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Business standard as a set of practical tools to improve the economic efficiency of a business association

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Abstract. In the modern business environment, business standards are a crucial tool for improving corporate governance and strengthening trust in business associations. However, in Ukraine, their dissemination and implementation are at an early stage, which necessitates a detailed analysis and adaptation of standards to local conditions. The purpose of the present study was to cover the essence of business standards as a set of practical tools, to determine their role in improving the economic efficiency of business associations. The study employed content analysis, the desk research method, the case study method, and the interpretation method. The study found that modern business associations, which are a continuation and development of the idea of cooperation, are created with the purpose of promoting the development of entrepreneurial activity. The introduction of business standards as a set of practical tools is a major factor in improving the economic efficiency of business associations. Standards can take the form of a general code of business ethics, a code of professional conduct, a corporate code, a professional code, a code of interaction, etc., which are applicable in specific areas of activity. The study found that the form and structure of business standards are determined primarily by the characteristics of the business association, its organisational structure, development goals, and strategic vectors of the management. However, in terms of content, they should cover the key principles and provisions that regulate corporate relations in the association. The key components of business standards include a clearly defined mission and development strategy, a transparent management system, financial stability, qualified personnel, an established system for assessing the needs of members, and mechanisms for meeting these needs. The study emphasised that the introduction of business standards can be a powerful tool for strengthening the capacity of business associations in Ukraine. It was substantiated that standards can ensure the stable development of business associations, strengthen their influence on the government, and contribute to the long-term growth of the business environment. The practical significance of the present study lies in the fact that the presented proposals can become the basis for the implementation of business standards and contribute to improving the efficiency of business associations

Keywords: cooperation; entrepreneurship; business standards; code of ethics; code of professional conduct; corporate governance

INTRODUCTION

Global competition requires companies and business associations to continuously improve their processes, increase their productivity and efficiency. Many companies face the problem of inefficient resource management, lack of a clear coordinate system, and unified practices that would enable them to achieve sustainable growth. In this context, the introduction of business standards as a set of practical tools is a crucial factor in improving their economic efficiency. However, not all business associations are aware of the potential of business standards or have access to clearly formulated and tailored solutions. The absence of a unified model for implementing business standards that accommodates the specifics of multiple industries often leads to inefficient use of these tools, and sometimes even to their underestimation.

Thus, the problem lies in the need to develop approaches and solutions that would demonstrate the practical value

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of business standards for business associations, facilitate their integration into internal processes and serve as a basis for improving economic efficiency. Considering this, it is significant to investigate business standards as tools for improving the economic efficiency of a business association.

In foreign and Ukrainian literature, considerable attention has been paid to the problems of functioning of business associations, development, and implementation of business standards. T.A. Hemphill (2023) noted that the primary reasons for a company to join a business association include "improving reputation and trust in business", as well as "the availability of quality standards, including codes of ethics" that protect its members and directly affect the legitimacy of the company in society. Analysing the relationship between the code of ethics and the code of conduct of a business association, the researcher recognised that business associations usually adopt either a code of business ethics or a code of conduct, but rarely both standards. An industry code of business ethics is a set of values that reflects the consensus moral views specific to a particular industry. A business association's code of conduct, based on the industry code of ethics, includes concrete business practices and rules of conduct.

M. Kaptein (2021) considered a business code to be a crucial method of self-regulation of a business association. The researcher covered its content through the following aspects: formal nature – the business code must be approved by the highest governing body of the association to ensure its effectiveness; prescriptive nature – the business code describes not current, but rather desired behaviour (laws, morality, and ethics are key sources of prescriptive behaviour); the business code covers a wide range of issues related to the external and internal environment of the business association (honesty, integrity, respect, compliance with laws, relations with stakeholders, etc.). I. Fedets (2021) stated that a business association is a hub for interaction and dissemination of information, networking, exchange of ideas and knowledge. At the same time, the effectiveness of business membership organisations, their advantages and benefits are facing challenges due to changes in business cooperation models, digital transformation, and other factors.

In Ukraine, the topic of business associations and standards for business associations has been explored to a limited extent, which is explained by their novelty and lack of prevalence. From the perspective of L. Yaremenko *et al*. (2021), business associations are the result of economic integration processes arising from the needs of business entities and the possibility of effectively addressing economic and social problems. The researchers noted an increase in the number of enterprises that combine their production facilities, changing the structure of interaction between them. One of the key conclusions of the researchers was that the merger of enterprises enables the creation of so-called clusters – integrated business structures that engage in coordinated activities. These clusters are the result of economic processes that increase production capacity and profitability.

O. Zarichna & V. Zelic (2022) focused on the code of ethics as a separate type of business standards, emphasising that in the context of Ukraine's European integration, most codes of ethics factor in the United Nations requirements for responsible business conduct, which prescribe the alignment of business strategies with basic principles in areas such as human rights, labour relations, environmental protection, and anti-corruption. Overall, ethical business practices form an integral part of sustainable development and strong relationships with all stakeholders. O.M. Honcharenko (2024), recognising the code of ethics as a valuable means of self-regulation of business entities, fairly noted that the codes of ethics of enterprises should reflect the specific features of their functioning under martial law. Accordingly, the codes of ethics should be amended. They must include provisions prohibiting the conduct of business in Russia or in countries that support it and prohibiting cooperation with business entities of the aggressor state and persons supporting them.

A. Petrova *et al.* (2024) substantiated that ethics not only creates a positive image of companies but also increases competition and trust among consumers and partners. Modern ethical business practices are aimed at achieving a balance between innovation and its impact on society by addressing issues related to data privacy, cybersecurity, social justice, and sustainable development. At the same time, the researchers emphasised that there are no universal binding ethical standards, although the codes of conduct of different companies are comparable.

Considering the global challenges related to transparency, efficiency, and responsibility of business associations, it is becoming increasingly relevant to investigate the role of business standards in corporate governance. Ukrainian business associations face a series of challenges, including a lack of systematic research on the adaptation of international standards to local conditions, insufficient training and methodological support, and a lack of understanding of the benefits of standardisation among market participants (Fedets, 2021). A study of micro, small, and medium-sized enterprises (MSMEs) supported by the United Nations Development Programme (UNDP) also shows strong potential for the implementation of a voluntary standard for business associations, highlighting the need for greater motivation and organisational support. Thus, previous studies have formed the basis for the investigation of business standards, but left considerable room for the development of concrete recommendations that would accommodate the specifics of Ukrainian business associations.

The purpose of the present study was to examine the nature of business standards and substantiate their significance for improving the economic efficiency of business associations. The objectives of the study were to cover the essence of business associations and substantiate their role in improving economic efficiency through interaction between different participants; analyse the theoretical foundations and modern approaches to the use of business standards in corporate governance; identify key components of business standards that are of practical value for optimising the activities of business associations.

MATERIALS AND METHODS

The study of the role of business standards as practical tools for improving the economic efficiency of business associations employed a comprehensive approach that combined both qualitative and quantitative methods of analysis. One of the key tools of this study was content analysis, which was employed to investigate the Voluntary Standard for Business Associations in Ukraine (associations of micro, small, and medium-sized enterprises) (Voluntary Standard, 2024) to identify its individual components. The desk research method was applied to analyse scientific publications and documents related to the research topic (Introduction of business conduct standards, 2019; Fedets, 2021). The use of the case study method helped to provide concrete examples of Ukrainian business associations and business standards. The method of interpreting and comparing different perspectives on business associations and business standards offered a better understanding of the subject matter, while comparison of the opinions of other authors helped to identify key points for further conclusions.

The source base of the study included materials of modern Ukrainian and foreign studies, the findings of which were presented in scientific literature, periodicals, and information resources on the Internet, including information from the websites of individual business associations: All-Ukrainian agrarian forum (n.d.); Inter-industry association "Ukrteplokomunenergo" (n.d.); Ukrcement (n.d.). The study examined the content and structure of the Code of Business Conduct of the Ukrainian Agribusiness Club (Ukrainian agribusiness club, n.d.) and the Code of Ethics of the Ukrainian Chamber of Commerce and Industry (Code of Ethics of the Ukrainian Chamber of Commerce and Industry, n.d.).

The study employed the findings of the online survey "Do Ukrainian Business Associations Need a Voluntary Standard to Regulate Their Activities?" (Strykun, 2024), conducted by the National Platform for Small and Medium-sized Businesses (SMEs) within the framework of the UNDP project "Strengthening MSMEs' Membership Business Associations in Ukraine" from 24 September to 4 October 2024. The survey involved 44 respondents representing 41 business associations. The survey results were used to assess the prospects for the development and implementation of the Voluntary Standard for Business Associations in Ukraine.

RESULTS AND DISCUSSION

Cooperation has always been a valuable form of economic activity that brings people and organisations together to achieve collective goals and meet consumer needs. It involves joint actions aimed at efficient use of resources and sustainable development through interaction and support. The idea of creating cooperatives is based on the recognition that individuals or groups facing the same economic and social challenges can achieve much better outcomes if they work together. In this case, success is achieved not through outside help, but through the pooling of their own resources, the development of initiative, coordinated actions, and strict adherence to the established rules of joint activities (Malik, 2023). Modern business associations are a logical continuation and development of this idea.

Business associations are organisations created to promote the development of entrepreneurial activity (Dmytrenko, 2025). They create a platform for businesses to unite to strengthen their competitive position, jointly address economic challenges, and grow in the market. Analogous to cooperation, which provides benefits through joint work and resource sharing, business associations create conditions for the mutual benefit of its members through concerted action and effective cooperation. Every tenth business in Ukraine is a member of at least one business association. Business associations are more likely to be comprised of large and medium-sized enterprises, as well as enterprises engaged in export and import activities, and less likely to be comprised of micro and small businesses and those not engaged in export and import activities (Fedets, 2021).

Business associations can exist in the form of public associations (NGOs, public unions), industry associations, clusters, business clubs, chambers of commerce, or other associations of entrepreneurs. In Ukraine, the oldest business associations include the Association of Cement Producers of Ukraine (Ukrcement) and the Inter-sectoral Association for the Development of Heat Supply Systems (Ukrteplocomunenergo). The Association of Cement Producers of Ukraine unites enterprises and organisations of the cement and asbestos cement industries. Its mission is to protect the interests of Ukrainian clinker and cement producers, as well as to represent the views of its members on industry issues (Ukrcement, n.d.). The Ukrteplocomunenergo Intersectoral Association is a voluntary association of heat generating, heat transporting, and heat service organisations, production, research, design, and repair companies. The purpose of the association is to coordinate their activities to address the issues of energy supply to Ukrainian settlements (Inter-industry association "Ukrteplokomunenergo", n.d.).

The Chamber of Commerce and Industry of Ukraine (CCI of Ukraine) is a non-governmental, non-profit, self-governing organisation that brings together legal entities, individual entrepreneurs, and their associations on a voluntary basis. The CCI of Ukraine provides legal aid and information support to help businesses grow, adapt to market changes, and interact effectively with international partners. The CCI provides advisory services on foreign trade, market assessment and business strategy development; conducts independent quality and compliance assessment of goods; valuation of movable and immovable property; organises exhibitions, conferences, and seminars, etc.

Business associations also include NGOs, including the All-Ukrainian Agrarian Forum, the National Platform for Small and Medium Business, the Ukrainian Business

Council Foundation, etc. For instance, the All-Ukrainian Agrarian Forum unites the Agrarian Union of Ukraine, the All-Ukrainian Agrarian Council, the All-Ukrainian Association of Village and Settlement Councils, the All-Ukrainian NGO Ukrainian Agrarian Confederation, and the Ukrainian Agribusiness Club Association. The purpose of this public union is to protect the interests of its member organisations and their partners, promote the development of effective communication skills, defend common interests at various levels, and cooperate constructively with international agrarian associations (All-Ukrainian agrarian forum, n.d.). The Ukrainian Agribusiness Club unites over 200 leading agribusinesses in Ukraine, promoting the development of agribusiness by providing information support, solving practical problems, and improving agricultural policy. It is actively engaged in attracting investments, improving the efficiency of enterprises, as well as informing its members about changes in legislation and organising training programmes for employees of agricultural companies (Ukrainian agribusiness club, n.d.).

Information on the legal form of a business association helps potential members to better understand the content of its activities. For instance, membership in a business club will provide an opportunity to establish business connections or receive training that is useful for business development. Participation in a chamber of commerce and industry will provide support on export issues or customs procedures. In EU countries, business associations are the key tool for influencing economic policy. In Ukraine, the war has brought substantial changes to the operations of many companies, but it has also opened opportunities for business transformation. In these circumstances, business associations must become real agents of change. Only by joining forces can conditions be created for business development in Ukraine, even in the most turbulent times (Dmytrenko, 2025).

A prominent element of the success of business associations is the introduction of business standards – a set of practical tools that streamline processes, minimise risks, and help achieve economic efficiency. Just as cooperation once provided the foundation for building trust and coordination among its members, business standards now provide a framework that helps integrate best practices into business processes, increasing their efficiency and productivity (Zinovchuk, 2019).

Business standards or business standards are norms developed and voluntarily adopted by all participants in an industry or sector of the economy to create a healthy business culture and increase consumer confidence. These standards can take the form of general codes of business ethics or industry-specific codes of professional conduct. Business standards define the rules for conducting business and interacting with consumers (Introduction of business conduct standards, 2019).

Business standards can be referred to in different ways: code of professional ethics, professional code, code of business ethics, code of conduct, code of interaction, corporate code, etc. The crucial task of business standards is to set priorities for target groups and ways to reconcile their interests. Business involves economic relations between many stakeholders: customers, employees, shareholders, suppliers, competitors, government, etc., and the root cause of ethical problems in business is the conflicting interests of these stakeholder groups (Pigosh, 2020).

As an example, the Code of Business Conduct of the Ukrainian Agribusiness Club Association, which defines the basic ethical standards for all its members. The Code promotes socially responsible and efficient operations in the Ukrainian agricultural market. According to the Code, the members of the Association shall strictly follow the legislation of Ukraine; respect the rights of counterparties and competitors, guided by the principles of equality and good faith; support fair competition; fulfil obligations on time and in full; build relationships on trust and maintain their reputation; understand the importance of a positive business reputation; and promote effective interaction with the authorities. Violation of the Code damages the reputation and purpose of the Association and therefore is grounds for expulsion from it (Ukrainian agribusiness club, 2025).

The UCCI Code of Ethics is based on core values and principles, defines standards of activity and rules of conduct for employees. Structurally, the Code of Ethics includes the following components: mission and vision; principles of activity; values; confidentiality; anti-corruption; countering the financing of terrorism; workplace safety; environment; communications on behalf of the UCCI; documentation and information management; cost management; image of the UCCI; conflict of interest; unacceptable actions; liability for violations (Code of Ethics of the Ukrainian Chamber of Commerce and Industry, n.d.). Table 1 presents the components of the Voluntary Standard for Business Associations in Ukraine (associations of micro, small, and medium-sized enterprises) to assess the level of their institutional development.

Table 1. Components of the Voluntary Standard for Business Associations in Ukraine

Components of the Voluntary Standard	Contents
Organisational capability	An optimal organisational structure that corresponds to the scale of the business and the level of development of the business association; transparent and democratic management procedures
Services and activities	Ability to meet the needs of participants through the provision of quality services
Membership and representativeness	A policy that ensures that the benefits of membership are available to all members

Table 1. Continued

Components of the Voluntary Standard	Contents
External communications	Interaction with business, government agencies, and the public
Transparency and accountability	Openness of the association's operational and financial activities, accountability to its members and accessibility to the public

Source: developed by the author of this study based on Voluntary Standard (2024)

These components may have a varying priority for individual business associations, depending on their type, orientation, and scale of activity. Each of these components has a set of criteria for compliance with the standard. Thus, the form and structure of business standards depend primarily on the specifics of the business association, its organisational structure, development goals, and strategic orientations of its management. However, in terms of content, they must include the fundamental principles and provisions that regulate corporate relations in the association: shareholder policy, ways to resolve conflicts of interest, approach to employees, social responsibility of the business association to society, as well as the obligation to follow safety and environmental standards (Harun & Matyukh, 2018).

Business associations use the principles of cooperation to organise joint activities, while business standards serve as a tool to streamline these activities and make them more efficient. They contribute to the creation of a harmonious environment where companies and organisations can cooperate, preserving their individuality, but at the same time working according to general rules to achieve shared economic goals. In practice, it is standards that help to transform a business association into a more efficient and focused structure (Fig. 1).

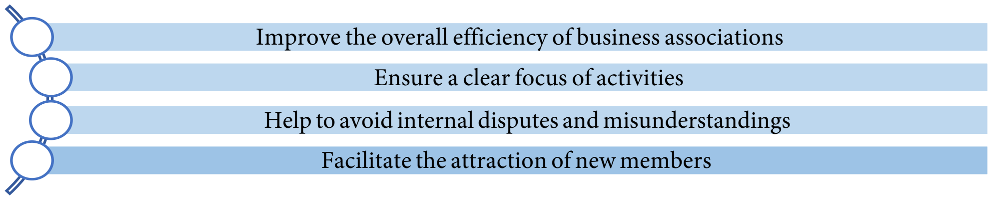

Figure 1. Factors indicating the feasibility of using business standards
Source: developed by the author of this study

Clearly established rules and procedures allow focusing on key objectives, reducing the risk of deviations in work, and ensuring consistency in the execution of tasks. As a result, the quality of services and products offered by the members of the association is greatly improved, which increases the trust of customers, partners, and investors. One of the key advantages of business standards is the ability to prevent internal conflicts that often arise in complex associations. Unified approaches to the distribution of responsibilities, use of resources, and decision-making create a transparent system of interaction between participants. This promotes harmonious work within the association, minimises tensions, and ensures stability.

Furthermore, standards make an association more attractive to new members. Clear and effective rules that have already proven themselves in practice create a sense of orderliness and reliability. This motivates other businesses or organisations to join the association, as they see it not only as a growth opportunity, but also as an opportunity to work within a system that guarantees stability and support. The creation and consolidation of a standard is a multi-stage and complex process, as it requires close cooperation, strategic planning, and a pronounced level of trust between all participants (Fig. 2).

The first step is to involve business representatives of a particular industry or region in the development of the standard. Their participation is not merely desirable, but necessary, as they are the ones who best understand the specifics of their industry, its main challenges and real needs. This approach will ensure that the standard developed will be as adapted to the realities as possible and useful for business stakeholders.

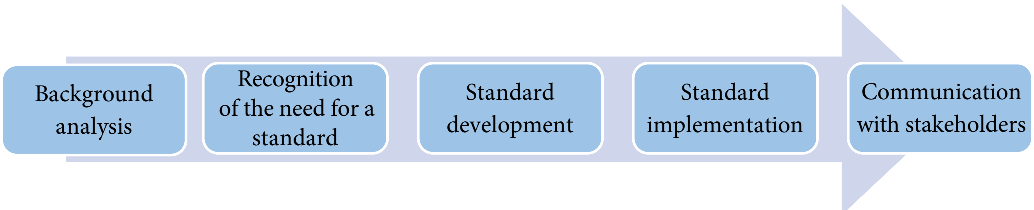

Figure 2. Stages of business standard development and implementation
Source: developed by the author of this study

For a standard to be effective, it is vital to clearly set out its principles and functions in relevant documents. This includes the development of internal policies, rules, and procedures that underlie its implementation in business associations. Documentation of the standard guarantees its transparency and provides clear guidelines for participants seeking to follow it. The introduction of business standards and their compliance by all market participants involves the use of a self-regulatory mechanism. A business association independently develops, implements, and monitors the implementation of a document that defines the rules of business ethics or professional behaviour (Introduction of business conduct standards, 2019).

A prominent role in the establishment of a self-regulatory system is played by identifying a leader or body that will take responsibility for the development of the standard. Such an organisation or entity must have credibility and trust among industry participants, as it will coordinate the process, develop compliance criteria, and confirm compliance. Trust in the leader is a key aspect, as without it, business associations will not be ready to adopt the standard and adapt their activities to its requirements.

The development of a standard begins with a detailed analysis of the preconditions, which helps to identify the key challenges and opportunities for an industry or region. At this stage, an understanding of the need to implement the standard is developed, which motivates participants to join forces to collaborate on the development of the standard. This is followed by the actual development of the standard, which accommodates the interests of all stakeholders and defines the basic principles, rules, and procedures that will form its basis.

Once developed, the standard moves to the implementation stage. At this stage, the members adapt to the new rules, and their activities are checked for compliance with the established requirements. Communication with all stakeholders plays a special role in this process, ensuring transparency of all stages, making it possible to clearly explain the benefits of the standard and facilitating the involvement of new members in the process. The development and consolidation of a standard is not only a technical task, but also a socio-economic process that helps build trust, improve the efficiency of business associations, and create a new culture of interaction in the business environment.

The process of joining a business standard depends on many factors and involves understanding the needs and identifying areas for improvement. For each business association, this process begins with an analysis of its individual operations, identification of weaknesses, and an understanding of how the implementation of a standard can help solve their concrete problems or improve efficiency. For example, a standard can help to optimise internal processes, improve service quality, strengthen governance mechanisms, or facilitate better coordination between the association's members.

It is vital to understand that standards are not limited to governance aspects. They are a marker of leadership and a demonstration of an organisation's willingness to take responsibility for its activities by following certain rules and principles. Strict standards indicate the maturity of an association and its commitment to achieving long-term results. Adherence to the standard is evidence that the organisation is ready not only to integrate best practices but also to work on its own improvement, contributing to the overall development of the entire business environment. The standard is voluntary for business associations. No organisation is obliged to join it until it reaches a certain level of maturity, when the need for standardisation becomes apparent. At a certain stage of development, a business or association begins to realise that further growth requires a clear system of rules and procedures that will allow it to coordinate its activities more effectively, attract new members, and increase competitiveness (Introduction of business conduct standards, 2019).

The basis for the successful functioning of business associations is to guarantee their independence from the influence of large enterprises that are members of the association or its founders. This ensures equality, when each member, regardless of the size of its contribution, enjoys the same right to take part in decision-making. It is critical to prevent situations where members who have made a larger financial contribution try to monopolise management and use the association in their personal interests. For this, it is necessary to introduce effective checks and balances. For example, the formation of an executive committee that includes representatives of both large and small enterprises, with regular rotation. Furthermore, annual voting at general meetings, such as the General Assembly or other forums of participants, enables democratic governance and consideration of everyone's position.

At the same time, the standard sets certain boundaries by dividing business associations into those that meet certain criteria ("good") and those that have yet to meet these criteria ("conditionally bad"). However, the task of business associations and the standard as a tool is not to cut off initiatives or block the development of individual business units, but rather to stimulate grassroots initiatives and facilitate their gradual rise to the level of institutional capacity. It is essential to provide new and weaker players with clear guidelines that will help them grow stronger year after year. These serve as "beacons" that show what works and what does not, where progress has been made and where more effort is required. This approach creates the conditions under which all members of the association can develop in line with their potential. This positively effects the overall dynamics, as strengthening weaker members contributes to stability, increases representativeness, and supports the sustainable development of the entire business environment. In this context, a business standard plays the role of not only a regulatory tool, but also a means of motivation and support aimed at the long-term efficiency and success of business associations (Voluntary Standard, 2024).

Another vital condition for the effective functioning of the standard is the availability of clear mechanisms to confirm compliance with the established requirements. The standard itself, even if it is carefully crafted, will stay only a formal document if it does not provide tools for verifying and monitoring compliance. This means that an internal policy should be developed that clearly outlines the rules, criteria, and procedures that help determine whether an organisation is compliant with the standards. Without such an approach, any assessments can be subjective, which will greatly complicate the verification process and create room for misunderstandings or even manipulation.

The mechanism for monitoring compliance with the standard is a key element to ensure its effectiveness and trust on the part of participants. First of all, it is crucial to determine the approach that will be used to assess compliance. One option is the self-regulation model, when organisations independently assess their activities according to the established criteria. Such an approach will be effective if there is trust between the members of the business association and a strong level of responsibility. Another mechanism is the involvement of a collegial body or an independent organisation that assumes the control function. This helps to ensure the objectivity and transparency of the process. Such structures can act as accreditation organisations, assessing the compliance of participants with the standard, and confirming their status within the business network. Independent control not only strengthens the credibility of the standard but also creates further incentives for organisations to follow the established norms.

The procedure for assessing compliance with the standard should include both quantitative and qualitative indicators. Quantitative indicators help to accurately measure the organisation's achievement of the established requirements, such as the volume of completed projects or financial transparency. Qualitative indicators help to assess compliance with ethical principles, the quality of governance, or the level of satisfaction of clients or members. A balanced combination of these indicators ensures a comprehensive assessment of an organisation's compliance with the business standard. Table 2 presents the quantitative and qualitative indicators that can be used to assess the compliance of a business association with the standard.

Table 2. Quantitative and qualitative indicators for assessing compliance with the business standard

Quantitative indicators	Qualitative indicators
Total revenue of an organisation for a certain period	Assessment of employees' professional knowledge and attitude towards their duties
Indicator of the efficiency of the use of an organisation's assets, calculated as the ratio of gross income to average assets	Average time spent on processing customer requests
Assessment of stakeholder access to financial and other reports	Assessment of the compliance of the organisation and its employees with the established ethical standards
Number of successfully completed projects over a certain period	Assessment of the quality of service provided to customers based on a survey or feedback

Source: developed by the author of this study

Furthermore, effective control involves an accreditation system, where a higher-level organisation recognises those who meet the standards. Participants who pass the accreditation procedure receive official confirmation of their compliance, which gives them the opportunity to join the general network and enjoy its benefits. This not only raises the prestige of the organisation but also creates an environment for mutual learning and experience exchange.

While business standards are not yet widespread in Ukraine, the process of their implementation has already begun to gain momentum, and this can be considered a major step towards improving the governance of business associations. The results of an online survey conducted by the National SME Platform within the framework of the UNDP project "Strengthening MSMEs' Membership Business Associations in Ukraine" (Strykun, 2024) revealed that respondents' opinions were divided on the issue of readiness to implement the standards, but most of them believed that this standard is necessary for Ukraine, and most business associations were ready to implement it (Fig. 3). Overall, the survey showed a strong interest in the idea of developing a standard, although there were certain concerns and challenges related to its implementation.

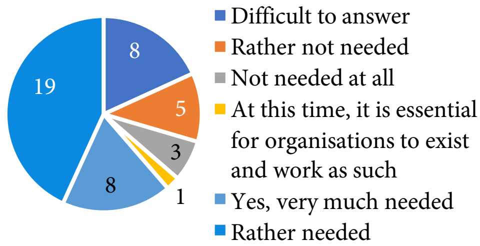

Figure 3. Readiness to implement the standard

Note: the figures in the graph reflect the number of respondents who took part in an online survey conducted within the framework of the UNDP project "Strengthening MSMEs' Membership Business Associations in Ukraine"

Source: developed by the author of this study based on the online survey conducted by H. Strykun (2024)

When analysing the survey results in terms of the components of the business associations' performance standard, the participants paid the most attention to the strategic vision and management efficiency. The highest score among all the criteria was given to the need for a clearly defined mission, a vision of the future, a developed and adopted development strategy, and a clear positioning of the business association – 2.60 points. This underlines the significance of a focused approach to planning and operation, which ensures clarity in defining goals and ways to achieve them. A pronounced level of significance was also given to a well-established system for studying the needs of the organisation's members and assessing their satisfaction. This criterion, as well as the need to have qualified staff, clearly defined employee functions and an effective HR management system, received the same score of 2.55 points. This suggests that high-quality internal organisation and focus on the needs of business associations' members are key factors in their successful operations.

At the same time, the lowest scores were given to issues related to financial sustainability and representativeness. For instance, the representativeness of business associations in terms of industry or territory received only 2.10 points. The issue of diversified and predictable sources of income, i.e., fundraising, was rated at 2.21 points. The approved budget and mechanisms to ensure its stability received a slightly higher, but still low score of 2.26. This indicated that even though financial sustainability and representativeness were significant aspects, they were not perceived as priorities in the development of business associations. The survey findings confirmed that for entrepreneurs to maximise their potential, effective platforms for cooperation, exchange of practices, and protection of interests must be created. This is exactly the role of business associations.

The findings of the present study were consistent with the findings of Ukrainian and foreign researchers. The opinion of P.S. Sinehub (2022) on the role of business communities as cross-sectoral associations that include representatives of small, medium, and large businesses is valuable for understanding how business associations contribute to improving economic efficiency and sustainability of business activities. The researcher emphasised that such associations not only protect the rights of their members but also help to establish effective communication between entrepreneurs and government agencies, which contributes to the creation of favourable conditions for doing business. This is crucial in a time of rapidly changing legislation and economic instability. One of the key advantages highlighted by P.S. Sinehub was the reduction of risks by sharing them among the members in a large project, which allows each business to reduce individual liability and gain access to larger, more complex projects that open opportunities for faster time to market and higher returns. Such diversification enables companies with different resources and strategic goals to create joint products or services that help attract a larger audience and create economic synergies. However, in such circumstances, each member sacrifices some autonomy, as decision-making often requires coordination with other partners.

Considering the activities of business associations in the context of self-regulation, the researcher emphasised that this involves the establishment of formalised "rules of the game" for participants in a concrete market segment, including sanctions for violation of these rules, mechanisms for resolving conflicts between market participants, which to some extent limit the freedom of economic agents. The researcher interpreted formalised rules to mean rules prescribed in an official document. This is significant because formalising the rules helps to ensure a level playing field for all participants and reduces the possibility of unfair competition. Establishing such rules helps to create a transparent business environment, which is a major factor in attracting new members to a business association and ensures stability in the market. However, self-regulation may impose certain restrictions on the freedom of economic agents. Established rules, sanctions, and conflict resolution mechanisms can limit the scope for innovation and flexibility in business management. Businesses, especially small businesses, may feel pressure to follow strict rules, which may reduce their ability to adapt to market changes or new opportunities. Thus, while P.S. Sinehub (2022) emphasised the considerable benefits of business associations in reducing risks and improving access to new opportunities, the balance between self-regulation and freedom of economic agents is critical to maintaining innovation and adaptability in a competitive market.

The position of O.Yu. Vinnikov (2017) on non-profit business associations as an effective tool for implementing joint efforts of small and medium-sized enterprises deserves attention, as the researcher emphasised the value of cooperation in a competitive market. The distinction between various legal forms of non-profit business associations, such as public organisations, chambers of commerce and industry, associations and self-regulatory organisations, offered insight into their breadth and diversity. Each of them has its unique specifics and areas of activity, but they all have a shared purpose – to protect the rights and freedoms of their members and ensure favourable conditions for doing business. However, considering the non-profit nature of these business associations, the question of their effectiveness may arise. In this regard, one of the principal tasks of such associations is to find and use alternative mechanisms to attract resources and support members. The researcher interpreted the purpose of business associations as ensuring effective protection of the economic and social interests of their members. This is a crucial aspect, as small and medium-sized businesses often face problems related to high tax rates, complex bureaucracy, or insufficient support from the state. In business associations, entrepreneurs can receive legal support, lobby for their interests at the government level, and share experiences and resources, which greatly reduces individual risks and helps achieve collective goals.

U. Berezhnytska (2021) examined business associations in the context of supporting and developing small and medium-sized enterprises. The researcher conditionally grouped SME support institutions into five main types: entrepreneurship support funds, business innovation centres, business centres, business incubators, and associations of entrepreneurs. This categorisation allows clearly outlining the variety of instruments used to promote entrepreneurship, each of which has its specific functions. However, it is worth focusing on the role of business associations, which include associations, unions, alliances, advisory and coordination councils, and clusters. According to the researcher, they contribute to lobbying for business interests, the development of certain industries and activities, and organise educational events that help raise awareness of entrepreneurs. The researcher noted that lobbying for business interests at the level of government agencies is a valuable mechanism for small and medium-sized enterprises. In this case, business associations act as a kind of intermediary between government agencies and business, trying to influence the creation of more favourable conditions for doing business. In terms of the significance of developing certain sectors of the economy, business associations can become centres for the development of innovative ideas and contribute to the creation of new markets. The role of associations and unions is essential in this process, as they can mobilise the resources of their members to solve shared problems, such as access to the latest technologies or funding for innovative projects. The educational activities of business associations also have immense potential to improve the level of entrepreneurship development. Organising trainings, seminars, consultations, and other educational events can help improve the skills of business association members, which helps them run their business more efficiently, optimise processes, mitigate risks, and take advantage of new opportunities for growth. However, apart from the positive aspects, there are certain challenges for business associations. For instance, coordination between multiple members of the associations can be complicated, as each business has its unique needs and strategic goals. It is vital for business associations to find ways to balance the interests of large and small businesses, and to promote the creation of conditions for cooperation between different sectors of the economy.

O. Dmytrenko (2024) identified the reasons for the creation of business associations: elevated levels of bureaucracy, corruption, complex tax regulation, and insufficient support for micro, small, and medium-sized businesses. The researcher concluded that in such conditions, an individual entrepreneur cannot influence systemic change, while business associations have a better chance of developing entrepreneurship, as compared to companies operating alone, business association members have access to education and information, joint implementation of large projects, a network of contacts, up-to-date information on grants and support, advocacy, collective protection, apparent marketing advantages, and mentoring. While the present study also discussed the undoubted benefits of business associations, there is also a risk that they may create barriers for entrepreneurs who are not members of a business association, which could limit competition and market development.

The principles of self-regulation defined by A.O. Soshnikov (2024) are another notable aspect of business associations. The researcher investigated business associations as self-regulatory systems. According to A.O. Soshnikov, self-regulation as a form of management and self-control of business associations reduces administrative pressure on business and contributes to raising the standards of business activity and protecting the interests of consumers. Voluntary self-regulation is an indicator of the maturity of companies that are ready to unite and take on extra obligations. Such self-regulatory business communities form long-term cooperative relationships aimed at continuous improvement of products, their personal production and management processes, and can establish formalised rules for regulating their activities. However, self-regulation can limit the freedom of economic agents, which can be challenging for those used to working autonomously. Still, self-regulation allows raising business standards and reducing administrative pressure on companies, which is crucial in countries with an elevated level of bureaucracy.

A.O. Soshnikov (2024) and A. Avrampou *et al.* (2019) also examined the factors that led to the readiness of modern business to merge both within and between industries: various external challenges and threats, and a rethinking of the role of business in society. The researchers emphasised that one of the key tasks of a business association is to develop and implement uniform standards and rules, and to monitor their compliance by all members of the association. Business standards (rules of professional conduct, codes of ethics, and other acts) determine the general trajectory of the business and apply to the activities of all members of the business association. When developing rules of professional ethics in certain areas or industries, the researchers proposed to use the principles and rules of corporate social responsibility (CSR), which must consider the principles of responsible business and sustainable development. W.J. Donoher (2017) and F. Rosati & L.G.D. Faria (2019) also highlighted the significance of implementing sustainable development strategies and creating value for all stakeholders. The opinion of the above-mentioned researchers that the CSR institution and sustainable development are critical elements of modern corporate ethics is notable. Reflection of CSR principles in business standards contributes not only to improving management efficiency, but also to business development overall, allowing business associations to be more sensitive to social and environmental requirements. This is also in line with the general trends of sustainable development that are actively gaining popularity.

It is worth addressing the opinion of S.M. Byars & K. Stanberry (2018) on the role of compliance with business ethics standards to reduce the risks of illegal activities. The researchers correctly pointed out that compliance with ethical standards helps to minimise the risks associated with illegal activities, including bribery, embezzlement, and fraud. Transparent and clearly defined ethical standards help to avoid such situations, creating a basis for honest and trustful interaction with all stakeholders. Furthermore, the researchers emphasised that compliance with corporate codes of ethics helps to build trust between the company, its partners, and consumers. The introduction of clear ethical principles and their adherence builds consumer confidence in a business association, which contributes to more stable and long-term partnerships and increased customer loyalty. In terms of investment attractiveness, adherence to strict ethical standards is a valuable indicator for potential investors. Companies that adhere to ethical standards reduce investment risks and demonstrate their readiness to conduct business transparently. Investors are often looking for stability, minimisation of possible legal problems, and reliability of partners, with ethical standards being a crucial factor in attracting investment in this context. overall, the opinion of S.M. Byars & K. Stanberry is logical and convincing: compliance with business ethics standards not only helps to avoid negative legal and financial consequences, but also contributes to the stable development of the company and the formation of trust on the part of partners and consumers, which positively influences its investment attractiveness.

M. Babri *et al.* (2019) analysed the evolution and trends in research on codes of ethics for 2005-2016, proving to be a valuable study, as codes of ethics have become an integral part of modern corporate governance and business practices. The researchers analysed changes in approaches to the investigation of this issue, reflecting global transformations in the business environment, and considered new areas that were relevant during this period. One of the key trends noted by the researchers is a change in the methods of researching codes of ethics. Whereas previously most studies were focused on legal or formal analysis, after 2005 they were more focused on the impact of codes on employee behaviour, company culture, and ethical standards. This meant that research approaches were shifting from the theoretical to the practical level, with an emphasis on real business processes and the application of ethical standards in the daily operations of companies. The researchers considered new areas relevant to the subject under study, aspects of the impact of codes of ethics on decision-making in the context of ethical dilemmas and social and cultural challenges faced by companies. Considerable attention was also paid to the methods of implementing codes of ethics. Whereas previously it was sufficient to formally introduce such a document, the effectiveness of codes of ethics now largely depends on how they are implemented in the organisational culture, whether there are control mechanisms and whether there is a constant dialogue between management and employees on ethical standards.

Thus, the conducted study confirmed that the introduction of business standards in the activities of business associations is an essential tool for increasing their economic efficiency and competitiveness, which helps to optimise internal processes, improve resource management, increase transparency, and build trust among consumers.

CONCLUSIONS

The conducted study performed a comprehensive analysis of theoretical foundations and modern approaches to implementation of business standards by business associations. The study confirmed that business standards are a valuable tool for optimising management processes and improving the efficiency of business associations. Their application helps not only to improve internal organisation but also to strengthen the trust in associations on the part of entrepreneurs, government agencies, and consumers. The key components of business standards that are of practical value to business associations include a clearly defined mission and development strategy, clear positioning, a system for studying the needs of members, transparent financial management, and a well-established performance evaluation system. The form and structure of business standards mainly depend on the specifics of the business association, its organisational structure, development goals, and the management's vision of the business association's development strategy.

The development and implementation of a standard includes the following stages: assessment of the initial conditions, awareness of the need for a standard, development of the standard itself, and interaction with stakeholders. Implementation of business standards and ensuring their compliance by all market participants involves the use of a self-regulatory mechanism, whereby a business association independently develops, implements, and monitors compliance with the established standards. Of particular value is the mechanism for confirming compliance with the standard, which must be based on objective and transparent criteria and accommodate the specifics of each organisation's activities. Business standards have not yet become widespread in Ukraine, but the process of their implementation is already intensifying. An analysis of the results of a survey conducted by the National SME Platform revealed that most respondents were ready to implement such standards. The key components of the standard included strategic planning and management effectiveness, along with a well-established system for studying the needs of members of organisations and assessing the level of their satisfaction.

Thus, business associations in Ukraine have a strong potential to increase economic efficiency through interaction between multiple participants and the implementation of clear standards and ethical norms. Joint activities within such associations help to reduce risks, improve communication with government agencies, and ensure sustainable conditions for business development, which is crucial in crises. Further research should focus on the long-term effects of business standards and identify specific factors that influence the success of their adaptation in various cultural and economic contexts.

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CONFLICT OF INTEREST

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Бізнес-стандарт як набір практичних інструментів для підвищення економічної ефективності бізнес-об’єднання

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Анотація. У сучасних умовах розвитку підприємництва бізнес-стандарти є важливим інструментом підвищення ефективності корпоративного управління та зміцнення довіри до бізнес-об’єднань. Проте в Україні їх поширення та впровадження перебувають на початковій стадії, що зумовлює необхідність детального аналізу й адаптації стандартів до місцевих умов. Мета дослідження полягала у розкритті сутності бізнес-стандартів як набору практичних інструментів, визначення їх ролі у підвищенні економічної ефективності бізнес-об’єднань. У статті використано контент-аналіз, метод Desk research, метод Case study, метод інтерпретації. Встановлено, що сучасні бізнес-об’єднання, які є продовженням і розвитком ідеї кооперації, створюються з метою сприяння розвитку підприємницької діяльності. Впровадження бізнес-стандартів, як набору практичних інструментів, є важливим чинником підвищення економічної ефективності бізнес-об’єднань. Стандарти можуть існувати у вигляді загального кодексу ділової етики, кодексу професійної поведінки, корпоративного кодексу, професійного кодексу, кодексу взаємодії та ін., що діють в окремих сферах діяльності. Дослідження виявило, що форма і структура бізнес-стандартів визначаються, в першу чергу, характеристиками бізнес-об’єднання, його організаційною структурою, цілями розвитку та стратегічними напрямами діяльності керівництва. Однак, з точки зору змісту, вони повинні охоплювати ключові принципи та положення, які виконують роль регулювання корпоративних відносин в об’єднанні. Ключовими компонентами бізнес-стандартів є: чітко визначена місія та стратегія розвитку, прозора система управління, фінансова стабільність, кваліфікований персонал, налагоджена система оцінювання потреб членів і механізми задоволення цих потреб. Акцентовано увагу, що впровадження бізнес-стандартів може стати потужним інструментом для зміцнення спроможності бізнес-об’єднань в Україні. Обґрунтовано, що такі стандарти здатні забезпечити стабільний розвиток бізнес-об’єднань, посилити їхній вплив на владу, сприяти довготривалому зростанню бізнес-середовища. Практичне значення дослідження полягає в тому, що пропозиції автора можуть стати основою для впровадження бізнес-стандартів, сприяти підвищенню ефективності бізнес-об’єднань

Ключові слова: кооперація; підприємництво; стандарти ведення бізнесу; кодекс етики; кодекс професійної поведінки; корпоративне управління