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Clash of Interests on the Path of Sustainable Development Implementation

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Abstract:

Purpose: *The aim of this article is to identify and determine the influence of key interest groups in terms of implementing sustainable development principles.*
Design/Methodology/Approach: *Analysis of processes and behaviour of institutions and social groups using statistical data.*
Findings: *Sustainable development appears today to be the most rational response of societies to the global problems of humanity. Despite widespread understanding and recognition as well as various initiatives, progress in implementing the principles of sustainable development is far from being satisfactory. Antipodally, transnational corporations based on the logic of microeconomic rationality continue to grow in strength. Therefore, it is very important to identify and seek opportunities to strengthen forces and interests that are guided by an equal consideration of economic, social and environmental factors in the implemented activities. The analysis of the issue shows the key role of the state in this process, but also of non-governmental organisations which, thanks to their activity and organisation, are able to effectively influence their surroundings to follow the principles of sustainable development. Countries with the highest number of NGOs also lead the sustainability ranking. There is great causative potential for regulated financial markets to increasingly involve financial institutions in sustainability criteria in their own operations and those of their clients. The European Union's regulations and initiatives, which provide directional support for UN programmes, play a very important role in this process.*
Practical implications: *The conducted analysis shows that combining the interests and activities of informal institutions, alongside selective support of the formal ones, synergistically strenghtens the implementation of sustainable development principles.*
Originality/Value: *The analysis is part of a search for causal factors enabling the dissemination and acceleration of the implementation of sustainable development principles in the world.*

Keywords: *Sustainable development, interests, state, NGOs, financial markets, transnational corporations, sustainable ethics.*

JEL codes: *E70, F63, O10, Q01.*

Paper type: *Research article.*

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1. Introduction

Sustainable development is not a spontaneous phenomenon, generated by market competition processes, but it is a concept of conscious, responsible creation of economic processes oriented at a set of key goals ensuring survival and civilisational development to the nations of the world, while maintaining the restorative potential of the natural environment. The complexity of these processes means that, despite decades of discussion and initiatives as well as action programmes, there is in fact no universally accepted, comprehensive model of sustainable development, additionally verified by economic practice. The programme consensus is reduced to a very general and ambiguous framework, and its scientific perception as well as its partial implementation are significantly influenced by different interest groups securing or fighting for more importance.

The contradictions of economic development, which are at the same time becoming more acute, are in turn exacerbating the need for effective countermeasures aimed at levelling and balancing them. They are also an impulse to seek and work out timeless solutions based on universal values, understanding and respect for each other's needs and common goals. This leads to the formulation of new institutional solutions, the improvement of existing coordination mechanisms, using the achievements of modern technology, which also affects new opportunities for communication, articulating needs, expressing and securing one's interests in various fields of influence. In combination with an increasing level of knowledge and awareness of existing limitations, these processes are evolving towards a new economic order, the reference for which is the idea of sustainable development. The need for such a path is particularly emphasised in the European Union's programme work.

There is a growing recognition that, to ensure prosperity in the long term, there is a need to create a new kind of economy that decouples growth from resource use over impacts. The current economic model "take, make and dispose", which place enormous strain on global resources (energy sources, water, land, food, minerals) is no longer sustainable (Bjerken and Pilari, 2019). The scale of these challenges also demonstrates the extent of the conflicting interests that need to be faced in tackling the challenge of shifting the economy and social life towards sustainable development.

The renaissance of theoretical and practical interest in the idea of sustainable development does not yet determine the direction of the changes taking place or its sustainability. The key issue will be to change the distribution of forces and interests related to the implementation of mechanisms and principles of sustainable development, in collision with alternative solutions based on particular interests – group, national, monopolistic. These interests are in interdependent interaction with the attitudes and expectations of consumers, NGOs, although they too are not fully autonomous, but subject to external influence. This draws attention to a dramatic paradox. On the one hand, there is an urgent need for integrated global strategies to solve global problems, and on the other hand, there is a no less threatening lack of coordinating mechanisms as well as readiness to create them (Płoszajski, Kosmala, Bitner, and Bogacz, 2021). Fundamental differences of interest lie at the root of these phenomena.

2. Pillars of Sustainable Development

Sustainable development, in its universal approach, is such a social and economic development in which a process of integrating political, economic and social activities takes place, with maintaining natural balance and durability of primary natural processes, in order to guarantee possibilities of satisfying basic needs of particular communities of both the contemporary decade and the next generations. Its essence is striving for a balance between the requirements of market competition, human needs and the nature around as well as the need to ensure ecological safety, both in local, regional and global terms. In practical terms, it is a decent life for all people in the world, consisting of social well-being, peaceful coexistence, social inclusion and environmental responsibility (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2016). The driving force behind these activities are fundamental ethical values referring to responsibility for the lives of both people living today and future generations.

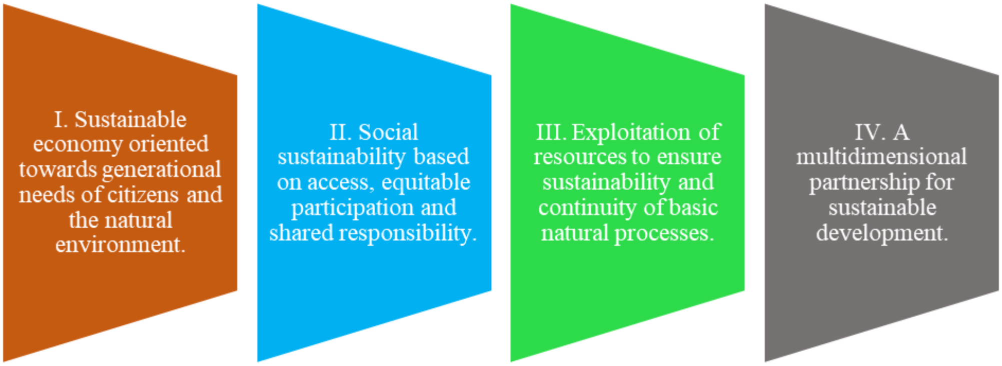
While sustainable development is based on equal participation and weighting of economic, social and natural factors, at the core of such an approach is also a wide-ranging interaction of local communities and nations based on partnership, mutual understanding of opportunities, objectives and constraints, forming a fourth equivalent pillar. This is, in fact, a condition for a balanced approach and for fulfilling the intended objectives. This highlights the importance of quadruple balance –in the economic and financial sphere, in the area of maintaining social cohesion, the requirement to maintain continuity of natural processes, as well as the balance between these spheres, emphasising the importance of equality of being, multidimensional cooperation and excluding unilateral actions. Hence, together, we can speak of four complementary pillars (Figure 1).

The aforementioned pillars fully correspond with the currently implemented UN initiative adopted by the General Assembly in September 2015 in the form of *The 2030 Agenda for Sustainable Development*. This agenda is derived from studies, reports and programmes that date back to the 1980s and even earlier [2]. Although

[2]*In 1987, a significant UN Report The World Commission on Environmental and Development was published, led by Gro Harlem Brundtland, Our Comon Future, identifying the key problems of the contemporary world and formulating a new model of sustainable development. In the same year, the encyclical of John Paul II Sollicitudo rei socialis was published, very strongly emphasising the importance of moral dimensions of development*

these programmes differ in scope and set of objectives, they contain a number of common elements, the analysis of which may allow the direction of ongoing changes related to sustainable development processes to be noted. The driving force behind these changes is the interests of their direct and indirect beneficiaries.

Figure 1. *The four pillars*



Source: *Own research.*

3. The Interests of Sustainable Development and Their Power to Make Things Happen

The implementation of sustainable development principles refers to various institutions, both formal (the state and its agendas, international organisations) and informal (social movements). The activity and the causal power of these institutions is derived from the strength of the conscious and organised interests behind them. The interests of sustainable development is situated in many areas and thus have to appeal to different groups of influence, more or less autonomous and divergent, whose complementarity is revealed or made possible at higher levels of integration[3].

However, achieving such complementarity is difficult, as sustainable development oriented towards the equivalence of social, economic and environmental objectives cannot be equated with an analogous balance of interests. The source of difference is

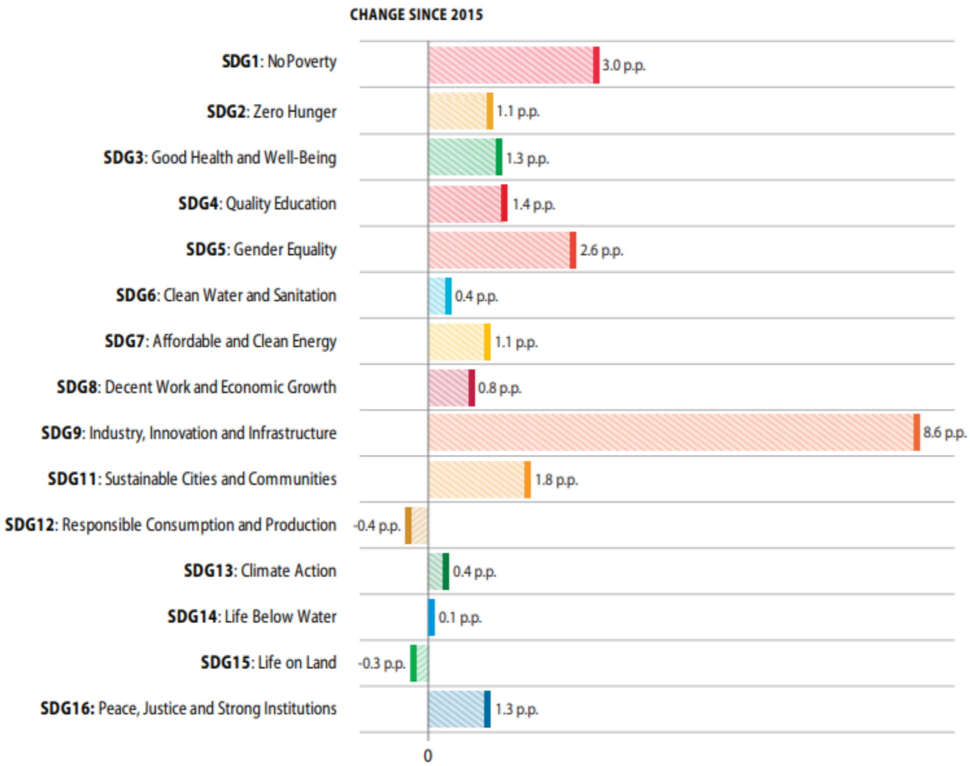
limiting the use of visible nature. Earlier, in 1969, the so-called U`Thant's report was published indicating global ecological threats resulting from human pressure. In 1972, the great UN conference "Man and the Environment" was held in Stockholm, devoted to the needs of coordinated, institutionalised actions to protect the natural environment, together with the need to develop adequate legal, financial and administrative tools for this purpose. Certainly, the discussion on the perception of development threats had a great impact on the basis of the Rome Club Report, The Limits to Growth, published in 1972, prepared by a group of scientists led by D.H.Meadows, D.L.Meadows, J.Randers, W.W. Behrens (1973).

[3]*Interest groups include associations of individuals, organisations and institutions that are not subjects of public authority, which, on the basis of their values, try to influence the shaping of public policy. Interest groups are related to or represent specific communities of interest. (Oświęcimski, 2012; Bischoff, 2003)*

the subjective specificity of the natural environment. It is only a passive participant in market behaviour. There are no clearly crystallised interests and market entities whose own presence, existence and future would be solely a function of caring for natural capital and dependent on its ability to survive and thrive. When the natural environment is deprived of its subjectivity, it cannot act as an active party in market negotiations. The inequality of the parties of market interaction means that it is also not possible within the market mechanism to set an equivalent price for the natural capital services provided in the management process. Prices are disconnected from real value. To a similar extent this applies to the valuation of environmental damage.

The lack of a real owner reduces the responsibility for the environment to the scope of imposed legal norms and social awareness, but devoid of existential everyday concern for the preservation and further development of natural resources. This is very clearly shown by the map (Figure 2) of the implementation of the Sustainable Development Goals indicated in Agenda 2030.

Figure 2. *Progress in the world for each SDG since 2015 in percentage points.*



Note: *Population-weighted averages. Insufficient data for SDG10 (Reduced Inequalities) and SDG17 (Partnerships for the Goals). Time series data for SDG12 (Responsible Consumption and Production) is only based on the indicator "Electronic waste (kg/capita)".*
Source: *The 2021 SDG Index source. Sustainable Development Report 2021, p. 19.*

The implementation of the objectives relating directly to the natural environment, i.e. climate, water and land protection, responsible consumption and production (objectives from 12 to 15) over the last five years is either symbolic or has regressed, in marked contrast to the dynamics of implementation of the economic and social objectives, which are driven by much stronger interest groups.

3.1 Ambivalent Role of the State

As a major market force, the state is the primary guardian of the environment as an institution responsible for the present and future well-being of its citizens, of which living in a healthy natural environment is a part. The state itself, however, is influenced by numerous interactions of conflicting interests with different time horizons. Long-term interests in such a configuration tend to be superseded by immediate ones arising from current needs. In this situation, the preservation of an intact, regenerable natural environment for future generations generally loses out to the pressure of short-term more important priorities. This state is further weakened by the ongoing processes of globalisation.

As Szymański (2019) states "Capital, having alternative markets, has a choice of regulations available on different markets. In this situation, the state, fearing an outflow of capital, adapts regulations to its needs, at the expense of the needs of other actors and long-term requirements. In the state, power and politics have become separated. Politics remained, but the power shifted to capital and financial markets". Hence, the possibility of imposing on market participants the requirement to internalise external costs, the need to bear the full costs of environmental consumption becomes a challenge requiring great determination and extraordinary long-term social support, which is not an easy task. The history of the development of the capitalist economy over several centuries confirms this.

Even if it were possible to effectively enforce such an account of economic activity within a country, the simple consequence of such solutions would be an increase in the cost of production and a deterioration in the competitiveness of production in relation to other participants in the global market who do not abide by such rules. The pressures of immediate economic needs (fear of losing competitiveness in the production of indigenous enterprises) and social expectations (preservation of jobs, increase in living standards) tend to outweigh long-term interests and principles of sustainable development (Dec, 2020). The risk of losing competitiveness is also present in the area of such a large integration group as the European Union.

Imposing the full environmental costs on companies within the EU would reduce their profitability and investment attractiveness and, as a result, under the conditions of free capital movements, lead to capital flight to countries not subject to such restrictions. This undesirable migration of capital, under conditions of freedom of its movement, could be limited by the widespread adoption of analogous regulatory solutions in the widest possible group of countries, including those with leading economic and political positions. Hence, the EU's leadership role in environmental requirements seeks to combine attraction and pressure on cooperating countries to adopt similarly ambitious goals and targets. Such processes are also taking place within the European Union itself.

The great economic differences between individual countries of the world, together with their historical backgrounds, mean that the same objectives are pursued with fundamentally different financial possibilities and conditions, as well as economic and social consequences. The community of goals associated with setting and meeting ambitious expectations related to, for example, climate protection, in the face of differing starting levels, may therefore go hand in hand with a disproportionate distribution of the cost burden, which is not without effect on the current standard of living of citizens as well as the competitiveness of businesses, and consequently affects the extent of public support for the projected changes.

The asymmetry of benefits and costs of implementing the principles of sustainable development observed at the level of individual countries has impact on their commitment to achieving the set goals, generating at the same time specific redistributive expectations related to bridging the revealed gaps and the related play of various groups and national interests. Moving towards greater cost-benefit symmetry raises further questions about the time horizon for reaching such a balance, or the valuation of historical neglect and countermeasures taken. The subjectively perceived inadequacy of cost-based compensation may lead the obliged companies to refrain from taking the expected pro-environmental measures, along with pressure to strengthen economic incentives.

This raises the costs of the whole implementation process on the part of potential donors. Reducing them in the form of substituting financial incentives with legal orders actually means changing the distribution of financial burdens, which will be accompanied by a different map of realised interests – beneficiaries, attitudes and motivations that together affect the dynamics of expected implementation changes (Pietrewicz, 2011, McAfee, 2019). All these measures are not without impact on the competitiveness and development prospects of the enterprises obliged to undertake them.

3.2 NGOs

A natural ally of the state in caring for the interests of the natural environment and promoting the principles of sustainable development are the non-governmental organisations associated with it, which shape civic awareness, but also actively act in the interest of preserving environmental diversity or social justice. The effectiveness of NGOs is difficult to measure in practice. Nevertheless, it can be pointed out that countries with a relatively large number of NGOs are also characterised by a higher degree of care for the natural environment and are more advanced in implementing the principles of sustainable development, as shown in Table 1.

Table 1. *Countries with the highest NGO participation and their position in the Sustainable Development Index (SDG Index).*

Position	Country	Number of NGOs/10 000 inhabitants	Position in SDG Index 2021
1	Sweden	225	2
2	Norway	212	7
3	Estonia	198	10
4	France	163	8
5	Denmark	162	3
6	Chile	158	30
7	Latvia	139	22
8	Austria	125	6
9	Finland	124	1
10	Czech Republic	120	12
21(approx.)	Poland	35	15

Note: *Data on the number of NGOs are approximate and is from 2010-2018.*
Source: *The 2021 SDG Index scores. Sustainable Development Report 2021; Global list of Charities and Nonprofits. Global Giving Atlas. 2021; Gumowska, 2017; Study on Volunteering in the European Union. Country Reports. World Bank Outlook Database April 2021; CSO International Statistics; own calculations.*

The large size of the non-governmental (non-profit) sector is does not necessarily prove its role and importance in a given country. The number of registered non-profit entities depends to a large extent on the legal regulation of their registration and the space in which they operate, as well as the operating model of the sector in a particular country. However, the number of NGOs is an important testimony to the social, direct involvement of citizens in matters that concern them or that are related to their closer or more distant environment, including nature. The larger size of these organisations inevitably represents greater support for the interests represented and greater opportunities to control the actions taken by others. The presence and active role of NGOs is a fundamental feature of a democratic society.

It should be noted that of the ten countries with the highest share of NGOs per 10 000 inhabitants, as many as seven of them are in the top ten of the Sustainable Development Goals (SDGs) ranking. Moreover, with one exception (Chile), the countries of the European Economic Area are in the top positions, which is yet another confirmation of the leading role of the European Union in stimulating sustainable development processes. Poland's position (21st) in terms of the saturation of society with NGOs is comparable to our country's position in the ranking of sustainable development (15th place, 23rd a year earlier). It is also evidence of the complementarity of these areas.

3.3 Enhancing the Responsibility of the Financial Sector

The state and NGOs committed to sustainable development increasingly find understanding and support in financial market institutions. This includes central banks, investment funds as well as commercial banks or insurance companies[4]. They are similar in that that they operate on regulated financial markets, which implies a broader range of prudential supervision requirements that act as a channel for the state to address significant risks in their operations, as well as an obligation to identify and disclose such risks. The inclusion of sustainability issues in mandatory reporting by financial institutions subjects them to a broader social assessment, thereby widening the range of factors that shape a company's market image and value.

The change in the approach of financial institutions towards launching an ever broader range of instruments to support sustainable development processes as part of responsible finance should also be associated with a growing level of knowledge about developmental interdependencies and the consequences of maintaining a state of permanent imbalance. This translates into the need to reconstruct the map of own interests in conjunction with the requirements that can ensure survival and further development. These include support for measures to mitigate the risk of acute financial and economic crises and the associated windfall losses. The global climate change that is taking place on a widespread basis is exacerbating this risk, not least the catastrophic one. The observed activity to neutralise climate risks and support sustainable development processes within the financial sector is an expression of shared concern for the future of the world and a good example for others.

Probably not without significance is the fact that zero-carbon is achievable at relatively low cost, as the financial sector generates a very limited carbon footprint. Operating within such a framework makes it easier to announce one's own zero-carbon activities and thereby warm up your market image. However, a key role is played by the sensitive position of the financial sector in the economy, which offers the possibility of influencing very large groups of customers. Hence, even under conditions of freedom to conduct business, a snowball effect is possible, in which the initiated actions trigger imitative behaviour, the further spread of which may become the cause of expected changes and the emergence of a new economic or social quality.

The European Union has also joined this trend of making the widest possible group of entities aware of the need to respect the requirements of sustainable development by extending the information obligations of EU companies to include the so-called non-financial reporting. They are aimed at the disclosure of an increasing range of

[4]*For example, on December 12, 2017 eight central banks from Europe, America and Asia took the initiative to create the NGFS sustainability support network – Network for Greening the Financial Sector. After nearly four years of operation, this network has already included 83 central banks and financial supervision institutions as well as 15 institutions acting as observers. The organization's task is – to integrate climate risk into financial stability monitoring and micro-supervision; - inclusion of sustainable development factors in the management of central banks' own portfolios; - supporting the development of a taxonomy of economic activity. https://www.ngfs.net/en/about-us/governance.*

non-financial data by obliged economic operators, so that this data also becomes a permanent element of their investment decisions. Such obligations were imposed by the 2014 NFRD in the form of annual reporting of Environmental, Social, Corporate Governance (ESG) data. Further changes will follow the Sustainable Finance Disclosure Regulation (SFDR), which came into force in March 2021. They concern disclosures relating to the integration of sustainability in the financial services sector, including in relation to its clients. Lack of expected disclosures in non-financial reports can result in impeded access to financing (Błaszczyk, 2020).

Achieving Sustainable Development Goals requires directing capital flows towards sustainable investments. In this context, it is crucial to remove obstacles to the efficient flow of capital towards sustainable investments with an appropriate incentive system. Taxonomy is becoming a key element of this mechanism – a universal classification system to identify sustainable actions (Regulation of the European Parliament and of the Council (EU), 2020/852). It addresses financial market participants offering financial products and financial and non-financial entities listed on the public market, covered by the obligation of non-financial reporting, which should enable investors to reliably analyse and select companies guided by the principles of sustainable development. Other entrepreneurs interested, for example, in obtaining funding for planned sustainable investments from European funds will also be encouraged to use it. The taxonomy is also addressed to the EU Member States which are responsible for providing sufficiently significant funding for sustainable investments and may use it in other areas of internal regulation.

The development of taxonomy supported by regulatory actions and financial incentives from the EU is undoubtedly an important direction of actions strengthening and accelerating the implementation of sustainable development principles. In addition to the accompanying financial costs, new processes require the acquisition of adequate knowledge and competencies, which also entails the operation of appropriately strong incentive systems. The lack of such support automatically becomes a major threat to the implementation of sustainable development. Indeed, the expected long-term benefits may be perceived as inadequate to offset the necessary ongoing outlays and costs associated with the rigours of responsible financing of financial institutions. This in turn opens up space for opposing interests to become active.

The analysis of the powers interested in the implementation of sustainable development, as well as the opposing ones, leads to the conclusion of the need to build the broadest possible support front, including state institutions, financial markets and non-governmental organisations, and to implement global systemic solutions limiting the negative external effects. It must be based on adequate income redistribution systems that provide financial, ongoing support for sustainable development processes. The inclusion of the financial sector with its multi-channel impact capabilities on a diverse customer base is another milestone on the road to implementing sustainability.

4. Opposing Corporate Interests

4.1 The Causative Potential of Transnational Corporations

On the opposite side to sustainable development one finds the activities of actors focused on microeconomic self-interests, which in many cases have achieved a status of high power. The blurring of boundaries between domestic and foreign markets, characteristic of globalisation processes, opens way for the expansion of transnational corporations operating across national borders. Due to the economic and organisational potential, presence in pro-development areas of the economy, ability to exert influence in the international arena, under conditions of progressive liberalisation of capital and commodity flows, they became one of the main interest groups in the global system. As Kordos and Vojtovic (2016) note, transnational corporations are one of the driving forces of international production internationalisation, international trade liberalisation and ultimately world economy globalisation. Due to the development of scientific and technological revolution TNCs are becoming one of the most important and most dominant phenomena.

Transnational corporations are historically a new phase in the management of global enterprises, in which their success is alternated with an enfeebled workforce and degrading role of national governments. The result of these processes is the ever-increasing role and importance of transnational corporations. Their number at the beginning of the 21st century was around 82 000, with a reach of more than 810 000 subsidiaries spread around the world. The number of these corporations has increased by around a third over the first decade of the 21st century alone. More contemporary extrapolations estimate their number to already exceed 100000 (World Investment Report 2009, Jaworek and Kuzel, 2015; Sporek, 2019). This has been facilitated by the technological and organisational progress, enabling new competitive advantages to be exploited.

Communication progress resulting in minimal or even zero cost access to real-time information makes it possible to apply tools for ongoing monitoring and global market intelligence, allowing subordinate units to be managed even from geographically distant headquarters and to discount the benefits of being able to optimise operations on a global scale. Using this competitive advantage, transnational corporations have become major players in globalisation processes. Transnational corporations are present in banking and finance, as well as in manufacturing, agriculture and trade sectors. They produce more than 1/3 of the world's industrial output and about 25% of the world's gross product. They control about 90% of the world's technologies and patents and 70% of world trade (Liberska, 2002; Jaworek and Kuzel, 2015) [5].

Although transnational corporations represent very diverse interests, their economic potential qualifies them as key forces shaping the global economy and the directions of its development. Formed over a long period of international competition, transnational corporations are a response to the qualitative changes that have occurred in the global economy. Thanks to their activity, flexibility and mobility, they can quickly move production from one place to another and effectively influence the economic life of any country. Activities undertaken by transnational corporations are supported by promotional campaigns of their products carried out on a global scale, enabling them to discount economies of scale and further strengthen their international image and brand loyalty.

Centralised leadership and control ensure that uniform quality standards are maintained. Operating on a global scale gives transnational corporations a unique opportunity to allocate individual links of product value creation in the form of research and development, design, production of components and their assembly, marketing, sales network and after-sales service in centres with the best knowledge, experience and the highest ratio of effects to inputs. These links form a network of new contract-based commercial relationships, displacing traditional merchant relationships (Rifkin, 2003; Luttwak, 2000).

The global configuration of a company's activities makes it possible to maximise the value added at each link in the product value creation chain, while local companies have to accept such increases in value as local conditions allow. Potential sources of these benefits include lower transport costs, the possibility to avoid trade charges and barriers, access to cheaper inputs, proximity to local markets. This configuration of transnational corporations' activities indicates at the same time that the basic premise of choices and decisions are not sustainability criteria but efficiency requirements, although these spheres need not be mutually exclusive.

The opportunity of a global configuration of product value creation makes it easier to take advantage of asymmetries in business or environmental protection regulation and to avoid paying for the negative externalities it generates, which are passed on to its weakest participants. This is glaringly obvious, for example, in the area of agricultural production, where only a limited number of developing countries benefit from technology transfer. However, the negative impact of transnational corporations

[5] *Despite such a huge role of transnational corporations, official information on their activities is surprisingly scarce. To fill this gap, OECD launched in 2019 a project to develop a new database – Analytical Database on Individual Multinationals and Affiliates ADIMA), based on open source big data. https://unece.org/fileadmin/DAM/stats/documents/ece/ces/ge.20/2018/mtg2/Item_1._ADIMA_-OECD*

is increasing, particularly in the area of unequal relations between small farms and large customers. Various cases indicate that these corporations, while having the potential to apply environmentally friendly technologies, remain under strong pressure from the owners' expectation of the highest possible productivity [6]. This approach is becoming the subject of growing concern about the long-term effects of intensive farming and its impact on health, biodiversity and water use.

Similarly, the involvement of transnational corporations significantly increases social and political problems whenever they own or control large areas of agricultural land. Although the involvement of transnational corporations in the agricultural production sector in a number of developing countries leads to improved productivity and increased production, there is no evidence to suggest that this involvement leads the developing world to increase primary agricultural production and improve food security (World Investment Report, 2009). These problems are increasingly noticeable also in other areas of transnational corporations' activities, especially in developing countries. The lack of transparency opens the door to partisanship and the use of one's position for extraordinary profits. As Drucker, (2005, p.27) states "we have almost no figures showing the world economy of corporations. Our statistics focus primarily on national economies. In fact, we do not fully understand the essence of the operation and management of the multinational corporation. On what basis, for example, does a pharmaceutical company determine in which country to launch a new drug? How does a manufacturer of surgical instruments decide to enter the US market? Should it buy out its American competitor or rather build its own factory from scratch?".

The situation is even less transparent in the area of environmental protection. The issues of unifying or standardising environmental reporting solutions are still in a state of flux, although towards the end of the second decade of this century, noticeable progress has been made with the implementation of non-financial reporting in the capital market, a rapidly developing taxonomy inspired by the sustainable development goals of Agenda 2030. The conditions of globalisation to date have made it easier for transnational corporations to avoid the costs of negative externalities and to be able to circumvent environmental standards that are inconvenient for them. Globalisation processes, through the elimination of barriers to trade and capital movements, have significantly widened the range of possibilities for the location of production and reduced the associated risks. Under these circumstances, strengthening environmental protection requirements can easily result in capital migration to countries where legal requirements are more lenient. This is also facilitated by the organisation of the production processes themselves, where

[6] *An example is agricultural biotechnology, dominated by several seed companies operating on a global scale, such as the American companies Monsanto, Pioneer, Swiss Syngenta or German BASF. They provide both seed and chemical products – fertilizers and plant protection products. More than half of the global seed sales market belongs to the ten largest international corporations (Stankiewicz, 2012).*

ownership control within the individual links of the product value chain is often replaced by a system of subcontracting or the like as the so-called non-equity modes (NEMs), like contract manufacturing, outsourcing, contract farming, franchising, licensing, contract management, and other forms of contractual relationships. (Pakulska, 2014). Multinational corporations thus avoid the need to commit significant resources to buy out the companies concerned as well as the risks associated with operating in a foreign, different regulatory environment. The asymmetry of market potential is transferred to the level of concluded contracts and their incompleteness and in this way the risk of conducted activity is transferred to contractors, disproportionally to the scope of provided services or remuneration (Bowles and Carlin, 2021). This gives transnational corporations the opportunity to change supplier more quickly and at a lower cost, and thus to further improve or defend their competitive position.

The struggle for orders on the part of subcontracting companies forces them, in turn, to self-limit and exert various forms of local pressure on their cooperants to abandon proposals entailing higher production costs. In conditions of negative externalities and the need to internalise them, such an increase in costs would undoubtedly have to take place, not without affecting the competitiveness of individual operators and their chances of winning or keeping contracts. The domination of the interests of large corporations means that actions taken by local and even national authorities to enforce taxes, labour law or environmental regulations are treated as repressive and the authorities as politically unfriendly and dictatorial. The competitive struggle for profit on the part of large corporations also results in "catastrophe capitalism", where cataclysms, epidemics or wars are used to pursue one’s own particular interests at the expense of local societies and the natural environment (Klein, 2009).

4.2 The Push for Global Concentration

Global competition implies the reallocation of capital and its movement towards sectors and operations with the highest added value, considered and executed on a global scale. In conditions of liberalisation of trade barriers, this opens the way for intensive development of economy and electronic trade, further development of IT applications supported by investments in the R&D. This by no means leads to an elimination of the hunger for capital that exists in many parts of the world, but rather to its reallocation dictated by the principles of manufacturing efficiency and market dominance. Operating in a global dimension determines the scale of projects undertaken, cooperative relations, necessary financing and related capital needs, as well as significantly increases the size of exposure to risk accompanying the activity.

Estimating global demand under conditions of global diversity increases the risk of error. It's cost equals missed global demand. The introduction of a new product involves a number of preparatory costs and also takes time, during which buyer preferences may change or better, more competitive products may emerge. Product competition is therefore also a fight against time. This generates very strong pressure to shorten research and development cycles and, in turn, shorten the life cycles of products and services brought to market, which must wear out quickly to create demand for further models and products. This process leads to the use of more and more natural resources and further pollutes environment with old goods that are already useless or unnecessary. The costs of such a competition are high not only from an environmental point of view.

This is, in fact, the opposite of sustainable development. The tensions and risks generated by these processes in such a situation prompt even the largest competing companies to enter into strategic alliances, as is commonly seen in the automotive or arms industries. In addition to cost savings, they open up access to further markets, technologies and financial resources. At the same time, strategic alliances enable companies to protect their market position by expanding cooperative ties and joint ventures. At the same time, strong pressure is exerted to expand markets by promoting equal conditions of competition, elimination of all kinds of protective barriers together with promotion of value systems, consumption patterns and behaviours that create and perpetuate human needs (Dziewanowska and Kasprzak, 2013). The implementation of new, even more efficient technologies requires the greatest possible flexibility in the choice of factors of production, including labour, enabling the most profitable combination to be used. Large transnational corporations are becoming even more powerful and able to impose on their surroundings the conditions under which they cooperate and do business.

4.3 China at the Centre of Corporate Interests

Entrenched within their geographical boundaries, nation states have little flexibility to take initiatives and respond to the rapid pace of global market change. Transnational corporations, on the other hand, are by their very nature fragmented, modular rather than spatial institutions. They are not linked to any national communities. They pursue their own objectives and interests, answering only to their more or less anonymous shareholders. However, the global map of the distribution of their headquarters is an important signal of the concentration of interests of these companies, as illustrated by the table relating to the 500 largest transnational corporations.

Table 2. *Changes in the TOP GLOBAL 500 list, 2010–2020.*

Pos.	Country	Corporation's Headquarters Location 2010	Corporation's Headquarters Location 2020	New Corporations on the TOP 500 list (over the last 5 years)
1	USA	139	121	11
2	Japan	71	53	1
3	China	46	124	35
4	Germany	34	27	4
5	France	31	31	3
6	G. Britain	30+1	22	3

7	The Netherlands	15	13	1
8	Switzerland	14	14	1
9	Canada	11	13	1
10	Italy	11	10	-
11	South Korea	10	14	3
12	Australia	8	5	1
13	India	8	7	1
14	Taiwan	8	9	1
15	Spain	7	9	1
16	Belgium	6+1	1	-
17	Russia	6	4	-
18	Sweden	5	1	-
19	Brazil	4	5	-
20	Austria	3	1	-
21	Ireland	2	4	1
22	Singapore	2	2	-
23	Denmark	1	1	-
24	Finland	1	1	-
25	Luxembourg	1	1	-
26	Malaysia	1	1	-
27	Mexico	1	4	1
28	Norway	1	1	-
29	Saudi Arabia	1	1	-
30	Thailand	1	1	-
31	Venezuela	1	-	-
32	Turkey	-	1	-
33	Poland	-	1	-

Source: *TOP Global 500, 2021, https://fortune.com/fortune500/.*

The location of the headquarters of the 480 largest transnational corporations points to significant shifts in the global map of corporate interests related to the very dynamic growing position of China with less concentration in the US, Western Europe and Japan. Although they are located in 32 countries, 90% of them are located in the top 10 countries, all of which, apart from Switzerland, belong to the so-called G20. More than half of these corporations reside in the G7 area. There is therefore a surprisingly high fit between the positioning of major corporations and the political and economic positions of the world's most important countries.

In late 2019 and early 2020, there was a change of leadership in the area, with China dethroning the US. Given the dynamics of “feeding” the TOP 500 group with new transnational corporations between 2016 and 2020, with half of the "newcomers" coming from China, it is reasonable to believe that the change in leadership will be permanent. The progressive consolidation of the largest transnational corporations in a country of great developmental disparities is a very serious warning signal as to the effectiveness of measures for the universal implementation of and respect for the principles of sustainable development.

Globalisation with its new opportunities is becoming one of the most important competitive advantages for transnational corporations to cope with demand barriers in changing markets. Microeconomic rationality with its compulsion to minimise costs in the fight against the demand barrier leaves no room for the weaker, less protected. What remains are the strongest – transnational corporations, successively eliminating, as part of their global strategies, further barriers – national, social, demand-related – to their expansion. Breaking down these barriers is also a signal of a further increase in the burden on the natural environment in the form of consumed non-renewable resources and pollution of land, water, air exceeding the assimilative capacity, connected both with production processes and with littering the environment with used and unnecessary old products.

At the same time, the freedom of capital movement makes it possible to avoid these countries and areas where environmental regulations or other state requirements (e.g. labour regulations) are perceived as too restrictive. Thus, transnational corporations effectively protect themselves from attempts to impose non-market, macroeconomic rationality requirements.

5. Profiling Sustainable Ethics

A great support for the interests and actions for the implementation of sustainable development principles may be the related ethics. Conflicts of interest are an immanent feature of the market economy, a source of its development and social change. Not all changes are positive. In a changing environment, progress competes with regression. Globalisation processes are leading to the development of a global social environment. The scope and range of regular contact between people, and consequently ideas and views, which were previously isolated from each other for various reasons, are expanding. Similar consumption patterns and lifestyles are emerging and increasing their reach. The influx of another culture creates a new cultural space (Zdanowski, 2000; Kurkliński, 2016).

Such processes are also taking place in relation to sustainable development, which is a rational response to growing global development problems. Sustainable development in its social scope takes on a specific universal model of human behaviour, its approach to consumption, to the natural environment, to functioning within local and national communities. Underlying this model are universal humanistic values based on responsibility for actions towards oneself and one's environment. This universalism leads to the identification of a global culture and ethic appropriate to sustainable development processes, although a broader social consensus has not yet emerged on this issue[7].

[7] *According to (Klimska and Leźnicki, 2017) the global ethics consistent with the goals of sustainable development consists of such values as the right to life and health, justice, responsibility, solidarity, and moderation. In turn, according to (Singh, 2015), the ethical foundations of the sustainable development goals include: management and responsibility,*

However, an element of such a global ethic may already be the social solidarity shown in protecting all people at risk of humanitarian disaster. It is an open question as to the conditions under which the ethics of sustainable development will become not only a reference point but a key driver of global development processes.

The ethics of sustainable development is also profiled by the relevant features of sustainable development. One of the fundamental ones is diversity, which is also the essence of individual freedom. Sustainable development introduces a large area of normativity in this respect, rejecting solutions that may generate specific external costs in different time horizons. It will also necessarily set the permissible limits of freedom with an ever stronger framework of necessity. These boundaries are defined by functioning, sustainability-related institutions. Globalisation can foster processes of profiling global ethics, including sustainability ethics, thanks to the progress and spread of technology that allows people to communicate and transmit images in real time.

The question, however, is how much significant progress can be made in this area. Cultural change is usually very slow and not linear. As (North, 2014) notes, "when we move (...) to considering the broader implications of culture for the structure, functioning, and change process of society as a whole, we can see that cultural heritage provides artifacts – beliefs, institutions, tools, instruments, technology – that not only play a crucial role in shaping the direct choices of members of society, but also give us the key to the dynamic success or failure of societies over time. In general, the richer the artifact structure, the greater the reduction in uncertainty in making choices at any given time (...). However, if people have extended their control over their environment, they have done so by constantly forging ahead towards the unknown, sometimes they succeed by extending the horizon of their control, and sometimes they fail, with the consequence that their development is stunted, they wither or fall".

Human beliefs, attitudes and behaviours are subject to multiple influences and are not always rational. On a similar level, this applies to the sustainable development model. As Balcerowicz, (2014) states, "we cannot build a useful model of economic change until we understand the process itself. A good model requires first capturing the complex factors that make up the process and then thoughtfully extracting the essential elements. Understanding is a necessary condition, but one that is missing in economists' feverish attempts to build models of economic growth and the process of change. We are still far from fully understanding these processes". Balcerowicz's statement highlights how difficult it is to build an ethics of sustainable development when its economic foundations are not yet fully formed. In a similar vein,

respect for the individual, respect for health and poverty reduction, the account of benefits and obligations, rationality and relevance, cooperation, minimization of damage, solidarity – the obligation to save, fairness and reciprocity, transparency, openness, commitment, accountability and enforceability.

behavioural economics formulates its judgements by pointing out that people are neither omniscient nor egoistic, but are guided by moral sentiment and material interests (Bowles and Carlin, 2021). Lobbying, market manipulation (phishing) are not just a marginal distortion but an inherent feature of the market economy (Akerlof and Shiller, 2017). This cannot be said of a global sustainability ethic based on radically different values.

Global ethics is derived from the emergence and functioning of artefacts that ensure the global community is guided by the principles of sustainability [8]. Its existence can be seen in the official documents and declarations adopted by the international community, together with the activity and opinions expressed by civil NGOs. Does it already offer the possibility of making real changes related to the reallocation of income, capital flows, production methods on a global, or at least national level? The absence of significant changes in the economic sphere does not yet disqualify the process itself, which is developing and encompassing ever wider circles, increasing its critical mass. It is also significant that there are no opposing concepts that could provide a socially attractive alternative to the idea of sustainable development.

Locally strong nationalist movements or protectionist behaviour does not mean underestimating, for example, environmental barriers. Above all, armed conflicts that subordinate all other issues to the requirements of physical security seem to be a real threat. A reduction in global spending on armaments and in the intensity of local conflicts may also be among the important indicators of progress in the implementation of sustainable development principles.

6. Conclusion

One of the main directions of activities related to the observed exacerbation of global development problems is the dissemination and implementation of sustainable development principles. This involves far-reaching changes in attitudes to production, the natural environment, and the need to rebuild consumption patterns. This must disrupt the existing balance of interests and established economic and social relations. The interests of social groups supporting sustainable development have their strong counterbalance in interests based on microeconomic rationality with booming transnational corporations in the lead role.

The implementation of sustainable development principles, in order to be widespread and effective, must be based on the widest possible base of interests identifying themselves and supporting such a direction of change. The state institutions are the most powerful. However, their involvement produces greater and

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[8]*As the former British Prime Minister notes (Gordon Brown, 2009), "we need to rebuild our global institutions in a way that responds to the challenges of our time, I believe that the greatest of these challenges is convincing people to trust that we can build a truly global society based on institutions created on these principles".*

faster results if it occurs under conditions of the widest possible cooperation with NGOs. The positive synergy of these activities is reflected in the sustainability rankings.

Limited effects of historically undertaken measures for dissemination and implementation of sustainable development principles indicate the need for further extension of channels and instruments of impact on the development processes taking place. Financial markets based on broad, diverse customer groups seem to be such a promising area. A convergent approach to the implementation of sustainable development principles can be ensured by the regulated nature of these markets. The taxonomy principles and non-financial reporting obligations currently being adopted in the European Union are important means of ensuring this convergence.

Regulatory measures will be more effective the sooner a social ethic appropriate to sustainable development processes develops. For such an ethic of sustainability to take shape, however, its economic and social foundations must first be formed.

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