

**Tetiana Kobielieva**, Ph.D., Assistant Professor, National Technical University "Kharkiv Polytechnic Institute" (Kharkiv, Ukraine)

**György Kocziszky**, prof., University of Miskolc (Miskolc, Hungary)

**Mariann Veres Somosi**, prof., Dean, University of Miskolc (Miskolc, Hungary)

## COMPLIANCE-TECHNOLOGIES IN MARKETING

**Abstract.** *The scientometric analysis of the term "compliance" is used in the article, which is used to denote the organization's continuous efforts to comply with all local and foreign laws, regulations and rules applicable to its activities, including its own internal corporate policies and procedures. For many years, compliance has been emphasized solely in industries that are traditionally tightly regulated, such as health care and financial services. However, after the anti-corruption legislation came into force in Ukraine and Hungary, all industries began to be regulated quite rigidly, and for each legal entity (or division) there was a need for strict monitoring of compliance by industrial enterprises with countless existing laws, regulations and regulations. Ultimately, the essence of a reliable compliance program is not only to avoid investigations, but mostly to shape the ethical environment in which the business will prosper. At present, compliance technologies are increasingly being used in the marketing activities of industrial enterprises.*

**Keywords:** *compliance, marketing, program, risks, control, principles, enterprises*

**Introduction.** Compliance is a recognized worldwide system for managing corruption risks. Such risks are most often attributed to the risks of fraud, shadow business, illegal monopolization, raiding, deterioration of reputation, use of official position, illegal enrichment, non-compliance with corporate ethics, violation of intellectual property rights, crisis situations, etc.

Compliance business standards – a key factor that determines the quality of doing business. The reputation of an enterprise affects its customers, employees, determines its potential for development and overall success. An enterprise that demonstrates honesty and firm compliance principles in the production of goods, the provision of services, etc., must adhere to high ethical principles in all aspects of its activities.

In Ukraine and Hungary, compliance risk management practices have come with transnational corporations. Ukrainian and Hungarian enterprises began to implement

compliance codes and standards of business conduct and business ethics to strengthen their positions at the national level and gain access to large global markets. Therefore, in recent years, a large Ukrainian and Hungarian business not only declares, but indeed adheres to the principles of corporate governance, which certainly increases its competitiveness.

At the same time, most business structures still experience difficulties in applying international standards of compliance technologies in various areas of their activity. Only a small part of the leading enterprises in Ukraine and Hungary were able to build a business structure that formally meets international standards of business ethics and is approaching their implementation. Therefore, compliance with technology has a special importance in the marketing activities of enterprises and organizations, since it is marketers who are the primary carriers and creators of corporate reputation of enterprises and organizations in the external and national markets.

**Current situation.** The issues of development and introduction of the use of compliance technologies in the marketing activities of enterprises and organizations in recent years have been the focus of attention of many scientists. Among them are E. Aleshina, M. Aleshin, I. Astrakhanseva, C. Akhunyanova, Yu. Belyaev, Yu. Bondarenko, G. Bortnikov, M. Veres Shomoshi, K. Gregory, O. Danilin, T. Kobielieva, O. Kovalchuk, E. Kolesnikova, D. Kotsiski, E. Kuklin, D. Malykhin, M. Orlova, P. Pererva, E. Pustovalova, G. Starinov, A. Timoshkin, A. Tsiutsyak, V. Cherepanova, M. Shalimova, M. Sharamco et al.

Despite the existence of a certain number of publications on this subject, a number of important ones are still not sufficiently considered. In particular, practically absent studies aimed at solving the problems of effective choice of organizational forms of compliance in industrial enterprises require the development of compliance technologies in marketing activities, compliance monitoring, assessment of compliance risks, and so on. The scientific, practical and educational significance of solving problems related to the implementation of effective compliance in industrial enterprises and determined the relevance of the material outlined in this article.

The aim of the article is to study the essence and tasks of compliance technologies in marketing as a new direction in the economic and managerial activity of enterprises and organizations.

**Statement of the main material.** Compliance (compliance – agreement, correspondence, comes from the verb to comply – to execute) – in translation from the English means action in accordance with the request or instruction; obedience (compliance is an action in accordance with a request or command, obedience). "Compliance" is the

correspondence of specific 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 of non-compliance can ultimately manifest themselves in the form of applying 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: countering the legalization of proceeds from crime and financing of terrorism; development of documents and procedures ensuring the compliance of the company's activities with the current legislation; protection of information flows, countering fraud and corruption, establishing ethical standards of employees' behavior, etc. [Пеperва П.Г. 2017, p.154].

The purpose of introduction of compliance technologies in the marketing activities of an industrial enterprise is the creation of effective mechanisms at the enterprise for establishing and analyzing especially corrupt activities, assessing and managing risks in meeting corruption, providing 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.

The search for new effective enterprise management systems or a complex organization involves the search for permanent innovations in this area. For domestic enterprises, compliance has become so new, which is actively being introduced into all spheres of activity of foreign companies and has actively developed in Ukrainian and Hungarian enterprises. The emergence of compliance in the field of marketing is of a purely practical nature and academic theorists have so far not studied this problem. In the process of making managerial decisions among the tools of risk management and anti-crisis management, not so much financial rehabilitation procedures for commercial organizations become more important than communication measures to prevent, predict and eliminate the

crisis of distrust on the part of the society in the face of regulators, investors, partners, shareholders, customers and so forth.

To implement these communication measures in marketing, you can use a variety of instrumental approaches. In this context, we propose an approach based on reputational compliance in marketing activities. Compliance for any organization should ensure that all existing business processes in the organization comply with all internal policies and procedures that are developed taking into account national legislation and leading international practices. To detail the essence of the communication mechanism of reputational compliance in the field of marketing, it is proposed to apply the model of the reputation system of the organization [Орлова, М.Г. 2015, p.231]. We believe that this model describes, in a graphical way, the mechanisms of interaction between elements of corporate culture, organizational structure, rules and procedures regulated by internal regulatory documents, professional standards that ensure their compliance by all employees in order to maintain business reputation in the target market of the enterprise and in his professional environment. In the proposed model, the reputational compliance system has three conceptual components [Орлова, М.Г. 2015, p.230]:

1. Professional component, reflects the compliance of employees of an industrial enterprise with the standards of professional activity.
2. Communication component, reflects compliance with internal rules and regulations by all employees and top management of the organization);
3. The component of controlling, reflects the fixing of violations and the identification of compliance risks, stimulating the required correspondences in the implementation of business processes).

The professional component is methodological in nature, is the core of the model at all levels of government. The communication component of reputational compliance unites the relationships within the collective within the framework of corporate ethics, which is reflected in styles and traditions, formalized with the help of Codes of Corporate Culture and Codes of Professional Ethics and the honor of the organization. So, the implementation of strategic and operational objectives of business sustainability can be carried out on the basis of a controlling system – information and analytical support for managing business processes, taking into account the movement of financial flows and other resources of the organization. Thanks to controlling, an economic entity has the ability to monitor and control all business processes. An effective compliance system does not limit the opportunities for economic growth and, moreover, does not repel obstacles to them, but, on the contrary, gives the

enterprise confidence in resolving ambiguous or critical situations. Compliance service protects the company from reputational risks, thus opening additional opportunities for its development

Compliance technologies in marketing consider correct and incorrect in terms of compliance actions in marketing. Such actions can be defined in two ways:

- Firstly, on the basis of a systematic study of the ethical aspects of marketing actions and methods;
- Secondly, the application and compliance of compliance technologies in marketing, i.e. standards or norms used in marketing activities in the course of its ethical evaluation.

From the foregoing it follows that compliance technologies in marketing address the ethical issues of marketers. The scope of their consideration includes, for example, ethical issues related to product safety, truthfulness of advertising, fair pricing, level of competitiveness, the presence of corruptive actions, compliance with intellectual property rights, etc. Compliance technologies, in our opinion, are an integral part of conceptual technologies for making marketing decisions in the enterprise.

In our opinion, the compliance code of an enterprise may differ from the moral code of its employees and managers, the environment of the personnel of the enterprise by its greater rigor and precision. In this case, there will be much less disagreement between the personal aspirations of workers of different professional groups and the general goals and objectives of the enterprise in the target market of the enterprise.

Marketing researcher Blythe D. [Блайт Д. 2003, p.87]. offers as compliance technologies in the marketing activities of enterprises and organizations to consider issues of business ethics. Such a statement does not have any fundamental objections, however it requires more precise binding to the main directions of the use of compliance technologies in the marketing activities of the enterprise. In this plan, it is suggested to consider the following marketing activities.

1. The production of goods and their advertising requires honesty. Quite often there are cases when enterprises under the influence of commercial pressure are tempted to use cheaper raw materials or use new additives to make the product acquire other qualities more valuable to consumers. If the marketing service does not inform the consumers about it for any reasons (for example, with the purpose of preserving the trade secret), then compliance risks may arise in the sphere of mistrust of consumers towards the enterprise and its products.

2. For the purpose of more active promotion of marketing, marketing services can use elements of fraud in advertising, for example, use advertising messages that mislead consumers, use manipulative methods of sales and even bribery. Although a certain amount of unfair advertising is acceptable and even expected by consumers, it is completely unacceptable to say a known lie or use ambiguous wording. For example, in the UK in the network of supermarkets "Sainsbury" it was forbidden to sell water "Perrier", because according to the inscription on the label it is possible to draw the wrong conclusion that this water is carbonated by nature, whereas in fact the gas is added to it during bottling [Блайт Д. 2003, p.143]. For some marketers (including "Perrier"), the inscription on the labels was extremely clear and acceptable, for other suppliers and especially for potential water consumers such an inscription looked like a direct deception.

3. The employees of the marketing service, marketers, sellers often encounter compliance conflicts, for example, in such cases, when a dilemma arises: do the buyer explain the error of his idea of the product and as a result miss the opportunity to sell to him this product, or allow the buyer to continue to err in characteristics, properties or quality of the goods and eventually sell the goods. If the seller once deceived the buyer, then in the future it will be increasingly difficult for him to tell the consumer the truth. Ultimately, the buyer will still recognize it and then the consumer will be lost, perhaps forever.

4. In the field of compliance pricing, problems arise in such areas as price collusion, dumping pricing (price setting below the cost price), concealment of the true value of the product in order to bring competitors to bankruptcy. For example, some shops selling optics on busy streets in the city center are silent about the fact that these prices only apply to frames, and lenses need to be purchased for an additional fee.

5. In the marketing of compliance, problems are associated with abuse of power in the management of distribution channels and with non-payment of goods in a timely manner. For example, some stores use contracts, under the terms of which buyers have an unconditional right to return the goods within a certain time. In this case, manufacturers must take back the goods, even if the marriage was not allowed during its manufacture. Such actions are not available to small producers who view these actions as unethical.

Table 1 shows the main advantages of compliance technologies in marketing activities at industrial enterprises and consequences for enterprises that do not implement and do not use marketing compliance technologies.

Table 1 – Advantages of compliance technologies in the marketing program of an industrial enterprise

<b>Advantages of compliance-technologies in marketing</b>	<b>Absence of compliance-technologies in marketing</b>
1. Prevention and minimization of financial losses, bankruptcy and sanctions for enterprises by national and foreign regulators	1. The likelihood of the application of regulatory / law enforcement sanctions to the enterprise
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 of corruption schemes
3. Preserving and developing the business reputation of the enterprise (increasing the brand value of the enterprise and its products)	3. The presence of reputational risks that affect the total or partial loss (decrease) of competitiveness (image, brand) 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
5. Increasing consumer loyalty to the enterprise's products	5. Developing consumers' distrust of the company's compliance with the principles of business ethics
6. Increasing the level of competitiveness of an enterprise, the availability of prerequisites for expanding the markets of an enterprise	6. The appearance of complexities with the preservation of its market share in the target market of the enterprise

*Source:* compiled by the authors using [Пеpepва П.Г. 2017, p.155]

The use of compliance technologies in the marketing activities of enterprises and organizations is a complex process, but objectively necessary. And although some critics believe that many businesses just want to appear honest, decent and ethical, and not be so, even such a position is likely to lead only to a temporary success. It is important that the Kantian principle "treat a person always as a goal and never as a means" is not obsolete, but, on the contrary, has become a classic marketing principle in any country.

**Conclusions and recommendations.** The results of the conducted research allow us to state that the existence of an effective business is impossible without solving the issues of compliance and internal control. Compliance technologies have a special importance in the marketing activities of enterprises and organizations. Effective use of compliance

technologies in marketing allows enterprises to obtain a whole range of benefits, the essence of which is basically the following:

- significantly increases the level of competitiveness of the enterprise and its products;
- improving the business reputation of the enterprise in the target market, the cost, prestige and authority of the company's trademark in the market environment is growing;
- relations with partners (suppliers, consumers, competitors, subcontractors, etc.);
- the level of protection of business from fraud, corruption and other manifestations of violation of business ethics increases.

Studies show that today compliance is not the most common phenomenon in Ukraine and Hungary. Therefore, special efforts are needed to create, disseminate, introduce and use compliance technologies in all spheres of industrial and entrepreneurial activity of enterprises and organizations, to make business more transparent and open.

Ideas of honesty and transparency of business should become part of a business philosophy designed to help develop domestic business, improve conditions for it and promote high standards of business.

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