

# Chapter 5

## The Value of the Company and Sustainable Development

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### **ABSTRACT**

*The aim of the study is to attempt to systematize the concept of economic value that takes into account elements of sustainable development. At the same time, it is the voice in the ongoing discussion on the purpose and methods of valuation of the company's value. The measure of strength of each enterprise is its value expressed in monetary units. Due to differences in the results of the valuation of enterprises made by groups of experts representing such disciplines as finance, taxes, or marketing, there was a need to identify sources and to analyze more precisely the resulting discrepancies. The values of the enterprise should include both measurable and hard to measure values, which largely differentiate economic units from each other. The need for a wider perspective on the data published by enterprises appeared along with new business models, changes in consumer trends, environmental regulations, or the impact of social media.*

### **INTRODUCTION**

The subject matter discussed in the study on determining the category of values in economics is an important subject for at least three reasons. The first of them results from the fact that in the economy, the fundamental meaning is attached to the category of values. Without this category, the economy would not be able to explain the economic process. The second reason is the changes in time when determining this category. It cannot be ruled out that these changes will also occur in the future. The third reason is due to the diversity of this category in terms of defining and determining it.

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Value is an ambiguous concept and its definition depends on the perspective from which it is considered. It is a very important issue in all fields related to economic sciences, because proper determination of the economic value for an economic entity is necessary to stay on the market, achieve the assumed financial results or adopt the best market strategy (Lewicka, 2014, p. 64). Due to the complexity of the issue and a heterogeneous practical approach thereto, there are major difficulties in its valuation.

The value expressed in monetary units is a measure of the strength of each enterprise, because it can significantly increase its impact on the market environment. The company's drive to maximize profits or to increase the market share often occurs with the violation of social and environmental values. Achieving financial goals must allow for social and ecological aspects as the main areas of sustainable development. The business activity of enterprises disregarding the indicated areas in the long term, is doomed to failure. For this reason, there is a need to design economic processes that include the idea of sustainable development.

The events of recent years, ecological threats in the world and the global economic and financial crisis create a new picture of the functioning of currently operating enterprises. The strength of external impact and the multifaceted approach to running business emphasize the ethical, moral and economic nature of the development and growth of competing enterprises (Jabłoński, 2015). Enterprises based on corporate social responsibility supported by the international community implement the assumptions of building a competitive position taking into account the wishes of all stakeholders and paying attention to the importance of ecological issues. The starting point for the implementation of such a perspective on building a competitive position is the concept of sustainable development.

Sustainable development is currently one of the most frequently discussed problems, important for further development of countries around the world. This is an important area for both scientific considerations and inquiries as well as decisions regarding future strategic directions of development of national economies. In the relevant literature (e.g. Sexton, Barrett, Lu, 2008), it is pointed out that the current stage of the evolution of the idea of sustainable development is primarily its concretisation, the aim of which is to develop the theoretical basis of a new paradigm of development and its integration with other areas of research, including such directions as: sustainable transport, sustainable agriculture (Altieri, 2018), sustainable logistics (Kiba-Janiak, 2015), sustainable finances (Fullwiler, 2015), as well as the sustainable value of the company (Laszlo, 2003).

The assessment of the extent to which the company's activities are sustainable is complex, both due to the complexity of the relationship and the difficulty of their direct measurement. The process of creating a sustainable development strategy to be truly sustainable must take into account all types of stakeholders. That is why it is so important to get an initial understanding of the environment and to identify real stakeholders as well as to define oneself with regard to the key ones from the point of view of the company (Brzozowski, 2010). The enterprises, which adopt a socio-economic policy considering the stakeholders, the local environment and the natural environment should adhere to the principles of sustainable development. The functioning of enterprises compliant with these principles may contribute to the increase of their attractiveness, the strengthening of the competitive position and, consequently, to the improvement of their value.

The aim of the study is to attempt to systematize the concept of economic value that takes into account elements of sustainable development. At the same time, it is the voice in the ongoing discussion on the purpose and methods of valuation of the company's value. The work emphasizes the importance of sustainable development in relation to the functioning of enterprises. The stages in the enterprise on

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