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**ВОЗМОЖНЫЕ ПРИНЦИПЫ ГРУППИРОВКИ
ЗАИНТЕРЕСОВАННЫХ СТОРОН В ДЕЯТЕЛЬНОСТИ
МЕТАЛЛУРГИЧЕСКИХ (СТАЛЬНЫХ ГРУПП) ДЛЯ ЦЕПЕЙ
УПРАВЛЕНИЯ ТНК**

Аннотация: В статье рассматриваются аспекты теории интернализации, касающиеся детальности заинтересованных сторон в управлении компаний. В частности, анализируются и группируются заинтересованные стороны в металлургических транснациональных корпорациях. На примере одной из крупнейшей сталелитейной и горнодобывающей компании ArcelorMittal проводится группировка заинтересованных сторон. Проводится анализ присутствия группировок

заинтересованных сторон в других крупных корпорациях металлургического сектора, и делаются выводы о необходимости наличия той или иной группы в управлении компаниями.

***Ключевые слова:** заинтересованные стороны, металлургический сектор, транснациональные корпорации, интернализация, глобализация.*

POSSIBLE PRINCIPLES FOR GROUPING STAKEHOLDERS IN THE ACTIVITIES OF METALLURGICAL (STEEL GROUPS) FOR THE MANAGEMENT CIRCUIT OF TNCs

***Abstract:** The article discusses aspects of the theory of internalization concerning the activities of stakeholders in the management of companies. In particular, stakeholders in metallurgical multinational corporations are analyzed and grouped. On the example of one of the largest steel and mining company ArcelorMittal, a grouping of stakeholders is carried out. The analysis of the presence of stakeholder groups in other large corporations of the metallurgical sector is carried out, and conclusions are drawn about the need for a particular group in the management of companies.*

***Key words:** stakeholders, metallurgical sector, transnational corporations, internalization, globalization.*

Internalization theory

The theories of the transnational company are among current economic theories. The explanation of the grounds for a company's expansion outside country borders, and also the creation of direct investment patterns, have a prominent position in them. The “economies of scale” idea highlights the impact of growing production scale when it is transmitted to other nations. Scale economies lower production costs. International enterprises rely on cost-effective manufacturing planning. International firms' technical theory links their rise to the technological

superiority of parent businesses in industrialized nations that maintain control of modern technologies. International firms serve as catalysts for development, facilitating the transfer of new technology from industrialized to developing countries. J. Galbraith emphasized the technological factors for multinational firm development.¹

When national businesses reach a particular scale, the concept of international institution investigates why they tend toward international organization. The study of the multinational firm has taken on new dimensions according to contemporary theories.

The goal of placement theory is to figure out why a company distributes manufacturing of the same item, and consequently capital, throughout many nations rather of concentrating it in one. Availability of cost-effective materials, lower transportation costs, the formation of an export market, the ability to avoid customs restrictions, and so on are some of the causes. International commerce concept is considered as an extension of placement theory. The factors that influence production site are comparable to those that influence global trade expansion.

Furthermore, through the sale of materials, machinery, or supplementary commodities, capital investment can either substitute or encourage trade. P. Buckley, J. Mc Manus, M. Casson, J. Dunning, and others wrote the theory of internationalization, which investigates the issue of intraorganizational linkages of multinational businesses and explains why they are more lucrative than links between separate independent enterprises². This is because it utilizes the manufacturing size of a single major multinational organization rather than multiple small businesses. Furthermore, there is a chance to maintain control over the company's advanced technologies; to more successfully acknowledge the possibility

¹ Шагурин С.В. Экономика транснационального предприятия / С. В. Шагурин, П. Д. Шимко. – Санкт-Петербург: Федеральное агентство по образованию Санкт-Петербургский Государственный Политехнический Университет, Кафедра “Мировая Экономика,” 2008. – 335 с.

² Гэлбрейт Д. Экономические теории и цели общества / Д. Гэлбрейт; Н.Н. Иноземцев, А. Г. Милейковский редакция; В. В. Зотов, В. А. Киров, Т. Л. Клячко перевод. – Москва: Прогресс, 1979. – 406 с.

of vertical integration; and to standardize the process of synchronization of best interest in the execution of agreements, often by utilizing their own supervisors to achieve specific goals.

Stakeholder accountability

In today's competitive environment, stakeholders are astute. They demand better knowledge, not just more, to comprehend how our world is constantly evolving. As expectations rise, so does the demand for greater openness. Organizations must not only report, but also report in ways that are relevant to their stakeholders.³ This entails examining their influence on individuals, the market, the natural environment, science, and concepts, as well as whether these effects have a beneficial or bad influence on the society. Organizations, like ArcelorMittal, are improving their understanding of how to identify the most important consequences, how to assess and convey them, and how to solve them. What is certain is that all stakeholders, from authorities and customers to staff and society organizations, demand good information. In this sense, two-way stakeholder involvement is critical: crucial for developing trust, understanding and adjusting to shifting demands, fostering fresh viewpoints among stakeholders, and guaranteeing that enterprises provide benefit where it is most needed.

Global Value Chains (GVC) are the outcome of the emergence of an international division of labor. GVCs were created in the 1970s as a response to changes in the global economy by multinational corporations. The growth of GVCs led in the emergence of a new global trade arrangement.⁴ The distribution of Transnational Corporations (TNC) manufacturing facilities across nations resulted in a significant expansion in intermediate products and services trade. As a result,

³ Думова Л. Проблема идентификации заинтересованных сторон российскими компаниями в рамках функционирования концепции устойчивого развития (на примере металлургической отрасли) / Л. Думова, А. Уманский // Вестник СибГИУ. – 2017. – Vol. 3. – № 21. – С. 63-69.

⁴ Рогатных Е. Глобальные цепочки добавленной стоимости и их влияние на развитие национальной экономики / Е. Рогатных // Мировое и национальное хозяйство. – 2016. – Vol. 4. – № 39.

60% of global commerce is made up of components. TNCs' primary efforts in GVC are currently focused on high-value-added services. Participants in the GVC receive certain advantages, face various dangers, and must answer a set of tasks. To preserve their effectiveness, TNCs must deal with increased managerial sophistication and invest more in research and development. Government institutions in developed nations should work to improve their creativity and educational standards in order to counteract the negative effects of manufacturing relocation. Local governments in developing nations should be aggressive in developing a positive investment climate and increasing locational factors that serve as prerequisites for economies' access to GVCs. Infrastructure development and local company capability enhancement are critical for increasing involvement and improving their status in GVC.

Problems of regulation of transnational business.

In the 1970s, the process of developing a system of national, bilateral, regional, and worldwide supervision of transnational commerce began.

The endeavor by developing nations to draft and implement a unique Code of Conduct for TNCs inside the UN throughout the 1970s, as well as the restricting state posture of both host and receiving states towards foreign businesses, characterized the decade. According to the engagers' vision. The TNC Code of Conduct was designed to act as an important instrument for managing the domestic and global interests of all parties by establishing a set of norms, standards, and regulations that regulate TNC actions at the global arena. Since the concept of approaches regarding international business evolved in the 1980s, the prolonged process of debating and reconciling the opinions of the parties to the draft Code hampered the efforts of its creators. The MNC Code of Conduct has never been implemented as a consequence. Despite this, a variety of regulation texts were enacted during this time. Among them:

- the OECD endorsed the Declaration on International Investment and Multinational Enterprises in 1976. It includes Guidelines for Multinational Enterprises in its attachment, which match to national laws on monopolies and competition, the declaration's observance is optional;
- the Lomé Conventions on African, Caribbean, and Pacific Cooperation with the EU;
- the Convention on Mutual Promotion and Protection of Investments between the EU and the League of Arab States;
- the Andean Pact Foreign Investment Code, which is obligatory to member nations and represents the notion of transnational corporations (TNCs) being accountable to host country legislation;
- a collection of impartial rules and requirements to regulate TNCs' frequently strict corporate practices;
- a global code on technology transfer that governs modernization, especially through TNCs.

The implementation of these agreements is overseen by various international organizations directly or indirectly related to the activities of TNCs. At the same time, international organizations dealing with TNCs have been established: the UN Commission on TNCs, dealing with the full range of issues related to TNCs; the International Labor Organization's Committee on Multinational Enterprises, which monitors the implementation of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (adopted by the ILO in 1977); the UN Commission on International Trade Law, which, inter alia, deals with the settlement of investment disputes.⁵

Numerous states' initiatives toward MNCs have shifted toward liberalization since the 1980s, which can be clarified by unbiased processes in the modern - day world, such as the NTR's increasing power in all spheres of the global economy, its internationalization, adjustments in society's social system, and the standardization

⁵ Плотников И.В. Особенности формирования и развития российских транснациональных корпораций / И.В. Плотников. – Самара: Самарский Государственный Экономический Университет, 2011. – 163 с.

of activities settled for almost all states. Establishing long-term economic conditions for growth; increased attention to scientific and industrial research; reinforcing the country's economic potential on the premise of deep structural changes; empirical transformation of the country's manufacturing base and enhancing the competitive edge of its goods are among the latter. It's already been introduced to the following in developing countries: budget deficit; ineffectiveness of political and social strategy due to the high ratio of regulatory oversight in the financial system; steady concentration of experience in the proper supervision of foreign investment in the country's economy; new recognition of the purpose of transnational business in the economic system; and the potential of attempting to solve numerous issues of economic growth through cooperation with foreign businesses.

Administrative procedures alone could not fix these problems. As a result, the governmental regulating mechanism was amended to encourage private effort, and the attitude toward foreign monopolies was altered. Mergers and acquisitions legislation was dramatically liberalized in the 1980s. The International Investment Guarantee Agency was established in 1988 with the primary objective of stimulating foreign investment for constructive purposes, particularly in developing nations. Developed countries engage in bilateral investment security treaties with states that are key users of multinational enterprise capital to bolster the social, political, and legislative backing of national TNCs. These accords are notable for promoting bilateral national treatment concepts and the "basic requirement," which refers to the handling of both foreign and domestic businessmen, as well as lowering and decreasing the barriers to foreign TNCs entering the country's economy. National TNCs' operations in overseas markets are promoted not just for the benefit of the TNCs themselves, but also as part of the recipient country's broader international economic strategy, which is aligned with its external trade objectives. The usage of TNCs for the advantage of the home economy has improved the overall effectiveness of the global economy. One of the outcomes of this approach in the United States was a huge rise in capital investment by US TNCs in their own markets. This

approach, along with the development of a shared internal market, has resulted in a rapid increase in MNC mergers and acquisitions, a reorganization of the Western European economy as a whole, and more effective rivalry against American and Japanese MNCs in EU nations. Only Japan's economy operates under a “double standard”: outward development of domestic monopolies is promoted, but international enterprises face several impediments to entry.

ArcelorMittal's case

The rise of developing countries such as Brazil, Russia, China, and India is driving steel demand to unprecedented heights. This is occurring at a time when steel consumption in established countries such as the United States and Canada is declining, highlighting the importance of these new markets in the steel sector's development. This is particularly crucial for ArcelorMittal, as the steel industry's revenue and output leaders. With a vertically integrated growth plan, entering new markets and gaining access to the resources they contain is critical to the company's continued prospects.⁶ Nevertheless, multiple stakeholder groups control these markets and the assets inside them, and their expectations and aspirations are sometimes at odds, but they can jointly decide when ArcelorMittal's plans go through or not. As a result, it is critical that ArcelorMittal connects with these stakeholders early and often, and includes them in decision-making processes, as this will boost the possibility of getting access to information and new markets, as well as a lasting strategic advantage. There seems to be a disconnect between how well ArcelorMittal's present stakeholder engagement tactics are regarded by some stakeholder groups, a perception that, whether justified or not, might jeopardize ArcelorMittal's social license' to function. Following the development of a business scenario for stakeholder engagement, as well as the analysis and discussion of this apparent shortfall and its consequences for the corporation, this study offers

⁶ Postma T. Stakeholder Engagement in the Steel Industry: The key to unlocking the resources and markets of tomorrow, today / T. Postma. – University of Nottingham, 2008.

recommendations that will assist ArcelorMittal in finding specific stakeholder issues and effectively engaging on them, including the following:

- creating a tool for classifying different stakeholders, both globally and locally, and categorizing them according to their relevance to the strategic planning process;
- creating effective, two-way communication strategies for regional and international stakeholder participation;
- formation of additional relationships with NGOs and corporate organizations to learn about existing guidelines for stakeholder involvement, particularly in the mining industry;
- building a good relationship engagement solution that can really give personalised data for certain various stakeholders using the network and internet
- creating an online resource center for ArcelorMittal's Corporate Social responsibility specialists with appropriate knowledge and services for developing and implementing regional stakeholder engagement programs.

ArcelorMittal, as a metallurgical and mining firm, provides a significant contribution to the globe through its services. Steel is said to be the fabric of existence.⁷ It is a critical component of the infrastructure – houses, power, and transport networks – required to improve the living conditions of millions around the world. Despite recent slowing in overall economic growth, the consistent trend of modernization, urbanization, and development in emerging countries will proceed. Steel is required in cities.

In Table 1 below the stakeholders are grouped according to their interests in corporation's management. Usually, relationships with stakeholders are presented in corporations' sustainability reports, ESG reports and integrated reports. Such reports were analyzed together with the materiality matrixes. The following groups were formed: employees, shareholders and investors, consumers, suppliers and contractors, local communities, government and regulatory bodies, industry

⁷ Aliksson S. Steel industry environmental objectives: stakeholder preference assessment using conjoint analysis / S. Aliksson, C.-E. Grip // Ironmaking & Steelmaking. – 2013. – Vol. 40. – № 8. – С. 605-612.

organizations, trade unions. Interest in social awareness has grown in recent years, and the stakeholder criteria has broadened to include additional organizations such as local communities, authorities, and industry bodies. The fundamental duty of a stakeholder is to assist a firm in meeting its strategic priorities by giving their expertise and viewpoint to a project. One's endorsement is critical to a project's success: if they don't like the outcomes, the project may be regarded a loss, even if all of the objectives were completed.

Table 1. Groups of stakeholders

Stakeholders	Group interests
Employees	labor relations; remuneration and social support; training and development; safe working conditions; participation in positive changes at a company level and in the regions of operation;
Shareholders and investors	shareholder value growth; risk management; financial performance; corporate social responsibility;
Consumers	product quality; satisfaction with service; product relevance to changes due to new trends in the industry;
Suppliers and contractors	transparent and fair competitive procedures for the procurement of goods and services;
Local communities	socio-economic development of the regions of operations; favorable environmental situation;
Government and regulatory bodies	implementation of the country's legislation; implementing the initiatives of federal executive authorities; monitoring the situation in the industry and its individual sectors and making proposals to improve the current legislation in its area of competence; dynamic development of a company as one of the country's largest enterprises; implementation of best industry practices; participation in audits by supervisory bodies and timely elimination of detected deficiencies; indirect and direct participation in the development of the regions of operation;

Industry organizations	implementation of joint initiatives; partnerships; participation in conferences and forums;
Trade unions	sectoral agreements and collective bargaining agreements; social packages for employees: social insurance, child benefit, pensions, financial assistance in difficult life situations, the amount of a special- purpose loan.

Table 2 below shows which groups of stakeholders exist in transnational metallurgic companies. We can see that only ArcelorMittal (AM) has relationships with all presented groups of stakeholders. It indicates high professionalism and social awareness in the corporation. Apart from ArcelorMittal only NLMK has trade unions as their stakeholder, which means that this organization cares about labor law and takes into consideration recommendations for various social compensation of its workers. MMK has the least number of stakeholders included. EVRAZ, Severstal and SSAB show the same set of stakeholders' groups, as well as Metalloinvest and Tata Steel.

Table 2. Stakeholder's presence in steel companies

	AM	EVRAZ	NLMK	Metalloinvest	MMK	Severstal	SSAB	Tata Steel
Employees	+	+	+	+	+	+	+	+
Shareholders and investors	+	+	+	+	+	+	+	+
Customers	+	+	+	+	+	+	+	+
Suppliers and contractors	+	+	+	+	+	+	+	+
Local communities	+	+	+	+		+	+	+
Government and regulatory bodies	+	+	+	+	+	+	+	+
Industry organizations	+	+				+	+	
Trade unions	+		+					

As for the conclusion, we can say in order to advance towards a complete steel eco cycle, the manufacturing sector has blended classic approaches such as life - cycle assessment with less traditional ones such as preference analysis. The article discusses how international integration analysis was used to investigate the priorities of different stakeholder groups for four environmental goals: CO₂ emission reduction, non-renewable raw material reduction, non-renewable energy reduction, and product weight reduction, as well as to identify opportunities for improvement in interests between the stakeholders involved. Our findings indicated that there was a variation in choice among stakeholder groups: participants with a strong tie to the steel sector backed all four environmental goals, whereas members of the public and political decision-making groups favored a reduction in CO₂ emission. One of our study's findings is that better communication about the environmental advantages of item weight reduction is needed for clients and the general public.

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