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EUROPEAN STANDARDS OF BUSINESS ETHICS AND CORPORATE INTEGRITY AS A FACTOR IN THE GROWTH OF THE CIRCULAR ECONOMY AND THE SUSTAINABLE DEVELOPMENT OF UKRAINIAN ENTERPRISES

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Sheketa Ye. Yu., Kaziuka N. P., Hrytsuliak H. M., Humeniuk V. V., Levandivskyi O. T. European Standards of Business Ethics and Corporate Integrity as a Factor in the Growth of the Circular Economy and the Sustainable Development of Ukrainian Enterprises

This article examines the role of European standards of business ethics and corporate integrity as one of the key factors in ensuring the sustainable development of Ukrainian enterprises in the context of European integration. It is substantiated that the current transformational processes associated with Ukraine's acquisition of candidate status for membership in the European Union, the harmonization of national legislation, postwar economic recovery, and the need to enhance the competitiveness of domestic businesses, require the introduction of modern European approaches to corporate governance based on the principles of integrity, transparency, social responsibility, and environmental sustainability. It has been found that employees' personal ethics, professional ethics, corporate culture, and ethical leadership form a comprehensive system of corporate governance that ensures environmentally responsible corporate behavior, promotes the rational use of natural resources, compliance with environmental protection requirements, and the implementation of sustainable development principles. Particular attention is paid to examining the interrelationship between business ethics, corporate integrity, environmental protection activities, and the introduction of ESG principles, the EMAS environmental management system, the provisions of the European Green Deal, and the circular economy as key components of the modern European model of sustainable development. It has been demonstrated that the integration of European ethical standards into the corporate governance system contributes to increasing the transparency of corporate activities, strengthening investor confidence, fostering corporate social responsibility, introducing environmentally oriented managerial decisions, and building long-term competitive advantages for Ukrainian enterprises. A structural and functional mechanism for implementing business ethics standards and corporate social responsibility has been developed, reflecting the interrelationship between personal ethics, corporate culture, ethical leadership, ethical corporate governance, environmental protection activities, and the promotion of sustainable development. The practical significance of these findings lies in the possibility of applying the proposed provisions to improve corporate governance systems, develop corporate integrity strategies, introducing ESG principles and environmental management, and adapting the operations of Ukrainian enterprises to the current requirements of the European Union, which will help enhance their competitiveness and environmental responsibility and ensure the sustainable socioeconomic development of Ukraine.

Keywords: *European integration; sustainable development; business ethics; corporate integrity; European Union; circular economy; ESG approach; EMAS.*
Fig.: *2.* ***Bibl.:*** *24.*

Sheketa Yevheniia Yu. *– PhD (Economics), Senior Lecturer of the Department of Management in Information Technology, Vasyl Stefanyk Carpathian National University (57 Shevchenka Str., Ivano-Frankivsk, 76018, Ukraine)*
E-mail: *yevheniia.sheketa@cnu.edu.ua*
ORCID: *https://orcid.org/0000-0001-7182-9447*

Kaziuka Nataliia P. *– PhD (Economics), Associate Professor, Associate Professor of the Department of Management in Information Technology, Vasyl Stefanyk Carpathian National University (57 Shevchenka Str., Ivano-Frankivsk, 76018, Ukraine)*
E-mail: *nataliia.kaziuka@cnu.edu.ua*
ORCID: *https://orcid.org/0000-0001-9440-7431*

Hrytsuliak Halyna M. *– D. Sc. (Agriculture), Associate Professor, Head of the Department of the Environmental Protection Technology and Occupational Safety, Ivano-Frankivsk National Technical University of Oil and Gas (15 Karpatska Str., Ivano-Frankivsk, 76019, Ukraine)*
E-mail: *gritsulyaka@ukr.net*
ORCID: *https://orcid.org/0000-0003-2463-4772*

Humeniuk Volodymyr V. *– D. Sc. (Economics), Professor, Professor of the Department of Economic Theory and Competition Policy, State University of Trade and Economics (19 Kioto Str., Kyiv, 02156, Ukraine)*
E-mail: *v.humeniuk@knute.edu.ua*
ORCID: *https://orcid.org/0000-0002-8493-4470*

Levandivskyi Omelian T. *– D. Sc. (Economics), Professor, Head of the Department of Finance, Vasyl Stefanyk Carpathian National University (57 Shevchenka Str., Ivano-Frankivsk, 76018, Ukraine)*
E-mail: *omelian.levandivskyi@cnu.edu.ua*
ORCID: *https://orcid.org/0000-0002-5819-8377*

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Шекета Є. Ю., Казюка Н. П., Грицуляк Г. М., Гуменюк В. В., Левандівський О. Т. Європейські стандарти етики бізнесу та корпоративної доброчесності як чинник розвитку циркулярної економіки та сталого розвитку українських підприємств

У статті досліджено роль європейських стандартів етики бізнесу та корпоративної доброчесності як одного з ключових чинників забезпечення сталого розвитку українських підприємств в умовах європейської інтеграції. Обґрунтовано, що сучасні трансформаційні процеси, пов'язані з набуттям Україною статусу держави-кандидата на вступ до Європейського Союзу, гармонізацією національного законодавства, післявоєнним *відновленням економіки та необхідністю підвищення конкурентоспроможності вітчизняного бізнесу, потребують впровадження сучасних європейських підходів до корпоративного управління, заснованих на принципах доброчесності, прозорості, соціальної відповідальності та екологічної стійкості. Встановлено, що особиста етика працівників, професійна етика, корпоративна культура та етичне лідерство формують цілісну систему корпоративного управління, яка забезпечує екологічно відповідальну поведінку підприємств, сприяє раціональному використанню природних ресурсів, дотриманню природоохоронних вимог і реалізації принципів сталого розвитку. Особливу увагу приділено дослідженню взаємозв'язку між етикою бізнесу, корпоративною доброчесністю, природоохоронною діяльністю та впровадженням ESG-принципів, системи екологічного менеджменту EMAS, положень European Green Deal і циркулярної економіки як важливих складових сучасної європейської моделі сталого розвитку. Доведено, що інтеграція європейських етичних стандартів у систему корпоративного управління сприяє підвищенню прозорості діяльності підприємств, зміцненню довіри інвесторів, розвитку соціальної відповідальності бізнесу, впровадженню екологічно орієнтованих управлінських рішень та формуванню довгострокових конкурентних переваг українських підприємств. Розроблено структурно-функціональний механізм імплементації етичних стандартів бізнесу та корпоративної соціальної відповідальності, який відображає взаємозв'язок між особистою етикою, корпоративною культурою, етичним лідерством, доброчесним корпоративним управлінням, природоохоронною діяльністю та забезпеченням сталого розвитку. Практичне значення отриманих результатів полягає в можливості використання запропонованих положень під час удосконалення систем корпоративного управління, розроблення стратегій корпоративної доброчесності, впровадження ESG-принципів, екологічного менеджменту та адаптації діяльності українських підприємств до сучасних вимог Європейського Союзу, що сприятиме підвищенню їх конкурентоспроможності, екологічної відповідальності та забезпеченню сталого соціально-економічного розвитку України.*

Ключові слова: *євроінтеграція; сталий розвиток; етика бізнесу; корпоративна доброчесність; Європейський Союз; циркулярна економіка; ESG-підхід; EMAS.*

Рис.: *2.* ***Бібл.:*** *24.*

Шекета Євгенія Юріївна *– кандидат економічних наук, старший викладач кафедри менеджменту в інформаційних технологіях, Карпатський національний університет імені Василя Стефаника (вул. Шевченка, 57, Івано-Франківськ, 76018, Україна)*

E-mail: *yevheniia.sheketa@cnu.edu.ua*

ORCID: *https://orcid.org/0000-0001-7182-9447*

Казюка Наталія Петрівна *– кандидат економічних наук, доцент, доцент кафедри менеджменту в інформаційних технологіях, Карпатський національний університет імені Василя Стефаника (вул. Шевченка, 57, Івано-Франківськ, 76018, Україна)*

E-mail: *nataliia.kaziuka@cnu.edu.ua*

ORCID: *https://orcid.org/0000-0001-9440-7431*

Грицуляк Галина Михайлівна *– доктор сільськогосподарських наук, доцент, завідувач кафедри технології захисту навколишнього середовища та безпеки праці, Івано-Франківський національний технічний університет нафти і газу (вул. Карпатська, 15, Івано-Франківськ, 76019, Україна)*

E-mail: *gritsulyaka@ukr.net*

ORCID: *https://orcid.org/0000-0003-2463-4772*

Гуменюк Володимир Володимирович *– доктор економічних наук, професор, професор кафедри економічної теорії та конкурентної політики, Державний торговельно-економічний університет (вул. Кіото, 19, Київ, 02156, Україна)*

E-mail: *v.humeniuk@knute.edu.ua*

ORCID: *https://orcid.org/0000-0002-8493-4470*

Левандівський Омелян Тарасович *– доктор економічних наук, професор, завідувач кафедри фінансів, Карпатський національний університет імені Василя Стефаника (вул. Шевченка, 57, Івано-Франківськ, 76018, Україна)*

E-mail: *omelian.levandivskyi@cnu.edu.ua*

ORCID: *https://orcid.org/0000-0002-5819-8377*

The current stage of development of the Ukrainian economy is characterized by profound transformational processes linked to the russian federation's armed aggression, the country's pursuit of European integration, the digitalization of the economy, and the need to ensure long-term sustainable development. Ukraine's attainment of candidate country status for accession to the European Union has become one of the most important stages in its integration into the European political, economic, and legal space. Along with the harmonization of legislation and the reform of State institutions, the transformation of the corporate sector in accordance with European business principles is of particular importance.

Today, the competitiveness of enterprises is determined not only by economic performance indicators or the level of technological development. In international practice, issues of corporate ethics, integrity, transparent governance, corporate social responsibility, and environmental sustainability are becoming increasingly important. It is precisely these factors that build trust among investors, consumers, international partners, and society at large. For European Union countries, corporate integrity has long been an integral part of the corporate governance system, whereas for Ukrainian businesses, it is gradually evolving from a voluntary practice into one of the mandatory conditions for integration into the European economic area.

The European model of entrepreneurship is based on combining economic efficiency with social responsibility, the rule of law, transparency in business operations, and adherence to high ethical standards. In this context, business is viewed not only as a profit-making entity but also as an active participant in fostering social well-being, ensuring environmental safety, developing human capital, and supporting democratic institutions. This approach aligns with the modern conception of sustainable development, which aims to achieve economic, social, and environmental goals in an integrated manner.

In recent years, European corporate governance standards, the ESG (Environmental, Social, and Governance) approach, principles of proper corporate conduct, anti-corruption mechanisms, and corporate compliance policies have taken on particular significance. In European Union countries, compliance with these requirements increasingly determines whether companies can attract investment, participate in international projects, enter European markets, and collaborate with major international companies. Accordingly, the integration of Ukrainian companies into the EU's single economic area is impossible without adapting the corporate governance system to modern European standards of ethics and integrity.

The russian federation's full-scale military aggression against Ukraine has significantly altered the business environment. The loss of production capacity, disruptions to supply chains, labor migration, a decline in investment activity, and a sharp rise in economic risks have substantially complicated the operations of Ukrainian enterprises. At the same time, it is precisely under wartime conditions that the requirements of international financial organizations, donors, and investors regarding transparency in the use of financial resources, efficient corporate governance, and adherence to principles of integrity have become significantly stricter. Thus, corporate ethics is no longer merely a moral category but has taken on strategic importance as one of the key factors in ensuring the economic resilience of enterprises.

The European Union's policy on the development of sustainable entrepreneurship plays a special role in today's transformational processes. The introduction of new requirements for corporate sustainability reporting, the tightening of environmental standards, and the improvement of mechanisms for corporate responsibility and anti-corruption efforts are shaping a new model of business operations focused on long-term value creation for all stakeholders. For Ukrainian companies, this means not only formally complying with European regulatory requirements but also rethinking their approaches to corporate governance, change and risk management, and engagement with employees, partners, the government, and local communities. At the same time, issues of business ethics are becoming increasingly linked to ensuring the competitiveness of enterprises, as companies with high levels of corporate integrity demonstrate better financial results, attract investment more easily, enjoy higher levels of customer trust, and adapt more effectively to crises. That is precisely why the implementation of European standards of business ethics should be viewed as a strategic tool for ensuring the sustainable development of Ukrainian enterprises, and not merely as one of the requirements of the European integration process. The issue of establishing ethical principles for doing business, corporate integrity, and ensuring the sustainable development of enterprises in the context of European integration is becoming increasingly relevant in both international and domestic academic literature. The growing importance of ESG approaches, corporate social responsibility, compliance, and transparent corporate governance necessitates a rethinking of traditional business models in line with modern European standards.

The theoretical foundations of business ethics and its place in the modern management system have been thoroughly explored in the works of K. Orlova and S. Biryuchenko, who view business ethics as a system of values, norms, and rules of conduct that regulate relationships within an enterprise's internal environment, as well as communication with external stakeholders, and serve as a tool for implementing the conception of corporate social responsibility [1, p. 78].

The issue of developing corporate culture and business ethics, as well as their impact on the efficiency of enterprise management in conditions of global uncertainty, is addressed in the studies by V. Sotnik, O. Gogulya, and V. Voskolupov, who demonstrate that an ethical environment is one of the key factors in enhancing enterprises' competitiveness and their adaptability to contemporary challenges [2, p. 449]. In the foreign scientific literature, H. Al Halbusi, H. Alhaidan, T. Ramayah, and S. AlAbri have made significant contributions to the study of the relationship between ethical leadership and corporate integrity. The authors argued that ethical leadership directly influences the development of employees' ethical behavior, while the organization's ethical climate serves as a crucial mechanism for exerting this influence, underscoring the decisive role of corporate culture in ensuring the integrity and efficiency of modern enterprises [3]. The characteristics of the development of ethical aspects of business culture were studied by V. Reikin, P. Naiduk, and V. Chernya [4], while the ethical principles of doing business in the context of Ukraine's European integration were studied by V. Shevchuk and I. Strilok [5], O. Zarichna and V. Zelich [6], A. Semenchenko, A. Semenchenko and O. Achkasova [7]. The authors substantiate the need to harmonize Ukrainian corporate governance practices with European standards of integrity, transparency, social responsibility, and anti-corruption policy, emphasizing that it is precisely these factors that build investor confidence and facilitate the integration of Ukrainian enterprises into the single European economic space. Y. Gumen and O. Krause explore the issue of developing corporate social responsibility amid the ongoing full-scale war, emphasizing the need to strengthen the role of business in ensuring social sustainability and Ukraine's postwar recovery [8].

I. Kolupaieva and M. Lindahl have made a significant contribution to the study of contemporary approaches to ensuring sustainable development; they have substantiated the role of the circular economy as one of the priority areas for Ukraine's postwar recovery, which will become a key factor in its integration into the European economy [9]. An analysis of the development of the circular economy and the European Union's environmental policy is also presented in the works of M. Friant, W. Vermeulen, and R. Salomone [10], as well as in the European Commission's strategic documents on the resource-efficient economy [11], the European Green Deal [13], and the EU Action Plan for the Circular Economy [12].

A separate area of contemporary research is devoted to the implementation of ESG principles and environmental management, which are the most efficient tools for ensuring the sustainable development of enterprises [14–16]. In particular, I. Semigulina and I. Yaroshenko identify strategic priorities for the development of Ukrainian business based on sustainability, innovation, and the green transition [17], while M. Dzyamulich and Yu. Reikin emphasize the interconnection between digital transformation and the environmental modernization of the economy [18], and T. Kulinich, V. Nahornyi, and O. Ruban believe that the development of green technologies is possible through the implementation of environmental startups [19]. At the same time, an analysis of academic literature indicates that, despite a significant number of studies, issues related to the comprehensive integration of European standards of business ethics, corporate integrity, ESG principles, and sustainable development tools into the strategic management system of domestic enterprises in the context of European integration remain insufficiently addressed in Ukraine. Mechanisms for implementing modern European standards of corporate governance and business ethics, assessing their impact on the competitiveness of enterprises, and developing practical recommendations for Ukrainian companies to adapt to the new requirements of the European economic space require further scientific substantiation.

The aim of this article is to conduct a comprehensive study of the relationship between European standards of business ethics, corporate integrity, and the promotion of sustainable development of Ukrainian enterprises in the context of European integration; to substantiate the role of ethical leadership, social responsibility, and corporate culture in shaping a modern model of responsible business; and to identify the main directions for implementing ESG principles, environmental responsibility, honest corporate governance, and environmental protection activities in accordance with the requirements and standards of the European Union. Particular attention is paid to examining the impact of personal ethics, professional ethics of employees, and corporate integrity on the development of environmentally responsible business behavior, the rational use of natural resources, the preservation of the natural environment, and the assurance of sustainable development in the interests of present and future generations.

The modern conception of sustainable development is based on the recognition that economic growth cannot be achieved at the expense of depleting natural resources, degrading the environment, or ignoring the social needs of society [14, p. 79]. In this context, the issue of ethics takes on a fundamentally new significance, as it ceases to be merely a set of moral norms governing an individual's behavior and instead becomes a fundamental factor in shaping a responsible model of development for the State, business, and civil society. It is ethical values that determine the nature of human interaction with the natural environment, attitudes towards the common good, and the level of responsibility towards present and future generations.

In modern corporate governance practice, increasing attention is being paid to the development of ethical leadership. As H. Al Halbusi, H. Alhaidan, T. Ramayah, and S. AlAbri demonstrate, it is ethical leadership that shapes employees' ethical behavior by creating an appropriate organizational environment and fostering moral identity and corporate culture. Employees tend to emulate the behavior of their leaders; therefore, the personal example set by leadership becomes one of the most important factors in fostering an atmosphere of integrity, trust, and responsibility within the organization [3].

This observation is also highly relevant for Ukrainian enterprises. In the absence of clear ethical standards of conduct for employees and managers, the risk of irresponsible use of natural resources, non-compliance with environmental legislation, a perfunctory attitude towards environmental protection measures, and disregard for the principles of sustainable development increases significantly. If corporate culture does not foster a responsible attitude towards the natural environment, a company often views environmental requirements as additional costs rather than as an investment in its own future. As a result, the anthropogenic pressure on ecosystems is increasing, waste volumes are rising, and the quality of water resources and atmospheric air is deteriorating, which negatively affects public health and the country's economic potential. At the same time, responsibility for environmental protection cannot rest solely with the government or the business sector. Sustainable development is possible only if every individual develops a strong environmental consciousness. A citizen's personal ethics are reflected not only in compliance with laws or moral standards, but also in everyday decisions: the prudent use of water and energy resources, sorting household waste, responsible consumption, and a caring attitude towards forests, natural areas, and biodiversity. It is precisely these daily practices that shape society's environmentally responsible behavior and ensure the practical implementation of sustainable development principles.

In European Union countries, environmental responsibility has long been regarded as an integral component of corporate and civic ethics. The implementation of the European Green Deal [13], the development of the EMAS system [23], the adoption of circular economy principles [12], and modern standards for non-financial reporting demonstrate that environmental protection issues are integrated into economic policy, the system of public administration, and corporate activities. This approach is based on the understanding that the environment is a shared public good, and its preservation is a shared responsibility of the State, business, and every citizen.

This issue takes on particular significance for Ukraine amid the full-scale war that has caused extensive environmental damage: soil and water pollution, the destruction of natural ecosystems, the devastation of forest areas, and the deterioration of air quality. Under these circumstances, postwar recovery needs to be based not only on economic reconstruction but also on fostering a new culture of responsible stewardship of nature – both at the enterprise level and among management and employees (*Fig. 1*). That is precisely why European integration should be viewed as an opportunity not only to modernize the economy but also to establish a new system of social values centered on integrity, responsibility, and respect for the environment – a system that will have an impact not only on sustainable development but also on social and economic outcomes.

An individual's personal ethics are the primary foundation for shaping ethical behavior within an organization. An employee who is aware of their own responsibility for the consequences of their actions carries these values into the professional environment. In turn, corporate ethics creates conditions under which responsible behavior becomes not the exception, but the norm of organizational culture. If a company promotes transparency, zero tolerance for corruption, environmentally responsible production, social partnership, and fair competition, these principles gradually become an integral part of employees' professional identity [15, p. 25].

Thus, a citizen's personal ethics, an employee's professional ethics, and a company's corporate ethics form an interconnected system that constitutes the foundation of corporate social responsibility and ensures the implementation of sustainable development principles.

Only the combination of individual responsibility, ethical leadership, sound corporate governance, and environmentally oriented public policy creates the conditions for conserving natural resources, improving the quality of life for the population, and ensuring the well-being of future generations. That is why fostering a culture of integrity should be viewed not as an additional element of corporate policy, but as a strategic factor in Ukraine's sustainable development in the context of European integration.

Ukraine's European integration is accompanied by a large-scale transformation of the institutional environment, the harmonization of national legislation with the European Union's acquis, and the implementation of modern approaches to corporate governance. One of the key areas of these reforms is the adaptation of Ukrainian enterprises to European standards of business ethics, corporate integrity, and sustainable development. Unlike the traditional approach, in which ethical norms were viewed primarily as an element of corporate culture, the modern European model calls for the integration of ethical principles into strategic corporate management, the managerial decision-making process, internal controls, risk management, and stakeholder engagement [20].

In the context of the single European market, companies are increasingly evaluated not only on the basis of their economic performance but also on the level of transparency in corporate governance, adherence to integrity principles, responsible treatment of employees, environmental policy, and social responsibility. That is why one of the priority areas for the development of Ukrainian business is the implementation of integrated corporate governance systems that meet modern European requirements.

EMAS (Eco-Management and Audit Scheme) holds a special place among modern European tools – it is an environmental management system introduced by the European Commission to help organizations improve their environmental performance (*Fig. 2*).

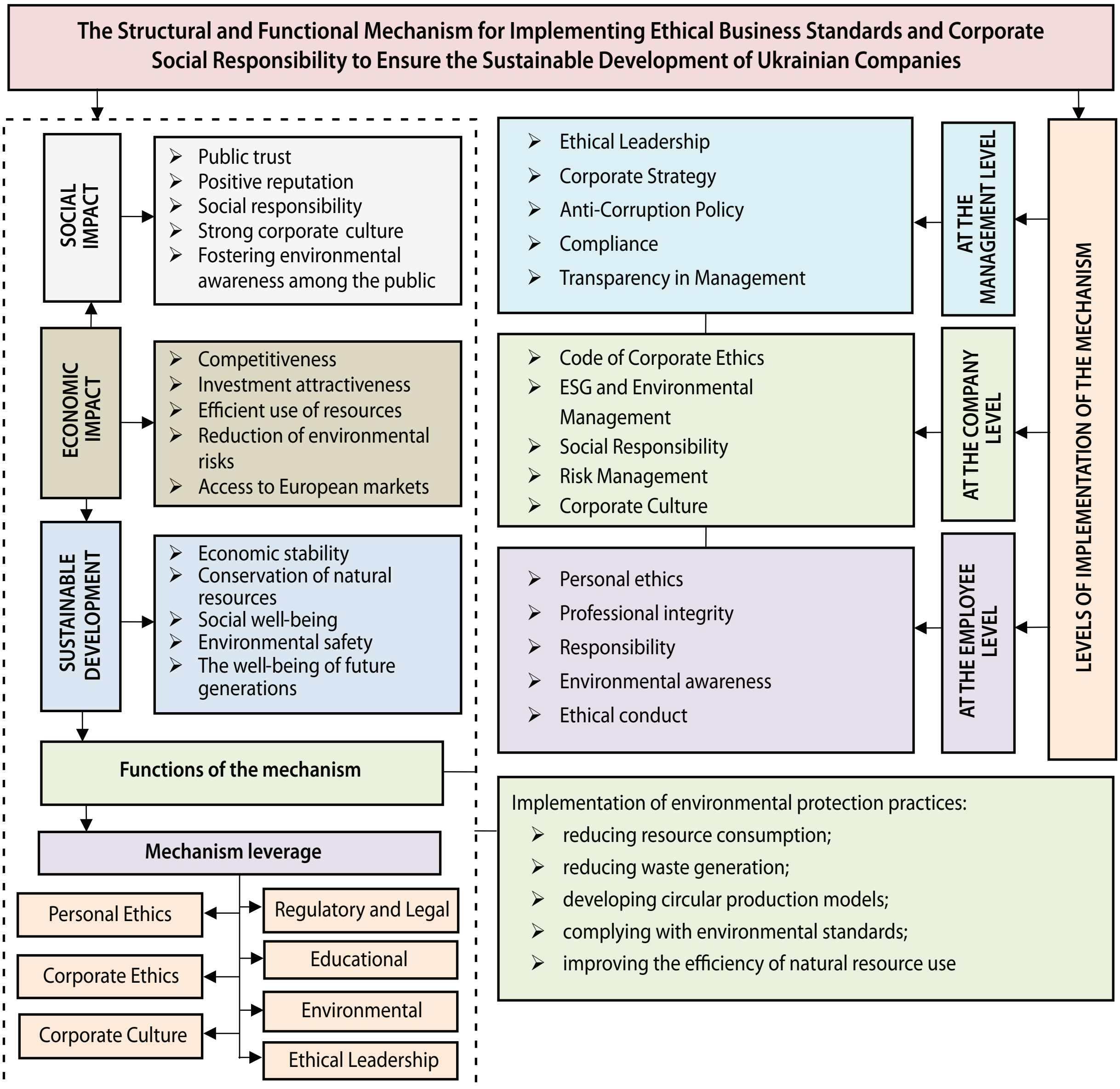

Fig. 1. The Structural and Functional Mechanism for Implementing Ethical Business Standards and Corporate Social Responsibility to Ensure the Sustainable Development of Ukrainian Companies

Source: compiled by the authors based on [2; 5; 10; 16; 22].

Through the EMAS Regulation, this system helps organizations assess, report on, and improve their environmental impact, providing benefits such as energy savings and optimized resource use. This system encourages organizations to strike a balance between environmental responsibility and business success, providing the resources and opportunities to pave the way towards a more sustainable future [23].

In a constantly evolving regulatory context, the Eco-Management Audit Scheme (EMAS) is a verified tool with a step-by-step guide for environmental benchmarking and management [24].

The use of EMAS helps simultaneously increase the competitiveness of enterprises, reduce production costs, and strengthen consumer confidence through the transparency of the environmental policy of the enterprise. These principles are consistent with the conception of sustainable development, according to which economic growth should be achieved without depleting natural resources or degrading the environment. Another key area of corporate governance transformation is the implementation of the provisions of the European Green Deal, which aims to achieve climate neutrality in the European Union by 2050 [13]. For Ukrainian companies, this means a gradual transition to resource-efficient production and the adoption of a culture of efficient use of natural resources, the adoption of resource-saving and safe production and consumption technologies, and the search for more progressive and innovative business models based on

Fig. 2. Five European Commission recommendations on implementing EMAS in small businesses to enhance sustainability and competitiveness

Source: compiled by the authors based on [24].

the implementation of resource – and energy-efficient, environmentally safe engineering solutions – a factor that takes on particular significance during the period of wartime and postwar reconstruction of Ukraine, its regions, and territories [17, p. 10]. As noted by I. Kolupaieva and M. Lindahl, successful integration of Ukraine into the European circular economy is possible only through the simultaneous development of innovation, efficient government regulation, and corporate integrity, which ensures the responsible use of resources and transparency in interactions among all participants in economic processes [9; 21].

We consider that the implementation of international standards for compliance and anti-corruption management is gradually becoming increasingly important in Ukraine. The existence of an efficient internal control system, a code of corporate ethics, a conflict-of-interest prevention policy, whistleblowing procedures, and independent audit mechanisms is increasingly becoming a prerequisite for Ukrainian companies to collaborate with international financial institutions, European investors, and multinational corporations. Such tools help minimize legal, financial, and reputational risks while enhancing the efficiency of the corporate governance system [4; 6; 7].

At the same time, the process of adapting Ukrainian enterprises to European standards of corporate integrity is accompanied by a number of systemic challenges. The main ones include an insufficient level of corporate governance development in small and medium-sized enterprises, limited financial resources for implementing international standards, insufficient awareness among managers regarding modern ESG requirements, imperfect internal compliance mechanisms, and the persistence of certain manifestations of corruption risks. In addition, the full-scale war has significantly complicated the process of modernizing enterprises due to the destruction of production infrastructure, a shortage of investment resources, and the need to prioritize ensuring the economic stability of businesses. At the same time, it is precisely the processes of European integration that create additional incentives for the implementation of modern corporate governance systems. Compliance with the requirements of European legislation, participation in international business support programs, and access to financial resources from the European Union and international financial organizations are gradually shaping a new model for the development of Ukrainian enterprises, in which corporate integrity becomes one of the key factors in ensuring investment attractiveness and sustainable economic and environmental development while preserving biodiversity for future generations.

There is a direct cause-and-effect relationship between business ethics, corporate integrity, and sustainable development: employees' personal ethics shape responsible professional behavior, corporate culture reinforces this as an organizational norm, and ethical leadership ensures the practical implementation of environmentally oriented management decisions. The result is improved efficiency in natural resource use, the implementation of circular economy principles, a reduction in environmental risks, and the assurance of long-term sustainable development for businesses, the region, and the country.

CONCLUSIONS

The study found that, in the context of Ukrainian integration into Europe, business ethics and corporate integrity are evolving from elements of corporate culture into strategic factors that ensure the competitiveness of enterprises, their investment attractiveness, and sustainable development. The harmonization of the national corporate governance system with European standards promotes the dissemination of the principles of transparency, accountability, social responsibility, compliance, and environmental responsibility, which aligns with the current requirements of the European Union regarding responsible business practices.

It is demonstrated that there is a systemic interconnection between employees' personal ethics, ethical leadership by managers, corporate culture, and the efficiency of enterprises' environmental protection activities. Employees' personal responsibility fosters environmentally conscious behavior in their professional activities; corporate ethics enshrines relevant standards in the internal documents of the enterprise; and ethical leadership ensures their practical implementation through the corporate governance system. Together, these elements create the conditions for the rational use of natural resources, the reduction of negative environmental impacts, the development of a circular economy, and the achievement of sustainable development goals.

It has been demonstrated that modern European standards of business ethics and corporate integrity are closely integrated with ESG principles, which combine the environmental, social, and governance aspects of corporate activities. Their implementation ensures an increase in corporate transparency, the development of non-financial reporting, the strengthening of investor confidence, expanded access to international markets, and the creation of long-term competitive advantages for Ukrainian enterprises.

The scientific novelty of this study lies in the development of an original conceptual mechanism for integrating European standards of business ethics and corporate integrity into the sustainable development management system of Ukrainian enterprises. Unlike existing approaches, the proposed mechanism comprehensively combines personal ethics, professional ethics of employees, corporate culture, ethical leadership, ESG principles, and environmental protection activities, revealing their mutual influence on the formation of environmentally responsible corporate behavior, the rational use of natural resources, and the achievement of sustainable development goals.

The practical significance of the results obtained lies in the possibility for government agencies, business entities, institutions of higher education, and other stakeholders to use the proposed theoretical principles and conceptual framework when developing corporate integrity strategies, implementing ESG principles, improving environmental management systems, and aligning the operations of Ukrainian enterprises with modern European standards. The implementation of the proposed approaches will contribute to enhancing corporate environmental responsibility, strengthening corporate culture, promoting the rational use of natural resources, and ensuring the sustainable socioeconomic development of Ukraine in the process of its European integration. ■

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