

International Conference on Research Paradigms Transformation in Social Sciences 2014

Environmental payments and their role in environmental management

Alena Khaperskaya*

Tomsk Polytechnic University, 30, Lenin Ave., Tomsk, 634050, Russia

Abstract

The relevance of creating the effective mechanism of the interaction of enterprises and the authorities is shown in this article. The mechanism includes the mutual contact between industrial corporations and authorities which is directed at solution of the environmental problems. The way of using of environmental payments was analyzed and it allows determining features and the main disadvantages of effective mechanism and making a conclusion of the necessity of changes in the system of environmental management. One of the functions of economic mechanism, which is of incentive nature and which stimulates the concern of both industrial corporations that exert negative influence on the environment, and ecological legislation, is emphasized and analyzed in this article. The role and place of the system of economic opportunities in the stimulating of environmental management are determined in this article. It should be noted, that the environmental payments were described as an instrument of the increasing of the effective use of natural resources. In addition, the necessity of improving this instrument has been substantiated by the development of economic and organization arrangements. Therefore, we will have an opportunity to achieve specific results in solution of problems of the environmental management.

Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license

(<http://creativecommons.org/licenses/by-nc-nd/3.0/>).

Peer-review under responsibility of Tomsk Polytechnic University.

Keywords: Corporate Social Responsibility; the system of social policy; socio-economic development; tools of social responsibility; sustainable development; social development programs; the Strategy of Corporations

1. Introduction

It is important to know, that the development of humanity has a significant impact on the environment. Apart from that, it influences the pollution of the environment and exhaustion of natural resources due to continuous human activity. The irrational use of natural resources will destroy the existing ecological system and influence our present and future generations banefully. To avoid this outcome it is necessary to develop new methods of management, which will ensure a balance between social, economic, ecological conditions and environmental management.

It should be noted that one of the main conditions of ceasing the damage to the environmental is payments. It is directed at stimulating industrial plants to pay attention to their influence on the environment. On the other hand, it gives a positive outcome of the economic condition of the country.

* Alena Khaperskaya Tel.: +7-952-179-9945

E-mail address: khape@mail.ru

The existing system of environmental payments does not provide the necessary concern of the industrial plants in such payments. It is necessary for the government to develop a new strategy. This strategy should be directed at the increase of enterprises' interest and performing the activity in accordance with the prescribed rules and standards.

According to all aspects, described before, we may discuss the importance and relevance of the analysis of the existing system of the environmental payments.

The development of new methods, which would increase the effectiveness of the use of money from ecological payments, is the main goal of this research. There are many problems, which demand solution, therefore it concerns one of the main goals too.

There are many problems which are necessary to solve. For instance:

- To conduct the analysis of the existing mechanism of incentive actions to cause less harm to the environment. Besides, we should underline the main advantages and disadvantages;
- To determine the role and place of environmental management for stimulating industrial plants to do less harm;
- To elaborate the economic system of environmental payments to make it more specific as an instrument of the increase of the effective use of means for the environmental needs.

The system of environmental payments is the object of the research for solution of these problems. The instruments of the increasing of effective use of natural resources are the subject of this research.

There are many economic instruments in the environmental management. The economic assessment of the environmental damage plays the main role in this system of instruments. It is involved in the sphere of planning, preparing and development of management decisions.

Also, the natural resource potential of a country or a region plays the main role in social and economic development.

Often it brings the negative impact. To avoid these consequences and to enhance the development of economy, first, the environmental politic, which will be based on the principles of sustainable development, should be established.

2. The main principles of corporate social responsibility

There are many principles, which we should follow to save resources and create the steady development:

- to create more jobs;
- to contribute to the development of production and human development;
- to create a mutually beneficial relationship with people or corporations who have mutual interest;
- to provide consumers with quality products and services;
- to meet the tax, labor, environmental, and law requirements;
- to take into account the public expectations and common ethical standards in business practice ;
- to contribute to the development of civil society through partnerships and projects of social development ;
- to improve the efficiency of business, which is focused on the creation of economic value and improve national competitiveness for the benefit of shareholders and society .

The most of the Russian corporations have already begun to use the principles of social responsibility in production and economic activity. But, unfortunately, they introduce them not for the benefit of society, but for their own beneficial use. However, there are many companies who are aware of the effectiveness of social policies. In large corporations the social goal expenditures amount up to 17% of the profit.

If you combine the enumerated principles by general terms, the important principles of enterprises in the field of conducting social policy are consistency, openness, avoiding confrontation, significance. The companies, following these principles, often experience great difficulties. This is due to the fact that, in order to implement the principles of corporate social responsibility, the management of the companies need a lot of resources, time and efforts. As a result, they have to distract them from the current challenges and the development of their activity.

Nowadays, our modern businesses frequently lack for conscious decision and a clear understanding that corporate social responsibility of business is not an exception, which has appeared in the existing circumstances. They should

acknowledge that it is the norm, which is derived from the essence of big business corporations. It cannot exist and operate beyond the society because it is a part of this society. Large companies are socio-economic institutions, taking the leading positions in the market economies. The quality of consumer goods and the environment depends on the activities of these companies. They create clusters or large circle of interested people, forming an interdependent system of relations that can either grow your business and maintain, or, conversely, result in inactivity of the company and its further disruption. The availability of socio-economic relations once again confirms that the corporation is an important social institution included in the system of social relations, which largely determine the socio-economic development of various sectors of society, and the whole society if to consider the corporate sector in general. The state and the corporate sector are responsible for the welfare of the whole society.

Many companies publish reports on social activities. However, it is similar to the Company's Charter. As it was mentioned earlier, they use the principles of corporate social responsibility not for the public interest, but directly for their own benefit. In this context, it is possible to consider the employees' accountability and loyalty to the company. Therefore the corporates' accountability to their own employees and the society in general is not fulfilled to its fullest extent. There are many companies of such sort that were mentioned in the previous sentence.

So, following the principles of social responsibility, an organization can maximize their effectiveness in the long term. On the one hand, it motivates to comply with corporate social responsibility, on the other hand, has a positive effect on society in general.

3. The definition of economic mechanism, its main parts, its role in the stimulating of environmental management

The establishment of the new economic mechanism in stimulating the environmental management is the main condition for sustainable development. It should not have a negative influence on the use of natural resources, but provide a sustainable socio-economic development.

In general, the economic mechanism is a system of economic measures to provide the reasonable use of resources and environmental protection, which are provided by regulations.

It is possible to single out the main elements of economic mechanism on stimulation of environmental management:

- measures of economic incentives (subsidies and government grants, tax credits and low-interest loans, accelerated depreciation for energy saving and pollution-control equipment, strengthening of environmental insurance system and the establishment of compensation funds, the introduction of market regulators, such as, for example, selling the rights to trade resources);
- planning of environmental management and protection of the environment (evaluation of the resistance of natural resource potential, integration of all natural and economic norms into one complex for a more balanced use of natural resources potential of the regions);
- financing of environmental saving organizations;
- environmental insurance.

Implementation of all the functions by means of the economic mechanism is the main objective of the environmental law. One of these functions is the economic support of the harmonious exploitation of resources and environmental protection. Its implementation is possible when the economic measures, which are included in the economic mechanism, are being followed.

This function of the economic mechanism should be of an incentive nature and it must be implemented so that it provides the concern of both industrial corporations and the environmental legislation.

There are many economic measures in the environmental legislation, but we will consider only those, which play a stimulating role. For instance:

- 1) payments for the damage caused to the environment and interior of the Earth;
- 2) credit and tax incentives, stimulating measures in the field of nature protection.

The efficiency of the effective mechanism is reduced because of the lack of the accurate system of stimulating.

The system of fines for environmental pollution has not stimulated the measures of nature protection. By that, the responsibility of corporations for the result of their activity was not included in the environmental management.

4. The analysis of improving the effective usage of natural resources

The Federal Law "Environmental Protection" (Article 14) contains the provision of the common tools and methods of economic regulation in the field of environmental management.

There are many instruments of economic regulation, which are described in the Federal Law "Environmental Protection", such as:

- planning of effective use of natural resources and environmental protection;
 - implementation and development of measures for environmental protection;
 - establishment of the payments for negative impact on the environment;
 - establishment of the restrictions on waste disposal, as well as emissions and dumping of pollutants;
 - economic evaluation of the impact of economic and other activities on the environment;
 - providing tax and other benefits when introducing modernized treatment facilities;
 - compensation for inflicting the damage or negative influence to the environment;
- and some other methods of economic regulation in the field of environmental management.

We need to analyze one of the economical instruments for determination and understanding of its main role. These instruments should enhance the effective use of natural resources.

For this research I have chosen the analysis of the instrument, which is called "the environmental payments" or "the established payments for negative influence on the environment".

The payment of corporations for their pollution of the environment is the compensation for their harmful activity.

There are many negative influences from corporations. For instance:

- disposal of wastes;
- dumping of pollutants into surface water and groundwater;
- ejection of the emissions of air pollutants from stationary and mobile sources into the atmosphere.

This instrument of enhancing the efficiency of the use of natural resources is not perfect. The corporations will not use it if it is not beneficial for them. This is due to the fact that such system of payments for the negative influence on environment does not bring any profits to corporations apart from the waste utilization, which were obtained in the process of waste water purification and decontamination of harmful gases emitted into the atmosphere.

Therefore, it is important to eliminate the drawbacks in order to introduce positive changes into the process of safety regulation of the environment in the economic mechanism. In addition, it is necessary to enhance the influence of ecologic legislation on corporation's activity. We should determine the main undertakings for the elimination of these drawbacks. They are the following:

- 1) To fully develop the system of public and private environmental control. It gives the opportunity to determine the real extent of the negative influence on the environment of each specific entity during its economic activity;
- 2) To create the basic legal norms of payments for some kinds of specific negative influences, for example: vibration, electromagnetic and radiation waves, noise. Also, the biological impact has a specific negative influence;
- 3) To enlarge the group of chemical substances, for which the basic legal norms of payments will be established;
- 4) To create the registration of the integral effect of pollutants, including the materials which are dumped by different corporations.
- 5) to assign the existing norms of payments and necessary expenses on environmental protection to different kinds of pollution, considering the changes of macro-and micro-economic development rates.

In other words, all instruments of effective use will give positive feedback only in the case if they are economically sound and beneficial for business entities. We should employ one of the main instruments of the economical stimulating of the harmonious exploitation. This instrument consists of: reasonable and mandatory payments for the negative impact on the environment. Also, this instrument includes the integration of quite real and available system of environmental payments, which will stimulate not only the rational usage of resources, but also improve economic and social conditions, and form the funds of environmental financing.

5. Conclusion

There are many problems, which have not been completely solved today, despite of their importance and relevance to this research. They should be raised, solved, and researched further and more profoundly. Nowadays, the development of legislation lags behind the economic relations. It is the main reason of the insufficient enhancement of the process of environmental protection.

But it is too early to make the negative conclusion. For many years the government has been developing the legislation, which will correspond to the economic measures on providing the harmonious exploitation of natural resources and environmental protection. These measures are provided by legal acts. In addition, the perception and relation of people to the necessity of environmental protection have been changing as well.

The theoretical and practical approaches to the mechanism of the ecological regulation of business activity were analyzed in this article.

It should be noted, that the main role in the economic mechanism belongs to the environmental legislation, economic instruments on environmental protection and ecological law.

The fields of use of the economic evaluation of environmental damage in development, preparation and adoption of business decisions have been identified in this article.

The system of existing ecological payments for pollution of the environment has been analyzed in this research. Also the main disadvantages and ways of improving it have been determined.

In addition, the system of ecological payments, which are directed at stimulating of the reduction of the negative impacts on the environment, has been presented, so that it leads to less pollution, creation of the environmental funds of enterprises and territories.

Analyzing the practical application of the existing mechanism in the management of the rational use of resources, we can make the conclusion about the necessity of improving this mechanism. It should be done by means of the elaboration of economic and organizational measures. And with their help it will be possible to achieve concrete results in solution of the environmental management problems.

The main goal of the economic stimulating in environmental protection is to attract the attention of the business entities, which exert the negative influence on the environment, and to offer them a number of incentives for the implementation of environmental management.

In general, it should be emphasized that the government have to direct the economic stimulating of environmental protection at elimination of the causes of pollution, rather than at the elimination of their consequences. The economic expenditures that are involved in the solution of these problems are increasing every day.

Acknowledgements

The author would like to thank Anna Fedenkova, Natalia Cherepanova for their assistance in conducting of the study. The author thanks the anonymous referees for their constructive and useful comments on the paper.

References

- Aksenova, O.V. (2009) *Law and Industrial Ecology, Zakonodatel'stvo i ekonomika*, no 1
- Babina Ju.V. (2003) *Environmental economics and environmental protection: Tutorial*, Edit. by A.T. Nikitina and S.A. Stepanova. M.: MNJePU, p. 5
- Jastram, Sarah (2007). "The Link Between Corporate Social Responsibility and Strategic Management". CIS Papers No.17. Centre of International Studies, Hamburg, pp. 81-84.
- Rowe, James (2005). "Corporate Social Responsibility as Business Strategy", CGIRS-Reprint-2005-08. Center for Global, International, and Regional Studies, University of California, Santa Cruz. Retrieved on 2008-03-07
- Federal law, dated from 10.01.2002 N 7-FZ (edit. 28.12.2013) "Environmental Protection"