companies represent the productive resources of the economy. For this reason, private companies need to work actively not only to create economic value and produce goods and services that increase living standards, but also to reduce the different environmental and social problems caused by their activities (Hahn and Scheermesser, 2006). Corporate sustainability is accepted as a new and developing company management paradigm. While institutional sustainability acknowledges that the growth and profitability of the company are important, at the same time, the company's environment to pursue social goals related to sustainable development such as protection, economic development, social rights and justice (Wilson, 2003).

Most societies are largely based on three important dynamics. These dynamics leading the way for the survival and development of societies; governments are business and nonprofit organizations. Each organization must work with one or the other to achieve its goals. Today, governments are moving to economic, environmental and social activities in the society and non-profit organizations (NGOs), and their cooperation is increasing. Globally, the balance of command over resources is less in governments, but it is growing in businesses and non-profit organizations. Governments are more concerned with promoting national competition and attracting foreign investment, after the free-market understanding of governments withdrawing from supplying goods and services directly. However, it cannot limit operational activities unnecessarily. Governments' power decreases as global increases. For this reason, the activities of companies are increasing despite the restriction of governments' activities globally. As such, companies operating globally can affect people's lives in many parts of the world. This effect comes with social responsibility and is pressured by the public to act as an important social actor by acting more responsibly. Non-profit organizations are interest and pressure groups, and they cooperate with companies in many activities they carry out. As a natural response to filling the empty areas of the government, the numbers and influence areas of these organizations are increasing (Marsden and Andriof, 1998). In this context, the distribution of duties in the triangle of government-business and social organizations concentrates on business and non-governmental organizations.

Businesses have always been an effective means of development and sustainable development by creating new products, expanding technology and increasing productivity, improving quality and improving service. Businesses are helping good things in life become affordable and affordable for an increasing number of people. This process is promoted by the competition and

those who risk their money and career with the need to provide sufficient income. However, we should measure the success of this process in terms of the results we create for others as well as for ourselves. For this reason, businesses should act with a sustainable development approach, not within the traditional development concept. Modeling the production and consumption process of goods and services is one of the most significant issues of sustainable development. Minimizing the environmental risks and losses arising from production, optimal energy, and raw material usage are of great importance at this point. For corporate sustainability, production and consumption should be ensured to be as sustainable as possible (Young and Tilley, 2006). The impact areas of companies on society can be classified in many ways.

Research results. The development organization "Sustainability" has put forward the phrase "Triple Bottom Line" covering economic, environmental and social performance. This development association recognizes that society, especially a backward society, cannot be expected to take part in sustainable environmental practices if the economic and social development factors are not reliable. Each of these factors affects the other. Economic, environmental and social performance are also mutually dependent. Sustainable corporate environmental and social performance always depends on successful economic performance. Today, many companies know that success in economic performance depends on social and environmental performance (Govindan et al., 2013).

In order to ensure corporate sustainable development, organizations need to reflect the three principles on their products, policies, and practices. These principles are:

1. **Environmental Integrity:** Companies are trying to reduce their negative effects on ecological structure with corporate environmental management. Each company has more or less environmental impact, as in the waste released to the environment during the production process. Enterprises generate environmental integrity by trying to minimize the negative effects they create to protect ecological equilibrium with reactive or proactive approaches.

2. **Social Equality:** Companies contribute to ensuring social equality in society through corporate social responsibility practices. Companies that fulfill their economic, legal and ethical obligations and engage in voluntary activities enable community members to access resources equally.

3. **Economic Welfare:** Companies also generate value by manufacturing goods and services. By improving the efficiency of these goods and services, they increase value formation. Creating value can take different forms. Value can be created by producing different and new products desired by consumers, reducing input costs or ensuring production efficiency.

In this sense, it can be expressed corporate sustainability as the realization of all activities of businesses within the framework of the dimensions of sustainable development. This reveals the importance and impact of businesses in sustainable development.

Energy, which is of primary importance in ensuring the development, welfare, and development of countries, has recently become one of the most strategic tools in the

international system. Energy policies address issues such as the safe access of energy resources to international markets in the short term, supply and pricing, and development plans and policies in the long term, etc. Although there is no problem in the supply of oil and natural gas for the next few decades, issues such as the search, production, and delivery of new reserves will continue to be the main problem areas affecting international relations. As the awareness of renewable energy increases, it is important for sustainable development policies, new investments will likely occur in line with international policies and countries' targets. These developing trends will shape the investments and focus of energy venture companies and they will likely shape their development policies and financing according to these trends (IEA, 2018). Having energy resources, being able to produce energy and keeping the transportation ways that bring the energy to the market under control are among the subjects that states focus on in foreign policymaking today. Energy security will continue to be one of the main issues that shape the foreign policies of the states in the coming period, both nationally and globally (Biresselioglu, 2014). The figure below summarizes the world's energy profile and includes general information. It is observed in the figure.

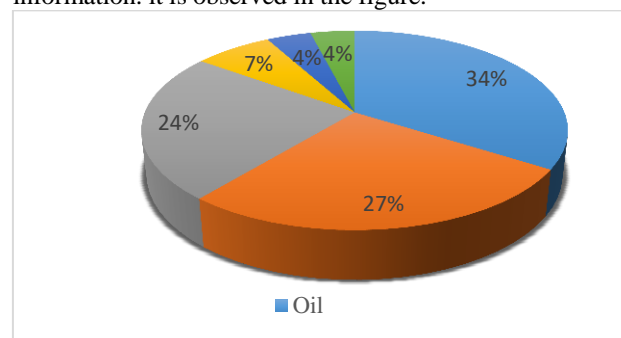


Fig - World's total primary energy consumption by fuel

When the sources that have the biggest share in primary energy consumption are oil, coal and natural gas, respectively. When the distribution of the energy resources consumed in the world is analyzed, it is seen that more than 2/3 of the consumption is obtained from depleted fossil fuel sources such as coal, oil and natural gas. Today, while the largest share in energy consumption is 85%, it is obtained from fossil fuels, that is, under the soil, while the remaining 15% is from nuclear energy and renewable energy sources. From another point of view, population and income growth is one of the main factors that cause an increase in energy consumption. The recent population growth, especially in non-Western countries, and the rapid industrialization and urbanization of these countries have led to major increases in primary energy demand such as oil and natural gas. As a natural result of this situation, the regions where energy-based rivalries and tensions are experienced generally shift to the geographies where these developing countries are located. Among these regions, the Caucasus, the Middle East, and West Africa stand out. Ukraine and Turkey as countries dependent on energy imports, the deficit in energy balance, unless reinforced by production, is likely to create an imbalance between the economy and consumption (EC, 2013).

The percentage of electricity generation by sources shows an average scheme worldwide. If we take the Figure as a reference, the most remarkable source of electricity generation seems to be coal. The leading source is followed by natural gas and hydroelectric. The ratios of these data, respectively, are 38, 23 and 19.

Access to oil has been one of the primary energy issues affecting the foreign policies of states for the last century. At the end of 2023, the world proved oil reserve was calculated around 1 trillion 730 billion barrels (BP, 2023). This amount is enough to meet the 5 more decades need considering the current consumption rate. Shows that the largest share in the existing reserves is Venezuela with a share of 17,5% followed by Saudi Arabia with 17,2% share in the world. The total reserve of these two countries is equal to one-third of the world total reserve. The distribution of oil reserves shows which countries have more names in global energy policies in today's period, as well as determine the main topics of discussion of the global economy. Since, recently, oil policies have become significant leverage in the political competition between producer countries and consumer countries, and the rise or fall of oil prices has become the means of making concessions from the rival country.

Conclusions. Sustainable Development, with its most common use, is to meet the needs of today's generations without compromising the opportunities of future generations to meet their own needs. Seeking sustainability from an economic, environmental and social perspective seems possible with the right plans and policies. Based on companies, there are many companies that have recently made it a policy to share their environmental and social aspects with the public as well as the economic dimension of their activities. While a large number of public companies are reporting in the corporate responsibility area, 95% of multinational companies listed in the Global Fortune 250 list and located in 34 different countries publish their activities and results in their employee rights, environment, and stakeholder relations, along with their annual financial reports. Multinational companies also carry their corporate responsibility practices to their local networks, thus contributing to the formation of a social responsibility culture in other stakeholders associated with these companies. From this point of view, energy companies need to take important steps towards sustainability and they need to evaluate these steps within the framework of accessibility, availability, acceptability, and affordability specified by WEC when implementing

policies. In light of this view, the Energy Strategy of Ukraine (ESU) until 2035, developed by Ukraine nationally, is of great importance for the development of the country and creating a sustainable model for the future. At this point, it will be a part of possible development for the country from the perspective of the country, taking the decisions that companies will take in line with these programs and goals, accepting ESU as a higher mind. If the issue of energy is specifically studied, if Ukraine pays attention to energy diversity, energy security and efficiency, it is inevitable for companies to walk towards 2035 targets with support policies. In addition, the use of renewable energy in the production of electrical energy, the more active use of hydroelectric energy and the modernization and continuation of nuclear energy are undoubtedly a direct impact on Ukraine's energy dependence. Finally, in order to understand the importance of sustainable development for energy companies, it is necessary to correctly understand and examine the 2020-2030 and 2050 energy and climate targets and policies targets of the European Union. If Ukraine will fully partner with Europe's energy system network in 2035, it would be a positive approach for energy companies and the Ukrainian economy to review these policies and decisions and take steps towards this goal.

The second chapter of the thesis has the development of various indicators and innovative sustainable development groups with statistics and mathematical methods and econometric processes to be analyzed for organization and economic mechanisms to energy companies, which are the main target of the article.

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