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e-mail:
Oleksandr.babich.ua@gmail.com

Babich Oleksandr Oleksandrovych
Postgraduate
Fresenius Medical Care, Ukraine
ORCID: 0009-0007-4450-113X

COMPLIANCE – A COMPETITIVE ADVANTAGE FOR UKRAINIAN BUSINESS IN A PROCESS OF EUROPEAN INTEGRATION

Summary: In recent years Compliance became more and more important for businesses globally. Ukraine is not an exception, especially considering the started process of EU integration – new markets and business opportunities will impose more regulations, restrictions and hence – risks. That's why Ukrainian companies should consider implementing compliance functions in their organizational structures as soon ass possible, to make it their advantage on European markets.

Key words: Compliance, Risk, Internal Control, EU, Advantage

To understand the importance of compliance, we need to start with the proper definition of compliance and the understanding of consequences of non-compliance. Compliance in corporate settings entails aligning a company's operations with laws, regulations, and internal policies to mitigate risk and enhance corporate governance. By adhering to these rules, firms can achieve operational efficiencies and maintain their reputation [2]. So, it's an element of the company's internal control system, which aims to protect it from the negative consequences of misbehavior.

Ukrainian companies got used to work in the environment, where they should adhere to local Ukrainian regulations only, but these times are long gone. Large Ukrainian-based businesses have been operating on international markets for years now, which make them a subject to different international laws and regulations, including European, US and other ones, depending on where exactly they conclude their business activity. But even a small or medium scale company, which is only operating on Ukrainian territory, may become a subject of so-called "exterritorial laws". First and foremost, we need to consider anti-corruption laws (like FCPA in US, UKBA in UK or SAPIN II in France), laws imposing international sanctions and data protection laws (like GDPR in EU).

How a Ukrainian company becomes a subject to these regulations? Most of all the listed laws apply the same principles, a legal entity may be held liable for violation if:

1. Company's stocks are listed on a relevant stock exchange;

2. Corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship that has its principal place of

business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States;

3. An illicit payment is concluded in the relevant currency (e.g., US Dollars for FCPA violation);

4. Subject of the illicit agreement is originated from the relevant jurisdiction [1].

In last 20 years number of investigations for such violations increased dramatically, both initiated by US and EU prosecution bodies. Volume of penalties varies from thousands to billions of euros. For instance, an average fine amount only for FCPA violation in 2020 was almost 450 MUSD [7]. Total amount of fines imposed by EU regulator for GDPR violations in 2024 equals to 475 MEUR [4].

Ukraine has already started the process of EU integration, which means to local business, that sooner or later they will get broader access to European markets. That, while brings huge business opportunities – more than 445 million of potential new customers [3], also impose much more obligations in terms of business ethics. Many Ukrainian companies can be very competitive on European market, but can they be fully compliant?

Incorporating of a compliance function will lead to additional expenses for a company, but at the same time it helps business to manage risks in a more efficient way, to make more informed decisions and overall – to bring more sustainability to business, especially if we are talking about heavy-regulated industries, like finance, healthcare, manufacturing, personal data processing etc. Diving a bit deeper into the topic, we may outline the following advantages of introducing a dedicated compliance function within a company's structure:

1. Strengthening reputation;
2. Increasing clients', business-partners and other stakeholders trust;
3. Decreasing the risk of being prosecuted for non-compliant behaviour;
4. Increasing business processes' efficiency [6];
5. Simplified access to raising capital.

Speaking specifically about Ukrainian business, the advantages listed above can and should be supplemented by the following – those domestic companies, which will implement compliance function prior to the full EU integration of Ukraine, won't have to invest time, money, and other resources for that, once they will be granted an access to a huge and solvent market. These companies would be able to get profits from the very first moment, while other will look like underdogs in their attempt to catch up with competitors who have done their homework in advance. Entering a market first allows the company to establish brand recognition and customer loyalty before competitors. This advantage is often crucial, especially in industries where switching costs for customers are high. Early entrants can create a strong association between their brand and the product category, making it harder for competitors to gain market share [5]. Early entry into a market allows a company to control key resources, such as prime distribution channels, best locations, and exclusive partnerships [5].

Hence, compliance function is not only an instrument for risk mitigation, which helps companies to reduce losses (including monetary and non-monetary as well), but also may bring significant benefits, especially while entering new markets.

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JEL O180, R420

e-mail:
o.v.goncharenko@knute.edu.ua
Honcharenko Olena
PhD in Economics
State University of Trade
and Economics, Ukraine
ORCID: 0000-0003-2563-810X

Bosniuk V. S.
1st year student (Master's degree) FMTP
State University of Trade
and Economics, Ukraine

TRANSFORMATION OF LOGISTICS CORRIDORS: PRIORITIES OF PARTNERSHIP BETWEEN UKRAINE AND EUROPE

Summary. The theoretical basis of the concepts of “international logistics corridors” and “international transport corridors” is investigated. The peculiarities of the functioning of logistics corridors in the context of the war between Ukraine and Russia are revealed. The priority areas of cooperation between Ukraine and Europe in the field of logistics and transport are identified.

Keywords: international logistics corridors, restructuring, market, international transport corridors.