

other losses, not compensating them in the future. Often, economic sanctions are declared without preparation, before the elections with the aim of obtaining the voters support at any price [9], which does not always correctly reflect the country-subject interests to the sanctions introduction in general.

References

1. Sanktsii. Noveishii slovar inostrannykh slov i vyrazhenii [Sanctions. The newest dictionary of foreign words and expressions]. (2003). Minsk: Sovremennyyi literator.
2. Daoudi, M.S., & Dajani, M.S. (1983). *Economic Sanctions: Ideals and Experience*. London.
3. Elliott, R.A., & Hufbauer, G.C. (1999). Same Song, Same Refrain? Economic Sanctions in the 1990s. *American Economic Review*.
4. Braterskii, M.V. (n.d.). Torhovo-ekonomicheskie sanktsii: effektivnost, tsena, problem ispolzovaniia. www.hse.ru. Retrieved from https://www.hse.ru/pubs/share/direct/_document/72243652.
5. Ziring, L., Plano J.C., & Olton, R. (1995). *International Relations: A Political Dictionary*. Santa Barbara.
6. Doxey, M.P. (1997). *International Sanctions in Contemporary Perspective*. Basingstoke.
7. Davis L., & Engerman, S. (2003). Sanctions: Neither War nor Peace. *Journal of Economic Perspectives*, 17(2), 192.
8. Drezner, D.W. (1999). *The Sanctions Paradox: Economic Statecraft and International Relations*. Cambridge.
9. Whaples, R., & Heckelman, J. (2005). Public Choice Economists: Where is the True Consensus? *American Economist*, 49(1), 66-78.

7.2. Innovative compliance of technology to combat corruption

Pererva P.G., Kosenko A.V., Tkachev M.M., Kobieliiev V.M.

The term «compliance» appeared in our country with the arrival of subsidiaries of Western financial structures on the Ukrainian market, for which this function is legislatively necessary and, therefore, well-formed [1-3]. The compliance program is an integral part of the activities of Western industrial corporations, and its main goal is to minimize legal and reputational risks arising from violations of professional and ethical standards. Despite the fact that the term «compliance» is practically absent in the Ukrainian legislation, in the professional environment this concept has long been settled (primarily in the stock market, as well as in banks). In addition, the central bank of Ukraine, without introducing compliance

in business turnover, gradually acquaints the banking community with its elements. Currently, he continues the positive practice of disseminating recommendations based on documents developed by the Basel Committee on Banking Supervision [1].

Questions that are in the sphere of compliance were considered by many scientists, among them Belyaev Y.K. [2], Bondarenko Yu. [3], Kirillov R.A. [4], Malykhin D.V. [5], Shalimova M.A. [6], Khramkin A.A. [7] and others [8-10]. At the same time, the questions of adaptation of the main provisions of compliance to practice of domestic industrial enterprises remain practically undeveloped. This provision determines the importance and urgency of conducting such studies.

Compliance is the correspondence of the concrete actions of the enterprise (organization) as a whole, of a separate collective or employee of any rank to any internal or external requirements (laws, standards, norms, regulations, etc.). Compliance refers to the part of the management / control system in the organization that is associated with the risks of non-compliance, non-compliance with the requirements of legislation, regulatory documents, rules and standards of supervisory bodies, industry associations and self-regulatory organizations, codes of conduct, etc. Such risks can ultimately result in the application of legal sanctions or regulatory sanctions, financial or reputational losses as a result of non-compliance with laws, generally accepted rules and standards.

Compliance with laws, regulations and standards in the field of compliance usually refers to issues such as compliance with appropriate standards of market conduct, management of conflicts of interest, fair treatment of clients and ensuring a fair approach in advising clients. Compliance also includes specific areas, such as: counteraction to criminal proceeds and the financing of terrorism; compliance of the company's activities with the current legislation; protection of information flows; countering fraud and corruption; establishing ethical standards of behavior, etc.

The emergence of compliance is associated with globalization and the internationalization of the world financial system. Given the international and transnational nature of many financial transactions, it can be said that the level of non-financial risks has grown significantly over the past ten years. The ideology of compliance calls to comply with the company's internal policies and procedures and is implemented by creating conditions in which persons representing the organization will act in accordance with high professional and ethical standards.

The Compliance System of an industrial enterprise is a universal recognized international system of counteraction to threats and risk management that ensures compliance of the company's activities with the requirements of state bodies, self-regulating public and other organizations,

compliance with the rules of law, rules, recommendations and standards governing the company's activities.

The purpose of implementing the compliance program of an industrial enterprise is the establishment of effective mechanisms at the enterprise to establish and analyze especially corrupt activities, assess and manage corruption risks, provide comprehensive protection from crisis threats, violations of exclusive rights, corporate ethics.

Implementation of compliance at Ukrainian industrial enterprises opens new opportunities for business development, eliminating or reducing risks, improving the quality of corporate governance in general. Table 7.5 lists the main advantages of the compliance program in industrial enterprises and the consequences for enterprises that do not implement and do not use compliance.

Table 7.5. Advantages of the compliance program of an industrial enterprise

Main advantages of compliance	Lack of compliance
1. Prevention and minimization of financial losses, bankruptcy and sanctions in relation to companies from Ukrainian and foreign regulators	1. Greater likelihood of the use of sanctions by regulators / law enforcement agencies
2. A well-established system for detecting and preventing fraud, corruption and other types of threats to business	2. Costs for consultations and violation of activities in the investigation
3. Preservation and development of business reputation of the enterprise	3. The presence of reputational risks affecting the loss (decrease) in the competitiveness (image) of the enterprise
4. Increasing the efficiency of activities, increasing competitiveness, investment attractiveness and enterprise value	4. Decrease in capitalization opportunities, worsening financial performance, enterprise bankruptcy is not ruled out

In addition to the advantages indicated in Table 7.5, compliance programs allow you to obtain broad additional benefits, the essence of which can be reduced to the following achievements:

- loyalty and consumer confidence, expressed in the stability of consumption of the enterprise's products, expansion of its use and consumption volumes, due to the observance of their interests, protection of rights, honest and fair attitude, clean reputation, long-term profitability and quality of services, taking into account effective compliance risk management;

- trust and interest of the shareholder, investor (partner), expressed in financing the development of the enterprise, due to compliance with their interests and protection of rights (in accordance with the requirements of legislation and internal procedures), corporate governance, clean reputation, good operating results and profit;
- the trust and interest of suppliers, expressed in the provision of discounts and the quality of services (goods), due to the reliability of the company and the professional work of its employees, honest attitude to counterparty obligations, compliance with contractual conditions;
- the trust of employees and society as a whole, expressed in the employees' loyalty to the enterprise and good reputation, thanks to the observance of employees' rights, fair motivational programs and compensation schemes and activities in the field of corporate social responsibility.

Currently, within the framework of the general concept of compliance, there is a significant number of more specific types of it, reflecting a particular area of the enterprise's activities within the overall compliance program (Table 7.6).

In all civilized business community, compliance is actively introduced into the life of business - the anti-corruption policy of the enterprise. This is the development of measures aimed at reducing these or other internal risks, the implementation of which will allow entrepreneurs to manage their business more efficiently, reduce or eliminate costs associated with the negative consequences of "incorrect" behavior of employees, and, most importantly, prevent the occurrence of corruption. The Law of Ukraine "On the Prevention of Corruption", aimed in particular at improving the situation in the field of ethical conduct in small and medium-sized business, introduced as a mandatory norm the participation of legal entities in preventive anti-corruption measures. Even now it can be assumed that Ukrainian legal entities, not having sufficient experience in this matter, face serious difficulties in fulfilling this obligation.

Given the Ukrainian realities, it should be noted that the most popular for this country is quite a new direction - anti-corruption compliance. Ukrainian anti-corruption legislation is in the making, so this kind of compliance is more developed for Western companies that are guided by US or European legislation. In addition, the existence of an anti-corruption program is mandatory for companies participating in state tenders. Another procedure is connected with procurement procedures - compliance of the public sector. And here it is important not just compliance with the law, but compliance with the principles that are laid down in the law.

Table 7.6. Types of Compliance in Compliance with Compliance Risk

Compliance risks	Type of Compliance
Getting bribes by business decision-makers. Bribery of decision-makers at consumer product enterprises. Provision of classified information to third parties for cash consideration or its equivalent Use of the organization's material resources for personal gain or enrichment	Anticorruption
Crimes against the company, involving the company in criminal activities, personal criminal responsibility of managers and members of the board of directors	Anti-criminal
The personal interest of the employee affects (or may affect) the objective performance of his official duties, and in which there is or may arise a contradiction between the employee's personal interest and the legitimate interests of others, capable of causing harm to such legitimate interests.	Conflict
Damage to business reputation, sanctions of state bodies due to violation of the rights of consumers and customers	Reputational (consumer)
Regulations and sanctions of state bodies in connection with violations in the field of corporate governance	Corporate
Violations of antimonopoly legislation	Antitrust
Sanctions for violation of international rules and foreign legislation	International
Tax deductions, financial sanctions and litigation	Tax
Damage to business reputation in the industry business community	Industry
Financial losses and damage to business reputation due to violations of the company in relations with suppliers and partners	Treaty
Prescriptions and sanctions of regional state bodies	Regional
Regulations and sanctions of regulatory bodies	Regulatory
Damage to business reputation due to negative public reaction to the company's activities	Social
Financial losses due to violations of the company in the framework of labor relations with employees of the company	Labor

Citizens of Ukraine have to resort to corrupt practices, even to exercise their legitimate rights. According to statistics, 60.5% of Ukrainians know about cases when bribes were given to make a lawful decision, 47.5% of Ukrainians are aware of cases of bribery for making an unlawful decision [9].

The Ukrainian Institute for Global Development and Adaptation Strategies, based on the data of the study of the level of corruption in Ukraine by the companies Transparency International and the Razumkov Center, summarized the views of Ukrainians on assessing the level of corruption in various sectors and spheres of activity of our country. The dynamics of the values of this indicator for the period 2013-2016. is presented in Table 7.7.

Table 7.7. The level of corruption in various sectors and spheres of activity [9]

Sphere (branch) of activity	Corruption rate indicator, %%		
	2013 year	2016 year	Change rate
	47,3	66,0	+ 18,7 %
Shipboard system	45,4	64,0	+ 18,6
Law enforcement authorities	44,9	56,0	+ 11,1%
State power of the country	40,6	54,0	+ 13,4
Medicine	43,4	53	+ 9,6
The political sphere as a whole	38,3	45,0	+ 6,7%
Political parties	31,5	43,0	+ 11,5
Education	30,2	36	+ 5,8%
The economic sphere of activity of industrial enterprises	19,6	28	+ 8,4 %
Armed forces	15,8	20,0	+ 4,2 %

In the meantime, in Ukraine, it was precisely large-scale pervasive corruption that led to disastrous economic consequences and destabilization of the socio-political situation. According to the study of Transparency International, the most corrupt institutions in Ukraine are the courts, law enforcement agencies, civil servants, the parliament.

According to the research, 68% of Ukrainians are ready to protest against corruption today. About readiness to go out on the street with the protest declare 36% of the respondents. 43% of respondents believe that the level of corruption in Ukraine has increased significantly over the past two years, 74% believe that the public sector is corrupt, and 80% have characterized the government's actions in the fight against corruption as not effective. Only 4% of respondents believe that the state anti-corruption fight has at least some result. At the same time, 83% noted that it is important to have personal contact when dealing with issues in the public sector, and 84% – that the government of the country is run by organizations acting in their own interests.

The paradox is that the most corrupt Ukrainians named exactly those institutions that are essentially called upon to fight corruption, namely: courts (66%), law enforcement bodies (64%), public service (56%), healthcare (54 (53%), political parties (45%), the educational system (43%), business (36%), the military (28%), the media (22%), religious institutions (21%) and public organization (20%).

The growth of mistrust in these areas is provoked by the trend of a sharp increase in bribery, experts say. A significant number of respondents admitted that they paid a bribe when they received services from law enforcement agencies (49%), medical institutions (41%), educational

institutions (33%), land services (25%), registration and permits (22%), courts (21%), tax (18%), utilities (6%). Commenting on the results of the study in Ukraine, the executive director of Transparency International Ukraine stated that the citizens of the country showed the authorities a «yellow card»: «Studies of past years have established that the trust to the church is twice higher than trust in the courts. The current poll revealed that popular moods are deteriorating – 80% think that the actions of the authorities are not effective at all and are sure that several people are controlling the country with an eye on their own interests. Against the background of these disappointing figures, as well as the growing mass discontent of Ukrainians with the actions of law enforcement and judicial bodies, a very serious alarm is the willingness of every third person to go out on the street to defend his rights. The figures show that compliance is an effective measure of combating corruption within each organization and a reliable defense of its interests. The main thing is not to stop there. The card is at risk of becoming red» [10]

At the moment, the methods of countering corruption are only beginning to be actively introduced by Ukrainian companies, however, the organization of the document on the construction of the compliance system never ends. This is a dynamic process: risks change with a change in the scale of the business, with the advent of new types of transactions, with changes in legislation and a competitive environment. And the task of the compliance service is to take these changes into account, restoring its methods of work, reviewing risks and working on ways to enhance the company's corporate culture to a new level.

The technology of anticorruption compliance presupposes the existence of restrictive conditions for certain categories of managers and specialists, as well as individuals to implement the functions of customers and suppliers [7]. The following characteristics are the signs and indicators of the «ideal» anticorruption compliance model.

From the position of socio-psychological factors:

1. Employees of the organization do not have individual socio-psychological signs of «predisposition to offenses».
2. The employees of the organization have a clear and unambiguous negative attitude to corruption.
3. Employee motivation system makes the benefits of corrupt practices incomparably small compared to the benefits received from the organization (in monetary and non-monetary form) in the long-term and short-term perspective.

From the standpoint of technical factors:

1. Modern technical (hardware) and technological means of countering corruption are introduced into the system.

2. The employees are sufficiently competent and professionally trained to effectively apply the available technical (hardware) and technological means of countering corruption.

From a position of regulatory factors:

1. All potentially corruptly dangerous processes of the procurement system are clearly, unequivocally and in detail regulated.

2. The regulations are generally accessible and binding.

3. The staff are sufficiently competent and professional to effectively apply the existing regulations.

From the position of control-repressive factors:

1. All actions related to corruption (misdemeanors and crimes) are clearly and unambiguously identified, their definitions and signs are spelled out in the normative documents. Normally, the responsibility for corruption is fixed.

2. The organization has established and effectively operates a monitoring system and ensures the principle of «inevitability of punishment».

3. Employees know the «anti-corruption» normative acts and there is a system of their regular information about the detected violations.

The dynamics of compliance in various jurisdictions testifies to the consistency and ubiquity of its persecution in various geographic regions, which, on the one hand, contributes to the implementation of the main principle of legal responsibility - the principle of the inevitability of punishment. On the other hand, this shows the consistent formation of a special branch of law, due to the special seriousness and complexity of the nature of the problem, which uses the full range of legal means and, in addition, complicated by the application of specific measures of fiscal, financial and other forms of control. This requires from managers around the world a broad knowledge of national and international law, as well as continuous improvement of the skills of conducting appropriate legal analysis and application of law.

In our opinion, in Ukraine there is no need at the level of legislative regulation to disseminate the experience of credit institutions in building the compliance function for industrial enterprises. This function can be built at Ukrainian enterprises on a voluntary basis, as it is an effective tool for managing legal and reputational risks that arise due to violation of professional and ethical standards, increases the financial stability of the company and the prospects for its presence on the market. All stakeholders are interested in this, including owners, top managers and the state.

Today, compliance throughout the world, and in Ukraine in particular, is becoming more important day by day. In the development and implementation of compliance programs, both owners and top managers

are interested, because usually a violation of mandatory requirements leads to both financial losses of the organization, and sometimes to the liquidation of the organization, to the criminal responsibility of managers.

Working on the creation of a compliance program in an organization must certainly lead to an understanding of its development strategy and success, as it makes it necessary to answer strategically important questions, such as identifying external and internal factors that affect risks, legal restrictions and regulations, judicial decisions, voluntary follow the relevant industry standards. Based on the analysis, compliance policy is being built, a strategic plan and tactics of its implementation are developed, aimed at detailing and addressing compliance risks and achieving compliance goals.

References

1. Basel Committee on Banking Supervision: Compliance and the compliance function in banks (2005). www.bis.org. Retrived from <http://www.bis.org/publ/bcbs113.htm>.

2. Beliayev, Yu.K. (2013). Primenenie instrumentov komplaens-kontrolia dlia optimizatsii korporativnogo upravleniia farmatsevticheskimi kompaniiami [Application of compliance tools to optimize the corporate governance of pharmaceutical companies]. *Izvestiia UrHEU – News of UrHEU*, 1 (45). 45-50.

3. Bondarenko, Yu. (2008). Effektivnoe upravlenie compliance-riskami: sistemnyi podkhod i kriticheskii analiz [Effective compliance-risk management: a systematic approach and critical analysis]. *Korporativnyi yurist – Corporate lawyer*, 6, 31-34.

4. Kirillov, R.A. (2014). Teoreticheskie osnovy upravleniia rehuliatornym riskom v sisteme vnutrenneho kontrolia banka [Theoretical bases of management of regulatory risk in the bank's internal control system]. *Izv. Sarat. un-ta – News of Saratov university*, 4, 628-633.

5. Malykhin, D.V. (2009). Osobennosti orhanizatsii komplaens-kontrolia v rossiiskikh bankakh [Features of compliance control in Russian banks]. *Vnutrennii kontrol v kreditnoi orhanizatsii – Internal control in a credit institution*, 2, 32-36.

6. Shalimova, M.A. (2011). Upravlenie komplaensom: postroenie vzaimodeistviia podrazdelenii [Compliance management: building partition interactions]. *Vnutrennii kontrol v kreditnoi orhanizatsii – Internal control in a credit institution*, 1, 33-36.

7. Khramkin, A.A. (2009). Upravlenie protsessom protivodeistviia korruptsii v sisteme hosudarstvennykh i munitsipalnykh zakupok [Management of the process of combating corruption in the system of state and municipal purchases:avtoref]. Candidate's thesis. Moscow.

8. Pererva, P.H. (2017). Komplaens-programma promyshlennoho predpriiatia: sushchnost i zadachi [Compliance program of an industrial enterprise: the nature and tasks]. Visnyk Natsionalnoho tekhnichnoho universytetu «KhPI» – Bulletin of the National Technical University «KhPI», 24 (1246), 153-159.
9. Komplaens dlia maloho ta serednoho biznesu: yak efektyvno borotysia z koruptsiei [Compliance for small and medium-sized businesses: how to effectively fight corruption] (2015). Proekt USAID «Vpevnenyi biznes – zamozhna Project of USAID «Confident business – Wealthy community». Kyiv.
10. Barometr korruptsii v Ukraine: kazhdyi tretii hotov vyiti na ulitsu [Barometer of corruption in Ukraine: every third is ready to go out]. (n.d.). news.liga.net. Retrieved from http://news.liga.net/articles/politics/874575-kazhdy_tretyi_ukrainets_gotov_vyyti_na_ulitsu_protiv_korruptsii.html.
11. Zakon Ukrainy «Pro zasady zapobihannia i protydii koruptsii» [The Law of Ukraine «On the Principles of Prevention and Counteraction of Corruption». (2011). Vidomosti Verkhovnoi Rady Ukrainy – Bulletin of the Verkhovna Rada of Ukraine, 40.