Compliance as a Cost-Effective System of Interaction Between Business and Government

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Abstract
At the present stage, it is becoming more and more important for large companies to maintain their own impeccable reputation. Western companies have been introducing and developing compliance systems for quite a long time, and now Russian companies are also concerned about the development of such systems. Compliance strengthens the company’s reputation, which gives it another competitive advantage in the market. The purpose of the article is to study trends and prospects for the development of compliance in Russia, the problems of its implementation in Russian companies. The paper provides a theoretical analysis of the concept and essence of compliance in the activities of companies, the features and components of compliance systems. Compliance systems and the work of compliance services were studied on the example of 50 large companies that were surveyed in March 2020. It was determined that less than half of the companies have such services; the full independence of such services is not always fully ensured; the capabilities of these services to perform compliance functions are not fully used and the most popular area of compliance is anti-corruption compliance. Prospects for further research are related to the study of the development of compliance in Russia, including the introduction of advanced foreign experience in Russian companies. The applied value of the material lies in the systematisation of information on the trends in the development of compliance in Russia at the present stage.

Keywords Business ethics · Legality · Governance · Reputation · Compliance risks

Introduction
At the present stage of development of the business environment, the need to conduct ethical business is dictated by the processes of economic globalisation, as well as by rapidly changing conditions. Trust in business is important for the interaction of the business community and government agencies, as well as for increasing the competitiveness of corporations and enterprises in general (Urusova and Zubachova 2020). In its activities, each company carries certain risks associated with possible non-compliance with the established requirements and rules, which will immediately entail certain sanctions from the authorities and lead to the risk of loss of reputation. The established requirements and rules for the most part relate to such systems of organisations as accounting and control (Boshynda et al. 2020). In turn, the development and implementation of measures, the main direction of which is the formation of responsible behaviour of an organisation in the market and the preservation of its reputation, is one of the mandatory procedures for improving these systems. Haider et al. (2019) believe that the functioning of these systems is possible in the form of outsourcing, internal audit or corporate control within an organisation (business environment), which is determined by the established accounting traditions, business customs, scale, as well as the specifics of business of economic entities. This is also indicated by Karpovich (2018), Konovalova and Kevorkova (2017).

The active processes of economic globalisation contributed to the entry of large foreign companies into the Russian market, which led to the emergence of new methods of...
organising control and accounting in the practice of Russian organisations. Compliance is one such method. It is also necessary to note an increase in relation to regulatory bodies, their powers and resources to ensure the implementation of legislation by business structures. This is mainly due to antimonopoly and anti-corruption violations (Anosov, 2019, p. 1). In this situation, compliance is also a solution to this kind of problem. At the present stage, compliance is becoming an integral part of the organisation’s management system. Since, it is impossible without maintaining a business reputation, without effective management of temporary and financial losses and risks, without observing the rules of market relations and compliance with legislation, to maintain the company’s competitiveness and, accordingly, to enter the international level (world markets). In this regard, the study of theoretical aspects, their expansion and addition regarding the understanding of compliance as a cost- effective system allows identifying the theoretical significance of the study. The study of compliance as a cost-effective system of interaction between business and the state is a rather controversial process that requires deeper development that is due to practical significance.

The emergence of compliance can be held back to the early twentieth century in the United States, which was due to the creation of the FDA—Food and Drug Administration (Agency of the US Department of Health and Human Services). The area of activity of this Agency was the pharmaceuticals and food industry, namely the creation of rules that were to be followed by organisations working in these areas. In this situation, the Agency acted as a regulator of the pharmaceutical and food market. Nevertheless, the main reason for the development of compliance in the United States can be called the scandals that occurred in the second half of the twentieth century, which were based on violations of the rules regarding financial documentation. That led to the adoption of the law—the US Law “Foreign Corrupt Practices Act” 1977 (Filippovich, 2018, p. 225). This law is based on the rules of an organisation’s relationship with government agencies regarding financial and accounting documentation, as well as the requirements for this documentation. It establishes strict control rules. Towards the end of the twentieth century in the United States in other areas of entrepreneurial activity, a number of regulators also appear. An additional document in the framework of regulating the activities of organisations is the “Clarifications on the procedure for the application of criminal punishment for organisations” adopted in the 90s in the United States. The clarifications contain not only the rules of ethical regulation, but also regarding the compliance programme—clear instructions for its creation (later additions were made regarding the knowledge of managers of the basic conditions of compliance programmes). In this direction, whole provisions were introduced (Filippovich, 2018). A significant event in the development of the compliance system in the United States was the signing of the Sarbanes–Oxley Act (which formed the basis of federal securities legislation) in 2002 (Pozner et al., 2019). It was due to the bankruptcy of the Enron corporation, the main reason for which was financial fraud, falsification of documents (Sharamko & Garipov, 2016, p. 100). In this direction, the law was based on the requirements for reporting to regulators, as well as the obligations of organisations to adopt a code of corporate conduct and tightening requirements for financial reporting. This moment was a turning point in relation to the close attention to compliance as a tool. At the same time, it should be noted that with the vastness of publications on the study of compliance, there are not enough practical proposals for its application in Russian practice, as well as insufficient theoretical studies regarding the possibility of its application in Russian companies. So, the purpose of the article is to study trends and prospects for the development of compliance in Russia, the problems of its implementation in Russian companies.

Theoretical Overview

When it comes to compliance regulation, the UK and the US are at the origin. In this situation, these are the “Bribery Act” adopted in the UK as an international compliance act (adopted in 2010), the “Foreign Corrupt Practices Act”, adopted in the United States and also is an international act in the field of compliance (adopted in 1977). Considering compliance within the Russian practice, its application in the banking sector can be discussed. It is in this area that compliance is regulated. However, there is no legislative consolidation of this term. In this context, this is only the stage of formation of this instrument. In the banking sector, one can note the Ordinance of the Bank of Russia, which for the first time fixed the definition of compliance control—No. 603-U “On the procedure for exercising internal control over the compliance of activities in financial markets with the legislation on financial markets in credit institutions” adopted on July 7, 1999. It was from this period that the Bank acted as a regulator and designated the status of the compliance system (Kadysheva, 2019, p. 61).

It is possible to compare the Russian national legal regulation of compliance control and international banking law. The latter gives a broader meaning of this term (Kevorkova, 2020, p. 6), considering it as a control of compliance with financial legislation in general of any credit institution. As for the understanding of Russian national legal regulation, the importance of compliance lies in the quality of understanding it as control over compliance with Russian legislation on the securities and derivatives market—the activities of a credit institution in this market. In this situation,
a certain legal conflict is created due to the discrepancy in the meaning of the term presented in international banking law and regulations of the Central Bank of Russia. A unified interpretation of this term will make it possible to define the concept of using the term “compliance control” in the future and eliminate the contradictions that have arisen. If to consider the Russian business, the first steps towards the implementation of the compliance system are observed in this sector. Such shifts are in the following aspects: the creation of the National Compliance Association with the direct participation of the Russian Federation; various forums are held in this direction; the initiative to create a Russian anti-corruption compliance system was supported; round tables are held to discuss compliance introduction issues.

After Russia acceded to the World Trade Organisation (WTO), the spread to all domestic enterprises and organisations of international norms on the implementation of anti-corruption measures, standards for combating money laundering, terrorist financing and other areas of the compliance system was actualised (Balakin, 2019). In this regard, the belief in the effectiveness of compliance is growing in Russia and at the state level. So, on August 29, the draft law on antimonopoly compliance prepared by the FAS Russia was approved by the Government of the Russian Federation. On September 4, the Government sent the project to the State Duma for consideration. In 2013, the obligation of organisations to take measures to prevent corruption was enshrined at the legislative level (Article 13.3 of the Federal Law of December 25, 2008, No. 273-FZ “On Combating Corruption”) (Uroshleva, 2019).

It should also be noted that the approach of government agencies to inspections of entrepreneurs has transformed. Now it is more risk-oriented. The inspectors are focussed on assessing the implementation of control measures and preventive measures by business entities. An advanced approach to inspections is primarily characteristic of the FAS Russia, which regards compliance as one of the tools to prevent and reduce antitrust risks for companies. Compliance is a system of internal compliance with legal requirements. The introduction of antimonopoly and other types of compliance is focussed on reducing the likelihood of the risk of violations of the law, and, as a result, the application of sanctions is based on the results of inspections of a company by government agencies. However, the entry of compliance into the legal system, as in other legal systems, is difficult. As noted earlier, this is due to a discrepancy in the understanding of terminology (lack of common understanding). In addition, a number of other discrepancies, mainly of a legal nature, can be noted. For example, the presence of an anti-corruption clause, or a compliance clause, which provides for a number of rights and obligations of the parties. In this direction, the task of the Russian law enforcement officer is to build a compliance system in such a way that it is effective and does not serve as another formality in Russian business. In addition, such a problem can be raised as cooperation with law enforcement agencies. In the West, companies, as a rule, try to cooperate with the authorities that conduct inspections, voluntarily submit the required documents, and prove the full compliance of their activities with the requirements. In Russia, law enforcement agencies are not interested in such cooperation and are increasingly relying on forceful methods of obtaining information when investigating such cases.

In practice, different types of compliance can be distinguished, depending on the area to be regulated by measures. Among the most relevant for business are the following: anti-corruption, antimonopoly, criminal law, informational, comprehensive (Usacheva, 2019). Anti-corruption compliance has become a common and fairly widespread phenomenon in the activities of most large companies. Business, realising the degree of danger of corruption risks, began to adopt anti-corruption policies and monitor activities for the presence of such risks and their management. Interest in anti-corruption compliance has grown significantly. In general, it can be noted that compliance is a tool that prevents violations. Compliance can be viewed from different angles. It is possible from the side of a controller when it comes to purely internal rules for monitoring compliance with the norms. It is important for a controller that the law is not violated, and that organisations behave to the maximum extent in accordance with the applicable law. But there is also a business point of view. In this position, compliance is a system that works to improve the efficiency of the entire company, systematically. When a private business implements compliance, it is largely not in order to please a regulator, but in order to minimise the costs associated with supporting interests in litigation when interacting with the authorities, to reduce the number of sanctions (Ovchinikov, 2018, p. 19).

Many large companies develop a standard policy (or several) to control compliance risks. The application of standard policies is becoming traditional for many organisations (Filipovich, 2018), which include the following:

- A code of corporate conduct or corporate ethics, which in relation to the company’s activities includes all its aspects. The code is based on: employee responsibilities, organisation priorities, standards of conduct and moral and ethical principles;

- Regarding conflicts of interest—the policy governing them. The policy is based on ethical standards of conduct in the event of conflicts of interest. In this situation, one can also talk about conflicts when the interests of a client of a company may conflict with the interests of another client, or when the interests of an employee conflict with the interests of a company;
information confidentiality policy—consists in the non-disclosure of this information. Through the policy, an organisation of data storage is formed, compliance with certain standards in their processing, and a general culture of handling data is also formed;

- regarding countering fraudulent activities with proceeds that are obtained illegally and contribute to the development of terrorism. This policy prevents the financing of terrorism and prevents the penetration of criminally acquired income into the real economy. This policy is based on the norms of international law, it is a tool for combating the legalisation of shadow income;

- the policy of interaction with regulatory bodies—is aimed, first of all, at reducing practical difficulties in interaction with regulatory bodies;

- with regard to violations of ethical standards, the policy in this area regulates the procedure for investigating and documenting violations, as well as the procedure for reporting violations;

- policy of accepting and giving gifts. In this situation, the policy regulates the understanding of a gift and a bribe, when a gift becomes a bribe in what situations;

- the policy of the “Wall of China”. It is aimed at creating conditions for fair competition, at preventing conflicts of interest by delineating the information field. In this situation, it can be said that, for example, an employee, having non-public information, can use it to attract additional profit. This policy is designed to prevent such conflicts, at the same time, the construction of an information barrier makes it possible to serve a large number of a company’s clients (Filippovich, 2018, pp. 225–226).

It is worth agreeing with this classification, since the development of these types of compliance and their implementation in the organisation require a different target orientation. The conducted research makes it possible to say that the authors highlight such aspects of compliance as: theoretical and practical, the ethical aspect of compliance (standards enshrined in the organisation’s internal norms), and the legal aspect (when the organisation’s activities comply with regulations and legislation in general).

**Literature Review**

Compliance issues as a cost-effective system have recently received considerable attention. It is worth noting the work of the authors Burby et al. (1998), which focuses on research on improving compliance for local government. It is also necessary to note the work of the authors Governatori et al. (2008), which studies the definition of compliance for business process models using semantic annotations. Among Russian authors, it is worth noting the works of Karpovich (2018), Konovalov and Kevorkova (2017), Balakin (2019), Bondarenko (2008) and others. Special attention deserves the work of Kevorkova (2020), which is devoted to the study of the conceptual provisions of compensation as a form of internal control in economic entities. It should be noted that to date, there is no consensus on the definition of compliance. So, Burby et al. (1998) understand compliance as the fulfilment of requirements by economic agents. These requirements were adopted appropriately by the legislature. Governatori et al. (2008) see compliance as conformity with the regulated requirements of the business processes of an economic entity. These requirements govern the organisation’s business processes (each) both within an organisation and at the legislative level. It is worth noting the definition of compliance given by Bondarenko (2008), which is understood as a part of the corporate culture, where there should be compliance with the standards for the performance of their duties by each employee. These standards of legality and integrity are set by a company. Compliance, therefore, is a whole system aimed at reducing the company’s risks from violations of the law (Poltarykhin et al., 2020).

According to authors such as Karakostas and Zizzo (2016) compliance is an integral part of how organisations work. The authors consider compliance as a tool for managing and regulating activities within an organisation. They applied experience that showed that compliance is a powerful motivating mechanism. The experiment is based on the use of direct orders or indirect signals, which will have an impact on reducing the earnings of one of the participants at the expense of the earnings of the other. As a result of the study, the authors came to one of the conclusions that even in the absence of economic incentives, individuals may at least to some extent seek to fulfil requests, although a more direct request is not necessarily more effective. It is used by economic organisations, large and small, as a management tool. For example, it can aid strategic delegation, which is beneficial to leaders in resolving conflicts and competitions (Wärneryd, 2012). Stober et al. (2019), regarding the use of compensation, argue that the most common characteristic of organisations of any size is a power relationship, and that this, along with compensation, is an integral part of the mechanism through which organisations operate. They also point out that compliance, be it the authority of the law or the head of an organisation, is driven by the expectation that others will obey as well. This is an important idea, both for public policy and organisation management. It is common to understand compliance as an integral part of the internal control function. Considering in the banking sector, “the goal is to protect the interests of investors, banks and their clients through monitoring compliance by bank employees with the provisions of the current legislation, requirements of supervisory authorities, as well as documents defining the bank’s internal policy and procedures (compliance)”
In general, compliance is understood as a set of measures aimed at creating conditions for a company to operate in accordance with the requirements of the law. Compliance allows identifying potential risks, as well as work with already realised risks to minimise the consequences and prevent the repetition of violations in the future.

A study of the definitions of compliance given by various authors makes it possible to come to conclude that: (1) this category can be considered as a tool used by an economic entity to organise an internal control system; (2) if to consider the internal control system, then compliance acts as an independent direction of such control; (3) if to consider the security of an enterprise, both financial and economic, then compliance acts as a tool to identify violations in order to ensure this security. Compliance control is a part of the organisation’s internal control system that is responsible for mitigating compliance risks (Yakunchikov, 2015). If to consider entrepreneurial risks, then compliance risks are part of them. Ermakova and Akhunyakova (2014) in this situation distinguish such risks as:

- the risk of loss of reputation, which is caused by the publication in the media of compromising data or negative information about members of management bodies about employees or an organisation itself;
- legal risk, which is caused by the imperfection of the legal system, or in the implementation of the organisation’s activities, legal errors were made, or there was a precedent of non-compliance with the legislation, which attracted supervisory authorities;
- operational risk, which is caused by non-compliance with legislation, constituent documents, internal documents by shareholders or affiliates, or the risk is caused by violation of the internal rules of an organisation, which resulted in losses.

Considering the statements of foreign authors regarding compliance issues (compliance with regulatory requirements), it can be noted that it is common practice among most regulators to ensure compliance using impact assessments, for example, regulatory impact assessment (RIA) (Adelle & Weiland, 2004). Impact assessment is a combination of procedures, methods and tools that reinforce the evidence basis of policy decisions that underlie regulations. They also improve “the quality and consistency of the design and implementation process by identifying likely positive or negative impacts” (Radaelli, 2012, p. 72). In its application, impact assessment is either ex ante, that is, informing decision-making processes before regulations are formulated, or ex post, that is, informing the assessment after their implementation. Regardless of the type of impact assessment used, questions still arise about their usefulness in generating regulatory performance indicators. The problem of determining the effectiveness of regulations is observed in the constant coverage in the literature of the facts of non-compliance (the English term “non-compliance” is used). Some of the key issues include a lack of consensus on how to actually measure compliance, frequent regulatory changes due to the dynamic nature of society, and inadequate monitoring of compliance (Wu & van Rooij, 2021).

These issues are believed to stem primarily from the prescriptive nature of regulations that specify what must be done to ensure compliance, i.e. how compliance should be achieved, not what compliance should look like (Rashidi-Tabrizi et al., 2013). As a result, with prescriptive regulation, it is difficult to determine how close or far the regulated party is from compliance. In addition, since regulations are often interdependent and interrelated, these dependencies also interfere with assessing the effectiveness of any particular regulation. Therefore, changes to regulations must be carefully monitored and managed to ensure that these dependencies are also addressed. These issues indicate that ongoing research to identify approaches to monitoring and assessing compliance (compliance) will improve knowledge of regulatory effectiveness. Summarising the results of the analysis of literature sources, it can be said that compliance should be considered as a management tool that can improve the efficiency of a corporation or organisation. In general, it is a set of initiatives aimed at preventing actions contrary to the law by the company’s employees, as well as measures to implement corporate business ethics, which is based on the observance of the law by a company and its employees.

**Methodology**

The challenges of establishing the effectiveness of compliance stimulate a results-based approach with an emphasis on learning about the original content of regulations. Research on requirements development, especially targeted modelling, is under way with structures, methods and models that enable stakeholders to better reason about compliance (Badreddin et al., 2013). However, given this new focus, it is necessary to shift the focus from the current direction to optimising the ways to ensure compliance of regulated parties with regulations, that is, to effective compliance. Greater emphasis should be placed on the effectiveness of regulations through appropriate information management and analysis of this effectiveness (Akhigbe et al., 2015, 2016). This analysis will provide useful information on rules that indicate over- or under-regulation. It will also improve the decision-making process of regulators and regulated parties to achieve their respective objectives while complying with relevant regulations. In this situation, Russian companies, participating in the
formation of compliance, will be able to obtain a number of advantages: increase their reputation and investment attractiveness; provide sufficient confidence in the absence of potential claims from regulators and the absence of violation of legal requirements; ensure sustainable development; prevent the risks of prosecution, not excluding criminal liability; get the opportunity to participate in Russian and foreign tenders, the prerequisite for which is the presence of a system of anti-corruption procedures and a compliance system; to minimise the risks of financial losses and bankruptcy.

Using the methods of sociological research, in particular methods of collecting primary sociological information, the authors conducted a study of companies with a staff of 1000 people in different industries, namely:

- pharmaceutical industry—3;
- networks and communications—4;
- production of consumer goods—5;
- oil and gas industry—2;
- transport industry—7;
- construction industry—7;
- metallurgical industry—3;
- wholesale trade—4;
- IT services—5;
- service—5;
- retail trade—5.

Heads of organisations or deputy heads responsible for corporate governance or economic security of an organisation were interviewed. The survey was conducted in the form of a questionnaire, the questions of which were as follows:

1. Does the organisation have a compliance department?
2. Who is the compliance department subordinate to (directly to the CEO or President, or to another senior executive at a lower level)?
3. How many people are in the compliance department (1 person, 2–10 people, more than 10 people)?
4. What is the annual budget spent on the activities of the compliance department (up to $25,000, $25–50,000, more than $50,000)?
5. What is the frequency of reporting by the compliance department (once a year, or also at the request of management)?
6. What areas of compliance are applied in the company (anti-corruption, assessment of compliance risks, anti-monopoly, other types)?
7. Which of the areas of work of the compliance departments are used (advising management on compliance issues, conducting internal investigations, developing a risk matrix, feedback on the hotline and processing messages, agreeing on issues related to charity, agreeing on major transactions)?
8. How is the compliance department identifying a conflict of interest (only when hiring, annually (when the department is working), on a regular basis)?
9. How are counterparties evaluated (only at the conclusion of an agreement, on a regular basis by the compliance service and/or by the security service, on a regular basis according to formalised criteria)?
10. Does the company have a “helpline” system for contacting contractors and obtaining information about possible misconduct of employees (support of the “helpline” on its own, outsourcing of the “helpline”, no helpline)?

Based on these questions, the answers were processed and the results of the study were determined. The survey was being conducted in March 2020 for 2 weeks, from March 10 to 24. The survey was conducted partly by telephone, partly by e-mail, upon receipt of prior approval by telephone, thus combining oral (interviewing) and written (questionnaire) methods of collecting information. The data were interpreted using the analysis method. The results obtained as a result of processing and analysing information are presented as numerical indicators below.

**Results and Discussion**

The results of answering the first question about the presence of a compliance service in the structure of the company are as follows (Fig. 1).

Thus, only 44% of the surveyed organisations have such services. A higher percentage—for oil and gas enterprises, enterprises in the pharmaceutical, metallurgical and retail industries. Considering that these are rather large organisations, a low percentage of compliance used by such companies can be noted directly to the CEO (or President).

The answers to the question about the subordination of the compliance department (where it exists) are presented in Fig. 2.

Thus, only in half of the cases, if there is a compliance unit, they are subordinate to the top manager of an organisation (the CEO—the highest executive body, or the president—the head of the board of directors). Subordination to other managers (which does not ensure such independence of the compliance department) is also in half the cases.

The answer to the question on the size of the compliance department is presented in Fig. 3.

Thus, more than 40% of the surveyed organisations where there is a compliance department, employs only 1 person (which narrows the capabilities of a unit), but 45.45%
employ 2 or more people, and only 13.64% employ more than 10 people (in the largest companies).

The answers to the question about the budget of the compliance department are presented in Fig. 4.

Thus, in most of the companies where there are compliance departments, their budget is not very significant—up to $25,000 at the exchange rate per year, 27.27% of companies have a budget of $25–50,000, and only 18.18% of companies have a budget of more than $50,000.

The answer to the question on the formation of reporting by compliance departments is presented in Fig. 5.
In most cases, reports are generated not only once a year, but also at the request of managers. It indicates significant attention to the issue of compliance in a significant part of companies where such a department exists. But for now, a fairly large proportion of companies that have a compliance department prepare reports only once a year.

The answers to the question on the areas of compliance that are used in companies where there are compliance departments are presented in Fig. 6. Each company has chosen several areas that its compliance department applies.

Thus, anti-corruption compliance is the most common area, but antimonopoly compliance is also used quite often (it is relevant for retail trade, networks and communications, pharmaceuticals), other areas are more related to industrial safety, labour protection.

Figure 7 presents the main areas of work of the compliance departments of companies, where they exist.

As seen from the data in Fig. 7, the most common area is the conduct of internal investigations. Also, for many companies the issues of coordinating large transactions, in which the compliance departments are mandatory, are relevant. Little attention is paid to developing risk matrices, advising management on compliance issues, agreeing on issues related to charity.

Figure 8 presents the results of answers to the question on identifying conflicts of interest, since this is an important aspect of activities in the direction of compliance.

Thus, in most of the companies surveyed, conflicts of interest are identified only when employees are hired. Only less than a third of companies annually monitor conflicts of interest, and on a more regular basis, such monitoring is carried out by only 13.64% of companies.

Figure 9 provides answers to the question on the evaluation of counterparties, which is also an important aspect of activities in the field of compliance.

Thus, more than 59% (the most significant part) of companies carry out such an evaluation only before concluding a contract. Another 18.18% apply formalised criteria without

**Fig. 6** Answers to the question “What areas of compliance are applied in the company?”

**Fig. 7** Answers to the question “Which of the areas of work of compliance departments are used?”
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Making a sufficiently deep evaluation and not using the compliance service for this. And only 22.73% carry out such an evaluation deep enough.

Figure 10 shows the distribution of responses by the functioning of the “helpline”, which can be managed by the company’s compliance department.

Thus, a significant number of companies with a compliance service do not have such a hotline at all. Where it is available, 4.55% is outsourced, the rest is managed by the compliance service.

Based on the results of the questionnaire survey and assessment of the answers, it can be noted that compliance issues in large Russian companies are not yet paid enough attention. Only 44% of the surveyed companies have created such departments in their structure, of which only about half of them use the work of the departments of such a character, effectively, directing it to protect the reputation of companies. Indeed, anti-corruption compliance issues are relevant for the reason that it is necessary to identify internal corporate violations and conduct internal investigations, which is important for the owners of a company. The owners fear the corrupt behaviour of top managers, their participation in dubious transactions, incl. associated with the withdrawal of funds from the company, settlements with dubious counterparties, with the acceptance of significant tax risks. The creation of a compliance service in this case significantly reduces the risks. Antimonopoly compliance has also become a topical area: a number of companies subject to significant antimonopoly regulation (energy, oil and gas sector, pharmaceuticals, etc.) lay great attention to antimonopoly compliance. Also, this type of compliance, which is associated with industrial and production safety, and labour protection, is becoming more and more relevant. It is more relevant for enterprises where there are dangerous working conditions, where there are a large number of workers. In the context of the COVID-19 pandemic, the relevance of this area of compliance will likely grow.

In general, according to the results of the study, it is clear that so far compliance services in large companies are not always created large (in most cases—from one employee), this limits the scale, multidirectional character, reduces the efficiency of these departments. Companies want to save on the budget of compliance departments, so they do not increase their staff. It was noted that in half of the cases, compliance services are not subordinate to the managers who should receive information or reporting directly (CEO/President/Chairman of the Board of Directors). This information first gets to one of the top managers, is filtered by him, and only after that—to a senior official of a company. It also was noted the irregularity of reporting, checking conflicts of interest, checking counterparties and their reputation in a significant part of the surveyed companies. Little attention was also noted to the assessment of compliance risks. For obvious reasons, compliance departments, where the entire staff consists of one person, cannot pay attention to work in all areas. They have to cooperate with the company’s security departments, which have a completely different work specific. Also, not enough attention is paid to the creation of “helplines” and the processing of information on them (in most companies where compliance services have been created, such lines have not yet been created).
As a result, it is necessary to conclude that the modern compliance service of a large company should not be so small (at least 2–3 people for a company of 1000 people, and 10 or more for a company operating across several regions or the whole country) and should be subordinate to the senior official of a company (a general director, but even better—a chairman of the board of directors or a president of a company, in order to ensure the independence of this service). This unit must have the following functions without fail:

- advising management on compliance and compliance risks;
- carrying out official investigations;
- working with a “helpline”, processing and presenting information important to top management;
- participation in decision-making on major transactions, charity;
- development of a risk matrix, assessment of compliance risks;
- identification of conflicts of interest (not only when hiring, but also regular monitoring);
- verification of counterparties (not only when concluding a contract, but also regular monitoring);
- generation of reports on both the official investigations, identifying conflicts of interest, problem counterparties, as well as the established compliance risks of a company;
- development of a risk matrix, assessment of compliance risks;
- identification of conflicts of interest (not only when hiring, but also regular monitoring);
- verification of counterparties (not only when concluding a contract, but also regular monitoring);
- generation of reports on both the official investigations, identifying conflicts of interest, problem counterparties, as well as the established compliance risks of a company.

In this case, the work of the company’s compliance department will be effective and meaningful for reputation management.

**Conclusions**

Summarising the theoretical aspects of the issue under study, it can be said that compliance should be considered as a management tool that improves the efficiency of a corporation or organisation. It is a set of initiatives aimed at preventing actions against the law by company employees, as well as measures to implement corporate business ethics, which is based on the observance of the law by a company and its employees. From this research, it can be concluded that compliance is not without its challenges. Regulated parties often accuse regulators of overburdening. Regulators often insist that regulations are not correct enough, and government and businesses wonder if they work at all.

As a result of a survey of 50 large companies from various fields of activity in Russia, it was found that only 44% of them have created compliance departments and are working in this direction (mainly on anti-corruption risks, but antitrust and other risks are also taken into account and analysed, work is being done on compliance in this area). The problem is that in companies where compliance departments have been created, their number is small, in half of the cases they are subordinate not to the top management (which reduces the independence of these departments), and their budget and opportunities in areas of activity are severely limited. The authors believe that Russian companies need to pay more attention to the development of compliance departments and their functions. In this direction, the task of Russian law enforcement is to build a compliance system in such a way that is effective but does not serve as another formality in Russian business.

**Declarations**

**Conflicts of interest** The authors declare that they have no conflict of interest.

**Research Involving Human Participants and/or Animals** This article does not contain any studies with human participants or animals performed by any of the authors.

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