

Chapter 2

Corporate Responsibility in the Context of Conflicting Environmental and Economic Interests: Consequences of an Imperfect Legal Environment

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ABSTRACT

The article examines corporate responsibility in the context of conflicting environmental and economic interests, which are exacerbated by the inadequacies of the legal framework. It emphasizes the importance of considering environmental factors in corporate decision-making and the necessity of developing a balanced legal framework that promotes sustainable development. The research also focuses on analyzing situations where legislative shortcomings lead to conflicts between environmental and economic interests. Based on comparative analysis, experience generalization, and the application of an eco-economic approach, the article provides recommendations for improving the legal framework to enhance corporate responsibility and ensure a balance between economic benefits and environmental preservation. This study specifically examines the situation in Azerbaijan, consid-

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ering its status as an oil-producing country, and assesses the issues related to the environmental and ecological aspects of economic activities.

INTRODUCTION

The current challenges related to environmental degradation necessitate a comprehensive eco-economic analysis aimed at examining the interactions between production processes and the natural environment. The need to integrate environmental aspects into economic theory is becoming increasingly evident, which requires the development of conceptual frameworks that reflect the causal relationships between economic and natural systems. In light of the growing global trends in environmental pollution, there is a need to adopt a new, ecologically oriented strategy that ensures the sustainable development of society and its economy. Considering environmental factors in corporate decision-making and creating a balanced legal framework that minimizes environmental damage and supports sustainable development has become paramount. In a context where industrial and consumer activities significantly impact the environment, corporate responsibility for reducing environmental risks is becoming increasingly relevant.

Corporate governance is an emerging and rapidly developing area of organizational and legal activity in the current context, where business entities play a crucial role in implementing the state's socio-economic development strategy, ensuring environmental safety, and promoting the rational use and protection of land and other natural resources.

Azerbaijan, as a country with a growing economy and significant natural resources, faces conflicts between the economic interests of large corporations, such as oil and gas companies, and environmental demands. Despite the growth of corporate environmental responsibility (CER) initiatives, there are significant gaps in the legislative framework, making it difficult to implement stricter environmental standards.

For example, SOCAR has announced plans to reduce carbon emissions. However, quantitative data shows that the overall emission levels in the country remain high, and programs aimed at sustainable development do not always receive adequate funding and support. According to a UNEP report, CO₂ emissions per capita in Azerbaijan are 4.6 tons per year, which is higher than the regional average. (EU4Climate. Better Climate Policies for Eastern Partner Countries. Azerbaijan).

In the issue of corporate environmental responsibility, it is important to consider the interaction of various stakeholders, such as businesses, the government, local communities, and civil society. These groups play a key role in ensuring sustainable development and resolving conflicts between economic and environmental interests. Norway is one of the leading countries in CER, where key companies such

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