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Compliance risk management as a key element of international companies' economic security

The paper considers the importance of compliance risk management as a key element of ensuring the economic security of international companies. The main external and internal factors influencing the growth of compliance risks, including legislative changes, cyber threats, geopolitical instability, and growing stakeholder expectations, are investigated. The role of compliance management in shaping the sustainability of companies and their competitive advantages is determined. The necessity of a systematic approach to compliance management in the context of global instability is substantiated.

The increasing complexity of the external business environment due to frequent changes in legislation, globalisation challenges, geopolitical instability, and the rapid development of digital technologies has led to an increase in the impact of risks on the activities of modern enterprises operating in the international market. Internal factors include the complexity of multicultural teams, the mismatch between the level of staff

skills and the modern requirements of technology development, and problems related to ethical behaviour. On the other hand, rising expectations of consumers and partners, as well as increased scrutiny from government agencies and investors regarding ethical business practices, sustainable development, and corporate social responsibility, are forcing companies to introduce changes in their organisation and management.

According to the Allianz Risk Barometer 2025 report, based on a global survey of 3,700 risk management experts from 106 countries, professionals around the world are facing change, increasing complexity and interconnectedness of risks. According to experts, the top five risks include cyber incidents (38%) - ranked first for the fourth year in a row, with data breaches being the biggest risk; business disruption (31%), due to supply chain and IT disruptions and geopolitical tensions, is second; natural disasters (29%) are third, with natural disasters highlighting the need for increased resilience to extreme weather events; changes in legislation and regulation as a result of elections, increased geopolitical tensions and the potential for trade wars; and climate change (19%), which leads companies to focus on decarbonisation strategies, investing in resilience measures and assessing climate risks [1].

As uncertainty increases, risks in business management increase, and companies must proactively address new challenges, maintain transparency, ensure regulatory compliance and exercise responsible stewardship. Compliance with evolving requirements and legal, regulatory, industry or internal standards is a strategic advantage for maintaining competitiveness and long-term success. In a situation where a company is not compliant, it is likely to lose its market position in the long run.

Compliance risks cover possible violations of laws, ethical standards and internal regulations that may result in financial losses, reputational risks or sanctions. The peculiarity of compliance risks is their cascading effect. Initially, a case of non-compliance can lead to fines, then to a loss of stakeholder confidence, which will inevitably lead to reputational and financial losses.

Effective and reliable management of compliance risks helps to meet the expectations of the company's stakeholders, improve its reputation, and reduce the risk of violations.

In 2021, the International Organization for Standardization adopted ISO 37301:2021 'Conformity management system. Requirements with guidance for use'. According to the Standard, 'compliance is an ongoing process and result of an organisation's fulfilment of its obligations'. An effective compliance management system throughout an organisation enables it to demonstrate its commitment to comply with relevant laws, regulations, industry codes and organisational standards, as well as good governance standards, generally accepted best practices, ethics, and societal expectations [2].

The functions of the compliance department, unlike other risk management departments, are to identify potential risks that affect the company's operations, determine the causes of their occurrence, and identify opportunities and ways to prevent and avoid them.

Gartner's research 'Gartner 2025 Leadership Vision for Chief Compliance Officers' highlights three main trends and recommendations that executives should pay attention to in 2025 to increase the positive impact on their organisation and staff development [3]:

Trend 1 – use of data to identify and monitor compliance risks, applying proactive rather than reactive approaches to the risk identification process.

Trend 2 – improving approaches to third-party risk management through improved relationships and cooperation with third parties and access to information throughout the third-party lifecycle.

Trend 3 – investment in staff, external law firms and technology solutions for regulatory compliance, data tracking and analysis.

The economic security of a company depends to a large extent on the effective management of compliance risks and the implementation of an efficient compliance management system. The compliance system is an integral part of organisational, managerial, preventive, and informational measures aimed at protecting the company from internal and external threats. Compliance management helps the company not only minimise risks but also creates conditions for its sustainable development,

especially in the face of uncertainty in the internal and external environment and investment risk.

A compliance risk assessment helps a company understand potential risk options, including the likelihood of a risk event occurring, the reasons for its occurrence and the level of negative consequences. Compliance risks vary significantly by industry, for example, for financial institutions, it is more about combating money laundering, for the IT sector, it is about violations of data protection laws, and for pharmaceutical companies, it is about non-compliance with health and safety requirements.

Thus, the modern business world is facing increasingly complex challenges that require companies to pay increased attention to compliance risk management. Implementation of an effective compliance management system is not only a means of minimising legal, financial, and reputational risks, but also an important factor in ensuring the long-term sustainability and competitiveness of enterprises in the international market. In the context of global instability, increasing regulatory requirements and technological changes, companies must actively adapt their processes, invest in appropriate technologies, staff training, and strengthen cooperation with partners to improve compliance. It is a systematic approach to compliance that allows businesses to mitigate risks, improve stakeholder relations and ensure sustainable development even in a changing environment.

References

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