

MISSION AND STRATEGY OF THE COMPLIANCE PROGRAM OF METALLURGICAL ENTERPRISE DEVELOPMENT MANAGEMENT

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*The authors analyze the peculiarities of the macro- and micro-environment in the conditions of martial law in which Ukrainian industrial enterprises are forced to operate and directions for overcoming the crisis in the economy as a result of the war, investigate aspects of the formation of the mission and strategy of the enterprise in the conditions of the need to rebuild the Ukrainian economy and the formation of a compliance program as a tool of minimization risks and ensuring the sustainable development of metallurgical enterprises that are of strategic importance to the state. **The object of the study** is the process of forming a compliance program for an industrial enterprise, in particular a metallurgical one. **The subject of the research** is theoretical approaches to defining the mission and development strategy of a metallurgical sector enterprise using a compliance program, as well as scientific views, ideas, and concepts of domestic scientists on issues of compliance implementation at domestic enterprises. **The purpose of the study** is modern approaches to defining the mission and strategy with the application of the compliance program as the main tool for ensuring protection against risks and maintaining the safety of the operation of the enterprise of the metallurgical sector of the economy and the directions of its further development in the Ukrainian realities in order to obtain competitive advantages and increase the efficiency of the enterprises of this sphere. **The research methodology** is based on scientific generalization, on the application of the dialectical method, genetic approach, scientific abstraction, theoretical provisions of system analysis, methods of economic analysis. The peculiarities of the formation of the compliance program are established, its main stages are formulated, attention is focused on internal audit indicators and so-called indicators of compliance with requirements and control over the achievement of these indicators based on the application of decision support systems using artificial intelligence. As a result of the study, the role, place and connections of the compliance program in the formation of the mission and strategy of the metallurgical enterprise, which are related to the need to assess and minimize risks, are determined.*

Introduction

Ukraine's economy has practically been destroyed as a result of the war, there is no doubt that victory will inevitably come, and the reconstruction of the Ukrainian state has already become the main task for all Ukrainians. In addition, it should be emphasized that the direction of movement is also determined, it is a movement towards the EU and the adoption of European values and management principles in all areas, including the economy. In such conditions, scientists and their research are capable of helping and equipping the nation with relevant theoretical and practical knowledge.

The relevance of compliance research is due to the fact that in modern conditions of the activation of innovative, scientific, technical and information activities, there is a need to build enterprises and management systems, as open

systems, on the basis of compliance with certain rules, norms, standards and requirements of both the internal environment and the external environment in which the enterprise operates.

Why is it so important at this stage? Today, as a result, first – of the pandemic, and then – of the war, we are witnessing fundamental changes in the world order. Globalization is losing its value as a means of reducing costs in value chains precisely because there is a destruction of globalization relations, as a result of the struggle of democracy with authoritarian regimes. The reorientation of existing European markets and the search for new ones can mitigate this destruction, but requires the search for new missions, strategies and goals. The main value of European democracy lies in consistent work, despite all difficulties, to unify all institutions in the direction of key and fundamental aspects, such as the free movement of goods, capital and labor and technology. Therefore, compliance, from this value point of view, corresponds as closely as possible to such criteria.

Compliance with laws, regulations and standards in the area of compliance usually concerns matters such as maintaining appropriate standards of conduct in the market, managing conflicts of interest, treating clients fairly and ensuring a fair approach when advising clients. The scope of compliance also includes specific areas, such as:

- opposition to the legalization of proceeds obtained through crime and the financing of terrorism;
- development of documents and procedures that ensure compliance of the company's activities with current legislation;
- protection of information flows, combating fraud and corruption, establishing ethical standards of employee behavior, etc. [1].

Thus, the object of the study is the process of forming a compliance program for an industrial enterprise, in particular a metallurgical enterprise.

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Such leading scientists as P. Pererva, T. Kobeleva, S. J. Griffith, A. Filippovych, V. Cherepanova, O. Nieizviestna, R. A. Posthuma, M. Mukha, O. Korobkova, M. Novikova, A. Slyusar, and others.

But the question of the role and possibilities of using artificial intelligence in decision support systems to minimize risks, in particular investment risks, has not yet been sufficiently investigated and needs to be improved.

The work of such scientists as M. Meskon, F. Khedoury, I. Ansoff, I. Druker, F. Kotler, G. Mintzberg, M. Porter, A. Thompson, J. Strickland, A. Mazaraki, V. Verba, O. Gaponenko and others.

Such domestic scientists as Yu. Proydak, K. Kovalchuk, D. Kozenkov, A. Amosha and others are devoted to the problems of the development of metallurgical enterprises.

But it is necessary to emphasize the process of forming the mission and strategy based on the principles of compliance, and accordingly, this should be taken into account by the management of the enterprise when building a management and security system at the enterprise.

The study of the use of neural networks was addressed by domestic and foreign scientists: Khikin S., Rudenko O. G., Bodiatsky E. V., Osovsky S. and others. Neural Networks is a fairly flexible product that gives developers a lot of opportunities to achieve specific goals. Questions of application of information-analytical decision-making systems were investigated by both foreign and domestic scientists: S. Bratushka, M. Demidenko, V. Sitnik, S. Subbotin, L. Shavelyov and others. Problems of building an enterprise information system are covered in the works of O. Frolenko, Y. Panuhnik, O. Sokhatska, but improved with the use of intelligent decision support (IDSS) systems based on neural networks is not highlighted [2].

Therefore, the winner in the competition will be the one who can adapt his strategy and mission based on the principles of compliance.

Research methodology

The theoretical and methodological basis of the research under consideration are the scientific methods of economic theory in the field of compliance and strategic planning using an abstract-logical approach in the process of studying economic processes and phenomena, in particular the following:

– *scientific generalization*, when considering the place of the compliance program in the process of strategic planning, through successive actions to bring together specific single facts into a single whole in order to identify typical features and regularities inherent in the phenomenon being studied. The use of generalization,

as a logical process of transition from individual to general or from less general to more general knowledge, allows you to reflect the general features of the strategic planning process at the enterprise and its qualities. The multifaceted types and forms of strategic planning and the inclusion of a compliance program in this process, as a necessary element, presupposes its division into components using generalizing indicators – compliance indicators,

- *a dialectical method*, thanks to which the study examines the economic phenomena of strategic planning with the use of a compliance program at all stages in order to minimize risks in their continuous movement, relationships and interaction, when the accumulation of quantitative changes entails qualitative changes based on change management, and the source of upward development of the enterprise is controlling, which allows specifying and developing a system of enterprise development goals (when determining the place and role of the compliance program in the strategic management of the enterprise),

- *a genetic approach* when studying the macroeconomic environment, world experience and determining the stages of building a compliance program based on the principles of the dialectic of unity and integrity).

- *scientific abstraction*, when applying a compliance program in determining the mission and strategy by using only a part of the set of relevant data about the object and adding to this part some new information that does not directly follow from these data,

- *theoretical provisions of system analysis* when decomposing the activity of the business entity into various subsystems and groups of indicators; when developing a compliance program at the enterprise,

- *methods of economic analysis* involve the imaginary dismemberment of the researched object into its constituent parts (according to various characteristics depending on the goals and objectives of the research), the identification of their internal structure, properties, features, functions, etc. Economic analysis is related to economic synthesis, which consists in determining the relationships between the component parts obtained in the process of analysis and the specified characteristics, their combination and connection into a single whole [3].

Research results

The authors conducted an analysis of the peculiarities of the state of macroeconomic factors of the economy during military operations and in the perspective of its revival, which determine the further process of formation,

adjustment and adaptation of the enterprise's mission and strategy, taking into account the course towards the EU. So, the main features are:

1) the existence of corruption in the country and cases of embezzlement of material resources, as the main factor inhibiting the revival and sustainable development of Ukraine as a whole;

2) the absence of uniform rules, norms, standards and requirements both at the level of enterprises and at the level of the state creates opportunities for the emergence of monopolies, privileged opportunities;

3) a state where there is practically no responsibility for corruption, and certain oligarchic entities operate, when there is no confidence in guarantees of property rights, protection of investors, all this requires immediate reform of the legal and judicial system;

4) there are practically no concepts and programs for the development of industry, its innovative restructuring;

5) inefficient budget policy that does not create incentives and priority directions for the development of Ukrainian enterprises;

6) conditions for the development of business, intellectual entrepreneurship, innovation and capital markets need transparency and improvement due to the reduction of the gap between science and innovation;

7) technological backwardness is observed, which requires increasing efficiency in the field of technology transfer and active participation of the country in international projects on technology exchange and trade;

8) lack of directions for human capital development leads to the outflow of qualified personnel, the quality of professional training of specialists decreases, there is a shortage of specialists in certain specialties, in particular in metallurgy. This leads to a decrease in the motivation of foreign investors to invest in the production capacity, capital and labor force of the country.

But it should be noted that a huge «plus» is that Ukraine, which has become a candidate for the EU, will receive resources for standardization, and in the future will enter the single European market. In such conditions, the way to create compliance programs at enterprises will ensure a soft transition period and allow the country to integrate into the European economic space.

In the Decree of the President of Ukraine «On the Sustainable Development Goals of Ukraine for the period until 2030 [4], the main guidelines for achieving the long-term sustainable development goals for Ukraine until 2030 are provided.

On March 3, 2021, the government approved the revised National Economic Strategy until 2030.

The document defines strategic steps for the development of industry, the agricultural sector, mining, infrastructure, transport, the energy sector, information and communication technologies, creative industries and the service sector. The Strategy also takes into account important cross-cutting areas – digitalization, the «green» course, development of entrepreneurship and balanced regional development.

Among the principles on which the National Economic Strategy is built are European and Euro-Atlantic integration, inviolability of private property, rule of law, intolerance to corruption, free and fair competition, equal access for business [5].

Experts note the correct tasks that were not previously in state programs:

- tax on withdrawn capital;
- launch of the accumulative pension system;
- creation of the International Financial Center;
- capital amnesty;
- transition to medium-term budget planning;
- adjustment of NBU policy: regulation of inflation taking into account stimulation of the economy;
- regulation of the cryptocurrency market;
- stimulation of the market of non-banking financial services;
- support of Ukrainian exporters;
- tax benefits for investors;
- development of industrial parks [6].

Thus, the state has a strategy that serves as a base for all economic entities, it defines values, long-term goals and conditions that allow the enterprise to interpret them into its own values and develop in accordance with them.

It is the mission of the enterprise that determines the values, which then turn into ethical standards. When members of an organization adhere to their ethics, they are, in effect, adhering to these standards.

Managers and compliance specialists are faced with such questions as «Does this policy (mission, strategy) meet regulatory requirements?», which often requires a «yes/no» answer. Therefore, it is extremely important that all personnel in the organization have a thorough understanding of exactly what compliance means. Failure to bridge the gap and effectively communicate compliance requirements between departments and individual performers can lead to inefficiencies and disagreements. And this, in turn, leads to risks of financial losses and legal consequences. However, compliance is more than meeting the requirements of the law. Fulfillment of requirements should be considered, on the one hand, as a necessary minimum for safe work and resistance to external threats, and on the

other hand, as continuous work to meet the needs and expectations of various interested parties and stakeholders. This applies to every performer in the organization, and failure to allocate adequate resources to support compliance can have dire consequences.

As can be seen from Fig. 1, the definition of the mission and strategic planning includes a compliance program, which is based on risk assessment and is included in the information system of the enterprise using a decision support system. Why is it so important not to separate compliance and risk? Because compliance should be seen as an integral part of risk, i.e. compliance management efforts, directly related to associated risks. Risk management, like compliance management, is an ongoing process that requires constant monitoring and evaluation.

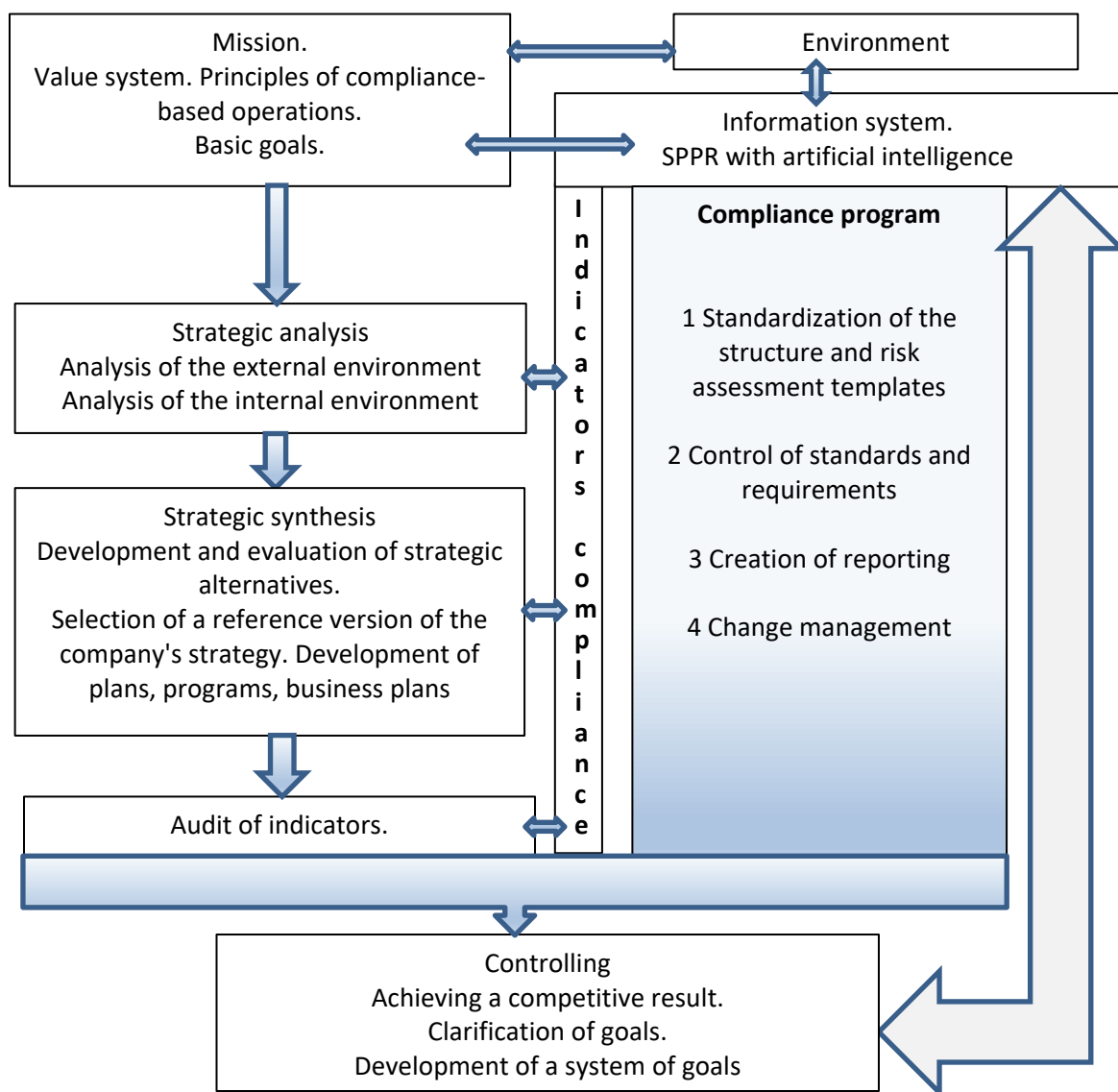


Fig. 1. The place of the compliance program in the strategic planning system of the enterprise* (development of the authors)

Let's consider the essence of the main stages in more detail [7].

1. Standardization of the structure and assessment templates. A carefully curated risk library can categorize risks according to regulatory requirements, helping to prioritize specific areas and optimize required corrective actions. This ensures clarity and objectivity when disclosing information.

2. Control of standards and requirements. It is necessary to link standards and requirements with the appropriate means of control – standards and actions to reduce risks go hand in hand; examining the relationships between them ensures the effectiveness of each control related to compliance efforts.

3. Creation of reporting. Structured reports provide flexibility and efficiency. Dynamic reporting is an integral part of compliance, so it's important to demonstrate that your business is compliant with customized reporting.

4. Change management. The sooner policy adjustments are made in response to changing regulatory requirements, the better. This allows you to quickly notify the appropriate people when changes occur.

The peculiarity of the proposed co-compliance program is that it can be implemented in practice using a decision support system (DSP) based on artificial intelligence with neural networks.

Conclusions

The following results were obtained during the study:

1. The peculiarities of the state of macroeconomic factors of the economy during military operations are analyzed. The main threats are formulated and the ways out and reconstruction of the Ukrainian economy are planned. The National Economic Strategy until 2030 acts as the main factor for overcoming the crisis. Its advantages and directions are analyzed.

2. The essence of the mission is revealed from the point of view of the concept of compliance. The mission of the enterprise is defined as values, which then turn into ethical standards. And compliance with these standards is the main task of implementing the compliance program at the enterprise.

3. Attention is focused on the need to combine such activities as compliance and risk management. Their mutual influence and the need for a comprehensive approach to the implementation of the compliance program are emphasized.

4. A strategic planning scheme using a compliance program has been developed, which allows using the main stages of compliance when formulating a mission, developing a strategy, and allows you to adjust goals and develop

a system of enterprise goals taking into account changes in regulations and standards, based on the achieved indicators.

5. It is emphasized that the internal audit of the achieved indicators is based on the monitoring of compliance indicators, on the basis of which the compliance program can track deviations and violations at all stages of both strategic analysis and strategic synthesis, and thanks to the decision support system built into the information system of the enterprise with artificial intelligence in the form of neural networks, enterprise management can quickly and, most importantly, effectively respond to violations and manage changes in the legislative sphere, standards, regulations and other risks posed by the external environment.

Thus, the study showed that the mission is formulated on the principles of compliance and the development of an appropriate strategy using a compliance program will allow to avoid and prevent the risks of non-compliance and comply with the current legislation in the company's activities, standards of conduct, manage conflicts of interest, treat customers fairly, protect information flows, combat fraud and corruption, which improves the image and reputation of the enterprise.

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