THE MECHANISM FOR IMPLEMENTING THE FUNCTIONS OF CONSUMERISM IN MARKET CONDITIONS

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**URGENCY OF THE RESEARCH.** In conditions of a globalized economy and the sharp polarization of society there is an urgent need for scientific understanding of problems of formation of domestic consumerism, the formation of value orientation as of citizens to organize the protection of their consumer interests. The activity of such structures in the European consumer area is an important element of enhancement of social capital. Therefore, the research of the peculiarities of the implementation of the functions of consumerism is relevant; meets the demands of the theory and practice of modern economy.

**Target setting.** The inherent features of national economic development are associated with low purchasing power of Ukrainian citizens, a lower awareness of their rights as consumers, a strong tendency towards increasing the violations of these rights, sometimes uncontrollable services, particularly in trade, the exclusive situation of utility companies makes consumerism impossible to function effectively.


**Uninvestigated parts of general matters defining.** Despite the significant scientific achievements in the field of consumer protection, the analysis of recent publications indicates the need to study the mechanism for implementing the functions of consumerism towards activating its main subjects.

**The research objective.** The article aims at structuring the areas of improvement mechanism for implementing the components of the functions of consumerism.

**The statement of basic materials.** In the article the theoretical approaches and practical peculiarities of the mechanism for implementing the functions of consumerism in today’s market conditions. The functions of consumerism are grouped and grounded on. The main elements mechanism of realization of the functions of consumerism and its functioning in the market conditions are studied and systematized. The short-comings of the market economy that require determination of additional funds to implement the functions of consumerism are estimated. The main items affected by the mechanism to implement the functions of consumerism in today’s market conditions are determined. Based on the assessment of the best foreign practices the objectives of implementation of the mechanism of functions of consumerism and the necessity of

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**ACTUALITY OF TOPICS OF DOLLARIZATION.** In conditions of globalized economy and the sharp polarization of society there is an urgent need for scientific understanding of problems of formation of domestic consumerism, the formation of value orientation as of citizens to organize the protection of their consumer interests. The activity of such structures in the European consumer area is an important element of enhancement of social capital. Therefore, the research of the peculiarities of the implementation of the functions of consumerism is relevant; meets the demands of the theory and practice of modern economy.

**Postanovka problem.** Pritymatanné rozvitkovi načionalnoyi ekonomiki osoblivosti pov'язані з низкою kульнолюдькою спроможністю українських громадян, меншою їх формалюючою щодо своїх прав як споживачів, слідкою тенденцію до збільшення порушень цих прав, подекуди безконтрольність надання послуг, особливо торговельних, монополістичністю становища комунальних підприємств, унеможливлюють ефективне функціонування механізму консюмеризму.


**Ukazannya neposledniekh частин загальної проблеми.** Незважаючи на значні наукові напрацювання у сфері розвитку системи захисту прав споживачів, аналіз останніх публікацій свідчить про необхідність дослідження механізму реалізації функцій консюмеризму у напрямку активізації головних його суб'єктів.

**Postanovka zadannya.** Стаття поширилася структурувати напрями удосконалення складового механізму реалізації функцій консюмеризму.

**Vydelenie nedostatochnykh chastin zagadannja problemi.** Незважаючи на значний науковий напрацювання у сфері розвитку системи захисту прав споживачів, аналіз останніх публікацій свідчить про необхідність дослідження механізму реалізації функцій консюмеризму у напрямку активізації головних його суб'єктів.
The urgency of the research. The development of globalization processes, joining Ukraine in the developed European area causes the emergence of a number of new challenges for our country in building out socially important institutions, which functioning is related to political rights and freedoms of citizens, protecting their economic interests in conditions of an imperfect market competition. The problem of implementing the functions of consumerism takes an important place in the world and domestic practice of regulation of social and economic relations. It is characterized by a certain specificity as it is lying at the intersection of the planes of the social policy and the state oriented towards the needs of a man and the economy, able to ensure the implementation of these requirements. The dualism of such relations depends on the political situation in the society, the perfection of legal regulation of social and economic relations, the responsibility of employers and the activity of the population.

Target setting. The construction of socially oriented market economy in Ukraine is closely linked with the creation of decent living conditions for the population, the protection of human rights in all spheres of life. The implementation of these strategic objectives requires effective socio-economic policy cohering the significant place is taken by consumerism in order to ensure a system of consumer protection, as an important factor in improving the quality of life. The globalization of economies of different countries causes the intensification of competition in the world, which respectively, increases not only the amount of goods and services, but consumer demands for their quality. However, the opening of the borders and the expansion of the markets has the reverse side. It creates a favorable situation for the development of a character conflict between free trade and national measures aimed at implementing the functions of consumerism. This complicates the process of proper control over the complete customer satisfaction and protection of their interests.

Actual scientific researches and issues analysis. Various aspects of highlighted issues were investigated by domestic and foreign scientists. In particular, the question of social development, consumer protection rights and the mechanisms for implementing the principles of consumer protection highlighted in the works by: Bremond J., Valeeva R., Hobson J., Gorelov A., Dochynets N. Drucker P., Dudley J., Zheledana A., Kotler F., Kudelia N., Kazakov M., Lipych L. Opryshko V., Pavlova V., Rosenberg L., Hirst J., Shapoval M., Shliyka A. Yazvinska O. etc.

The defining uninvestigated parts of general matters. Despite the wide spectrum of research on the development of a national system of consumer protection the works of these scholars almost

Keywords: consumerism; consumerism functions; public policy; self-regulation; the mechanisms of consumerism; the market economy.
did not reflect the intensification mechanism for implementing the functions of consumerism in market conditions.

The research objective. The article is to study the theoretical principles and practical implementation details of functions of consumerism in modern market conditions based on the systematization of the best international experience.

The statement of basic materials. The issue of consumer interests prescribed in Article 42 of the Constitution of Ukraine, where an obligation of the state to protect the rights of citizens as consumers of goods and services is defined. Though the process of legal regulation of these relations has intensified in Ukraine in recent years, relevant behavioral patterns on their protection as consumers have not been formed in the minds of the citizens.

Consumerism is one of the mechanisms for the development of the socially oriented market economy. The impact on the economic processes of movement, the protection of consumer rights and interests is primarily manifested in stimulating business activity. Modern entrepreneurs realize that the market leaders are those companies that most actively meet the interests of consumers, as mostly socially responsible business has the prospect of growth.

The impact of consumerism on the socio-economic processes and the development of the society is due to the performance of its specific functions. The main functions of consumerism include ensuring the freedom of choice, the protection of consumer rights and interests, information, education and the regulation of the market [1].

The freedom of consumer choice enriches qualitatively the social freedom (political, social) and helps to create free social order. The proclamation of ensuring the freedom of choice by one of the goals of consumer movement indicates to a close relationships between the concept of consumerism and the concept of human development. Conceptual approach to human development, developed by a group of experts of the Program of Development of the UNO, considers the development of a human potential as a goal and the criterion of social progress and economic growth, increase in income means that acquires value only with the real impact on people’s welfare. Human development is not only defined as the obtained level of well-being, but also as the process of growing of human capabilities – the person has to live a long life, be healthy, educated, enjoy political and economic freedoms, human rights, public respect for the individual. Thus, human development is both a process of expanding choice, and the current level of welfare [2].

The protective function of consumerism is associated with the function of ensuring the freedom of choice. In our opinion its implementation can be regarded, in two aspects: legal and organizational. Thus, the object of the protection is the consumer rights and interests of the citizens and the subject is the consumers themselves.

Consumerism meets the needs of consumers in information and education. The informative function of consumerism is implemented through the publications of magazines, distribution of social advertising on consumer issues, organizing consultations of consumers, notifying them of the results of independent examinations and so on. The objective, reliable and timely information provides consumers with an opportunity of a competent choice of goods (jobs, services) according to the individual needs and requirements.

First of all this information is adequately perceived by educated consumer. The educational function of consumerism is realized through educative work with consumers, their consumption culture. Through various activities carried out by national consumer organizations in the field of protecting the rights and interests of consumers, consumer life is rationalized, the intellectual and cultural growth of customers, is distinguished enabling us to point out the educational function of consumerism. Consumerism promotes creating such an economic system that would the most completely meet the needs and demands of consumers. This displays the regulative function of consumerism.

As a result of the analysis of the formation and development of consumerism we have proposed the mechanism for the implementation of its functions (Pic. 1), which should be based on the following strategic positions: the shift in the economic interests of consumers and the active role they should play in the formation of a real functioning market. That is, consumers should be full participants in a market economy, as well as manufacturers, distributors, importers or suppliers. The confidence of
consumers in the market is the key to success. The active consumer behavior is caused by the presence of the selection of goods and services that is competition.

Therefore, the most important measures to implement the economic interests of consumers should include competition and providing the necessary information, including:

- competition rules (the control of functioning of cartels or monopolies, state aid and unfair competition laws) should be implemented to create and expand consumer choice;
- information measures (labeling, mandatory provision by companies information in the contracts on their activities of information on their activities, in the contracts prompting prices, banning advertising, which is misleading) that will facilitate the implementation of the most conscious choice [3].

Such fundamental economic considerations are valid also at the level of the international trade. The opening of the borders and the abolition of obstacles in the free movement of goods and services actually create conditions for a wider choice to consumers, increasing competition. This is also true regarding privatization or corporatization of the important sectors: of economy utilities or public services (energy distribution, water supply, telecommunications, transport, etc.).

In the second half of the twentieth century the tools of consumerism began to turn into one of the dominants of the mechanism of social protection of population. For the successful development of consumerism it is necessary to develop an effective state program including political, legal, social, economic, organizational and legal framework to ensure the implementation of the functions of consumerism. Thus the key principles for implementing the functions of consumerism mechanism should be as follows (Pic. 2).

Ukraine has one of the biggest challenges in implementing the functions of consumerism. There is no guarantee of quality goods jobs and services at the high level of prices. There is a situation when due to the low level of social protection the consumer rights protection exists only nominally. This worsens further the level of social protection of the population which is forced to constantly look for cheap goods and services, and in the case of their poor quality is not able to assert their rights [4].

The main methods and means of the mechanism of implementation of the functions of consumerism are: legal security; standardization and certification; the development and implementation of integrated target programs; the monitoring of the level of customer satisfaction; the analysis of the degree of consumer satisfaction with goods and services and the reasons for their dissatisfaction; public information as for about consumer rights among the general population; regulation of advertising and informing the public of the quality of goods and services; assistance to producers in the improvement of the quality of consumer goods and services.

The social orientation of the state implies that neither production, nor politics, nor the economy is the aim of developing the society and the conditions for its keeping its balance nor development but constant improvement of life quality characteristics of its members, their well-being, social conditions, constant meeting the vital needs of the individual. The improvement of social parameters is the main source of increasing the efficiency of economic performance, reliable quality of products and as a result, higher production efficiency.

Due to the obvious positive results for consumers we cannot help stating the shortcomings of the market economy that require additional definition of the means for the implementation of the functions of consumerism:

- the imbalance between information (independent and neutral) and advertising (direct and one-sided)
- the standardization of the procedures, of customer service, making real bargaining or negotiation of contracts impossible or little probable;
- the use of fraudulent or dishonest marketing strategies methods of sale that are too aggressive for an individual user;
The mechanism for implementing the functions of consumerism

The functions of consumerism: 1) regulatory; 2) protective; 3) informative; 4) educational; 5) the function of freedom of choice; 6) educational

Objective: to ensure fairness in the relationships between buyers and sellers and empowering consumers powers

Objectives: the creation of market mechanisms adequate to protect the interests of European requirements; ensuring a balance between technical regulation and consumer policy; spreading the practice of collaboration of services of consumer protection with manufacturers; improvement of the efficiency of the national system of technical regulation and others.

The methodological toolkit of implementing the mechanism

Principles: value; international recognition; priority; responsibility; justice; interaction

Methods and instruments: legal support; standardization and certification; development and implementation of integrated programs; monitoring; analysis; public education; informing the public about the quality of goods and services; assistance to producers in improving quality.

The interaction of the subjects of consumerism towards the realization of its functions

The objectives of the regulation of manufacturers

Quality control, production incentives

PRODUCER

The objectives of the regulation of consumers

Consumer protection

Commodity exchange relations

CONSUMER

STATE

1. The control of the quality and ensuring competitiveness of manufactured goods.
2. Promoting effective innovation (target: rational use of resources, the environment)

1. The consumer as a full member of society (social policy goal).
2. Improving the quality of life (a goal of economic policy)

Effects on consumerism: 1) satisfying basic needs; 2) the protection of the economic interests of consumers; 3) safety; 4) compensation for consumers; 5) education; 6) information; 7) representing the collective interests of consumers.

Pic. 1. The conceptual scheme of the mechanism for implementing the functions of consumerism in market conditions

Gryshova I. Ju., Yanchuk A. O., Shestakovska T. L. The mechanism for implementing the functions of consumerism in market conditions
The principles of consumerism

<table>
<thead>
<tr>
<th>Importance. The awareness of the state and society the importance of solving problems of customer satisfaction and protection of their rights as one of the components of social protection</th>
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<tbody>
<tr>
<td>International recognition. Targeting the UN Guidelines for the protection of public interests</td>
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<tr>
<td>Priorities. The recognition of the priority of consumer interests over the interests of corporate groups, parties and movements</td>
</tr>
<tr>
<td>Liability. The prohibition of shifting losses from shortcomings of state administration and the realization of economic activities for consumers</td>
</tr>
<tr>
<td>Justice. Fairness and balance of processes of pricing and quality (the increase in prices of goods and services is subject to the quality, liability and warranty on the part of the manufacturer, seller, performer)</td>
</tr>
<tr>
<td>Interactions. Support and cooperation with public organizations and movements that contribute to customer satisfaction and protection of their rights</td>
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Pic. 2. The principles of the mechanism for implementing the functions of consumerism

- the fact of the presence of unsafe products and services, on the market and the space with open borders or without borders, will further facilitate their circulation;
- the lack of the effective mechanisms of redress that would enable consumers to express their claims and achieve their consideration and decision by the third side;
- the difficulties of providing the effective representation of collective interests of consumers in different political, economic, legal and legislative authorities;
- on the one hand, increasing the markets is beneficial to consumers, but on the other hand, it means a greater lack of information, increasing the level of standardization of procedures and contracts, increasing the risk of the export of unsafe goods;
- global economic integration creates opportunities for conflicts between the free nature of the trade and the national measures aimed to protect the rights of consumers;
- a rapid “marketization” of the economy implies structural adjustment programs, threatening the welfare of consumers. The society will become more and more separated, where a small portion of privileged consumers will be protected and will enjoy the benefits of free trade, new technologies, consumer choice and the loyal Law on consumer protection. A major category of consumers will be relegated to the background or excluded from the community of consumers. The rich pay less and the poor pay more [5].

The recognition of such market failure requires compensatory actions. It must be admitted that the role and capabilities of the consumer are much weaker than it is proclaimed in theory. It should be noted that, despite the fact that competition, free trade or information activities actually contribute to consumer protection, yet they cannot be included into the State Consumer Policy. Although these measures work for the benefit of consumers, such interpenetration is neither absolute nor automatic. So, to limit consumer protection policies with only such measures means too narrow understanding of the objectives and the dimensions of consumer protection. The ultimate goal of a consumer policy is not only in a perfect competition in the market but in supporting the interests of consumers in the present and future space [6].

The scope of the functions of consumerism spreads to new areas, and their impact becomes more significant. We include to the main sites affected by the implementation of the mechanism of consumerism:
- basic needs, providing all consumers an effective access to basic goods and services (health, food, housing, water, energy, communications, education and certain financial services);
- the protection of the economic interests of consumers, preventing unfair trade practices, advertising and selling, unfair terms in contracts with consumers; preventing the appearance of speculative prices;
regulation of credits for consumers; internal loans and other financial transactions; warranty after-sales in the period; the support of quality standards etc.

- security the: protection of consumers from products or services that are unsafe or unreliable by preventive measures (information requirements, insurance schemes, the commitment control during the process of production and implementation, the removal of goods, the information exchange system and provision for supervision market) and measures of correction (providing consumers with the access to adequate and easily accessible compensation schemes, in particular by the strict rules of responsibility).

- the reimbursement to consumers: providing consumers with fast and affordable means of realization of their rights; determining appropriate civil, criminal and administrative remedies; providing consumer groups with legal status and the right to collective actions in courts and tribunals; developing independent and effective alternative schemes of dispute resolution;

- education: consumers are acquainted with their duties, rights and obligations. This helps them to play an active role in the market; protects them from fraud and forgery; provides consumers with the effective access to rights and compensation mechanisms; helps to make decisions;

- information: advice on choosing products and services; preventing risks and accidents related to products or services and creating conditions, agreements, pricing and tariffs, labeling, packaging products, reservations and comments on their use, clarifying contract terms and providing consumers with the periods of the "cooling"; banning advertising which is misleading; creating a network of counseling centers for consumers and dissemination of consumer information, etc. [4; 6].

- representing the collective interests of consumers, promoting and supporting consumer groups; expanding the participation of consumers in the decision-making process; creation of advisory bodies, and so on.

As practice shows, to protect the interests of consumers in our country, the majority of legal entities violate legal requirements for consumer protection. The consumer market is saturated with substandard, counterfeit and dangerous to human health commodities, especially food and alcoholic beverages. The quality of service requires a radical improvement. The consumer's right to provide the required available and reliable information on products and services is not fully implemented which also includes the issue with the mass media [7].

The work in realizing the national policy ensuring consumer protection is gaining much larger scale. The sphere of its interests has added new branches: dietary supplements, making products using gene technologies the sale of goods outside the business premises, e-commerce services provider. The legislative and executive branches face the problems of settling relations between business entities and consumers in these market segments. The protective functions of the executive have to be meaningfully and effectively change particularly with regard to quality and safety of goods and services.

All this causes the transition to the formation of such a mechanism of consumerism, which would help protect the interests of citizens of Ukraine. In our view the tasks of the implementation of the mechanism of the features of consumerism include:

- the creation of the market mechanisms of to protecting the interests adequate to European standards and improving public oversight on the market and the production of goods and services;

- ensuring the balance between technical regulation and consumer policy, the reorientation of the main objectives of standardization and certification at the needs of the consumer;

- spreading the practice of cooperation of consumer protection services with manufacturers of products for the detection of adulterated goods, works and services;

- increasing the efficiency of functioning of the national system of technical regulation on the basis of harmonization of legislation with the requirements of the World Trade Organization and the European Union.

Therefore the main task of the state in the field of consumer protection is creating conditions for the development of the institutional environment, ensuring population with the rights and opportunities for choosing between "better and best" among the safest goods and services and the development of interaction between all the branches of the national system of consumer protection aimed at harmonizing of the legislation on consumer protection with current regulations in the countries of the EU. This issues gain special
importance when a given country aspires to join the EU and harmonizes its economic policies with those applicable in the EU [8; 9].

The strategic goal of the state policy in the field of consumer protection is creating real conditions for realization by the citizens consuming their legitimate interests and rights in Ukraine. The state is facing the task of ensuring the legal and institutional framework that promotes the adequate level of the development of economy and society, creates and develops the state policy in the field of consumer protection.

As practice has shown that alongside with government regulation and the work of public organizations one the effective levers of normalization of relations between producers and consumers, under the mechanism of realization of functions of consumerism is self-organizing business. This is due to the fact that self-regulation has objective advantages over regulation. Firstly, it is more flexible and faster to respond to new developments in a given area. Secondly, it is less formalized. The bodies of self-regulation can regard specific actions of a certain company not only from the point of formal rules, but from the point of common sense. As well thirdly, the rules of self-regulation are most often more realistic than legislation, because they follow the needs of real life and really formed relationships.

It is suggested to choose self-regulation as the most promising way of development of the mechanism of realization of the functions of consumerism. The company which is aware of the importance of voluntary coexistence with the consumer on terms of mutually beneficial cooperation has advantages over the company, keeping to the rights of the customers for fear of sanctions.

In our opinion, to make self-regulation effective, the following elements are required: a detailed study of certain ethical standards; informing stakeholders about these standards; advice to companies aimed at preventing the violations of standards; creating the system of control; creating the mechanisms of influence on violators.

Under these conditions, self-regulation is going to be the perfect way of regulating relationships between manufacturer, retailer and consumer. But the reality stile evidences about the prevailing practice in business interests over the interests of consumers. In these circumstances, the immediate problem is the creation of independent organizations of self-regulation business.

For the development of these organizations the level of consciousness of entrepreneurs and business structures, should be increased but this is impossible without constant information and campaign work of interested structures. These structures are territorial centers for standardization, metrology and certification, public, consumer organizations, and they should realize all the importance of the work themselves.

The gradual separation of business according to the principles of treating the customer, that is, in fact, to focus on the price or non-price competition, forms the basis for the development of self-regulation business. This element of consumer protection in Ukraine is in the formative stage [10]. Over the past few years a lot of different business associations appeared, that put forward as one of the objectives of their activity forming the customs of conscientious attitude to clients and pretrial settlement of conflicts. As a rule, this is not the only or even the main goal, but the fact of its declaration, certainly a positive phenomenon.

Thus, the strategic priorities of the state policy for the implementation of the mechanism of consumerism in conditions of today’s globalized economy include:
- the adoption of laws and regulatory legal acts that would meet the requirements of a modern market economy;
- bringing domestic legislation in conformity with international law;
- developing common standards of conformity of accreditation and standardization according to international standards;
- enhancing the role of public organizations for the protection of consumer interests in the market of goods and services in the state;
- improving the patent and licensing activities of the corresponding authorities in respect of protecting the interests of consumers;
- improving the ways of self-regulation of consumer protection in conditions of market economy.

Conclusions. A strategically important vector of the mechanism for implementing the functions of consumerism is the expansion of cooperation between the state and public organizations based on the principles of ensuring a balance of interests between the state, business and consumers, providing state support...
to NGOs while preserving the independence of their decisions, supporting a social dialogue between state and public organizations and proactive local authorities supporting these processes.

The research made it clear that alongside with government regulation and the work of public organizations one of the effective levers of the mechanism for implementing the functions of consumerism is self business. This is due to the fact that self-regulation has objective advantages over regulation. First by, it is more flexible and faster to respond to new developments in a given area. Secondly, it is less formalized. The bodies of self-regulation can treat specific actions of a definite company not only in terms of formal rules, but common sense. Thirdly, the rules of self-regulation are often more realistic than legislation, because they correspond the needs of a real life and actual relationships.

**References**


