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## Knowledge Management in Development of EU and NATO Marketing Standards in Ukrainian Business

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### ABSTRACT

Ukrainian scientists are working on developing the proposals for returning the country high rates (which were lost) and for withdrawing the state from the circle of outsiders. One of the most promising ways for Ukraine is the development of economic, political and other relations with the EU. The aim of this article was to present the results of studying the knowledge management in development of EU and NATO marketing standards in Ukrainian business. To achieve the mentioned goal, the authors have searched the main definitions of this study: knowledge, knowledge economy, knowledge management, standard, marketing standards, system of standardization. The main reasons for necessity of standards harmonization in Ukraine with the European Union standards and NATO were defined. The primary of them are following: scope and high level of the European market development, its capacity, which is provided with significant purchasing power of wealthy people in Europe, and also leadership in the development of innovation and effectiveness of its implementation at all levels of economic activity. Comparative characteristics of marketing standards in the EU and NATO and in Ukraine were described. Peculiarities of functioning of marketing standards in the EU, NATO and Ukraine including goals of standardization, organizations for standardization, the system for creating marketing standards, and the system of monitoring compliance with standards were studied. The level of implementation of international and European standards in Ukraine was descavered. Benefits for Ukrainian business from the introduction of experience of knowledge management of the EU and NATO in the field of marketing standards were grounded. Problems of knowledge management in the process of harmonization of marketing standards of Ukraine with the EU and NATO standards were identified.

**Keywords:** knowledge management, marketing standards, knowledge economy, system of standardization, harmonization of standards

## **1. INTRODUCTION**

The economy of the world is increasingly polarized. The countries which economic development bases on the knowledge and its derivative – innovations are located on the one pole. The countries mostly with raw economies – that are exploited by the first group of countries – are located on the other pole. In today's globalized world the main purpose of raw materials economies is to serve the needs of developed states following the humiliating role of commodity applications. This state of affairs quite satisfy by the leaders, which use all possible methods to save it. Two of those methods are the most popular. The first includes different kinds of associations (unions, alliances, holdings etc.) – they are building the insurmountable barriers for protection their interests and prevention the weaker members. The second way is the usage of military force and expansion, and they occupy the control of outsiders under completely peaceful slogans. That's why they ensure their economic, political and other needs.

However, the position of the supplier of raw materials is rather attacable especially at the time of rapid scientific and technical progress and very fast changes that were provoked by it. Therefore, it is clear that outsiders are constantly trying to find the ways which would allow them to escape from the margins of the world progress. The only way for this while thousands of years of historical development of mankind was the war. Nowadays, we can see a lot of examples when the transformation of economy into innovative, provided it with progressive knowledge – all these created the conditions for economic emergency lunge.

According to that, Ukrainian leaders of social thoughts (incl. scientists, social activists etc.) even in latest XX century pointed to the harm of reduction the contributions for education and science. They emphasized the necessity to confront an increasingly prominent negative trends to such dubious saving on knowledge. However, the share of money on “forming the knowledge” in Ukraine continued to reduce. That was one of the main reasons of current economic state. As reference: Ukraine is the biggest country in Europe. It accounts 0.5% territory of the Earth and more than 4% of planet's natural recourses. Most of the high technology products of the former Soviet Union was produced in particular in Ukraine. Even nowadays our country is the leader of delivery the specialists of information technology and etc. All these facts demonstrate the great natural and intellectual potential of Ukraine.

However, mentioned potential is used very irrationally because of some objective and subjective reasons. At the same time, the economy of the country – which used to be the leader between the former soviet states – is turned into backward, mostly raw materials and suffered from the long debilitating crises and periods of stagnation. In view of this, Ukrainian scientists are working on developing the proposals for returning the country high rates (which were lost) and for withdrawing the state from the circle of outsiders.

We believe that one of the most promising ways for Ukraine is the development of economic, political and other relations with the EU. We are based on the fact, that EU is large-scale, receptive, solvent innovative market, which engages in competition in particular the countries such as China, the US, Japan and others. According to many researchers, namely the economic model of the EU and its level of efficiency is the threshold that has a high motivational value for Ukraine and valuable experience for its development. Thus, improvement of business and entrepreneurship environment in all spheres of the state's activity to the European standards can provide the real progress in the reform's

implementation and modernization of the economic, technical, and others processes (About standardization, 2016).

## **2. MATERIALS AND METHODS**

### **2. 1. The aim, the subject of research and the methodology of research**

The aim of this article was to present the results of studying the knowledge management in development of EU and NATO marketing standards in Ukrainian business.

The research subject was the theoretical, methodological and practical aspects of knowledge management impact on the shape and level of development the marketing standards systems in EU, NATO and Ukraine.

The research methodology included the complex of methods to achieve the defined object and to explore the subject deeply. Thus, in the study were used following methods: method of scientific abstraction, analysis and synthesis – for developing the proposals for improving the role of knowledge management for the marketing standards system and effective functioning in Ukraine; historical and logical method, as well as method of induction – for the study of features of mentioned systems and their elements, for specification of relationships between the elements of studied systems; methods of deduction, scientific abstraction, comparative analysis, classification and summarization – for research the particular characteristics of standards classification, institutions, means of knowledge management; methods of analogy, comparison and induction – for specification the main challenges of the marketing standards knowledge management in Ukrainian business as well as for defining the benefits for Ukrainian business from the EU and NATO marketing standards knowledge management implementation.

The theoretical basis of the study was to analyse and clarify the categorical apparatus, that's why the first consider the main definitions which revealing the author's view on the research subject.

### **2. 2. Basic definitions of the study**

To achieve the goal of our study, we had to search the following main definitions: knowledge, knowledge economy, knowledge management, standard, marketing standards, system of standardization. All the mentioned categories are very common in nowadays' scientific literature. To our mind, this confirms the need of their fully exploring. And we will start from the core of all research – the category “knowledge”.

Knowledge is a multidimensional concept which was studied since the appearance of science. During the science evolution this category's had different kind of interpretation, like any multifaceted concept. The most essential of them we presented in our article.

The Oxford Dictionary offers two definitions of knowledge:

1) Facts, information, and skills through experience or education; the theoretical or practical understanding of a subject.

2) Awareness of familiarity gained by experience of a fact or situation (Oxford Dictionary, 2016).

According to Cambridge Dictionary, the knowledge is understanding of or information about a subject that you get by experience or study, either is known by one person or by people generally (Cambridge Dictionary, 2016).

Nowadays we can see the increasing of interest in the searching of knowledge as a influential organizational resource (Alavi M., 2001). For example, the reflection of mentioned trends presents in Business Dictionary. It gives some definitions of knowledge that were created by well known scientists and practices:

- Human faculty resulting from interpreted information; understanding that germinates from combination of data, information, experience, and individual interpretation (Andre Boudreau).
- Things that are held to be true in a given context and that drive as to action if there were no impediments (Andre Boudreau).
- Capacity to act (Karl Sweiby).
- Justified true belief that increases an entity's capacity for effective action (Nonaka and Takeuchi).
- The perception of the agreement or disagreement of two ideas (John Locke).

These definitions describe both: individual and collective knowledge. However, namely processes and conditions of developing the collective (or organizational) knowledge were recognized recently as the most relevant.

The increasing of attention of scholars and practitioners of various economic sectors to the category "knowledge" continues due to its growing role in modern life. It can be illustrated by the following chain of dependences: strengthening of the competition in all markets, transformation of the product brands competition in the innovation competition, growing share of high technology ("smart") products, further increasing the role of knowledge in creating those innovation, which could provide the sustainable competitive position for their manufacturer. Outlined number of characteristics briefly describes the distinctive features and sequence of origin of the knowledge economy.

The last term "knowledge economy" is used in relation to the economy system where consumption and production are vastly based on intellectual capital. The knowledge economy inhere in developed countries, where function a lot of transnational companies which value contains a significant share of intangible assets (Carayannis E., Campbell D., 2011). That kind of assets is called an intellectual capital of company and is formed from three parts: 1) human capital (the sum of what is known and resides in the mentality and the competence of company's staff); 2) relations capital (developing the effective relations with customers, suppliers, owners, banks, distributors, etc.); 3) structural capital (intellectual property and infrastructure assets) (Pawłak Z., 2011). In turn, the intellectual property consists of: a logo, trademark, brand, copyright, proprietary products and technologies, own organizational solutions, and knowledge – individual and collective. The infrastructure assets conclude organizational structure, methods and systems of management, information systems, organizational culture, management strategy, financial strategy and so forth (Listwan T., 2016).

The above mentioned list of intellectual capital elements is hereby quite convinced and shows that knowledge has turned into a very important factor of production in nowadays economy. For that reason, we can consider the knowledge as the basis of successful enterprise position on the market. And if so, the improving and utilization of organization's knowledge

(both the individual and collective) became the significant task of executives at all the levels. They have to understand that the more knowledge they'll have about all stakeholders on the market, the more likely to strengthen competitive advantage and thus to lengthen the period of enterprise's prosperity.

Therefore, the following definition which should be studied is "knowledge management". We agree with the next statement: "knowledge management is the systematic management of an organization's knowledge assets in order to create value and meet tactical and strategic requirements; it includes the initiatives, processes, policies and systems that support and enhance the storage, evaluation, sharing, updating and creation of knowledge" (Burita L. and others, 2012).

Therefore, knowledge management needs for creating/providing the right tools, people, knowledge, structures (teams, etc.), culture, etc. in order to enhance learning; it has to understand the value and applications of creation the new knowledge; it has to keep this knowledge and make it easily accessible for the right people at the right time; and it has to continuously evaluate, use, improve and remove organizational knowledge, combined with specific long and short term factors (Burita L., 2014). In a broad sense, the knowledge management is the competent accumulation and application of knowledge that is useful for organization. The measure of usefulness the knowledge is the certain standard in every case.

According to well-known definition, standard is "universally or widely accepted, harmonized or established means of determining that something should be. Main classifications of this term include: (1) Material or substance whose properties are known with a level of accuracy that is bountiful to allow its use as a physical reference calibration or dimension of the same properties of another material or substance. (2) Concept, rule, or principle established by agreement, the government, or custom, and is generally used as an example or model to compare or measure the quality or characteristics of a practice or procedure. (3) Written definition, limit, or rule approved and supervised for compliance by an authoritative agency (or professional or recognized body) as a minimum agreeable benchmark (Asfaw S. and others, 2010; Business Dictionary, 2016).

### **3. RESULTS AND DISCUSSION**

#### **3. 1. Staged issues of accessibility the marketing standards of EU and NATO for Ukraine**

According to the program of Ukraine's integration into the European Union, (The program of Ukraine's integration, 2000) the fundamentally important conditions are the ability to fulfill the obligations, which are related to the internal market, economic and budgetary matters, policy of development sectors, economic and social complementarity, the standards of living and environmental protection, innovation and foreign policy. After the acquisition of Membership in the Council of Europe, Ukraine is significantly closer to the level of compliance with first of the Copenhagen criteria. However, the more difficult question is to achieve the level of compliance with criteria related to economic development and competitiveness of production in Ukraine. Resolving this issue has to provide the implementation of priorities, in certain way each of them covers significant number of specific measures, which are related to primarily standardization and licensing systems, conformity assessment, metrology and accreditation, introduction of EU marketing standards in Ukraine.

The issue of knowledge management is becoming increasingly urgent during the implementation of EU marketing standards in Ukraine. Its popularity is reinforced the need of sustainable economic growth and increasing welfare of the population, opportunities to participate in high culture of efficient market economy and raises own economy to a certain level. As is well-known the European Union is one of the large-scale, solvent innovative markets and such countries as Japan, USA, China, Brazil, India, Russia and etc. are willing to fill these markets. According to the research by P. Haidutsky, namely the EU economic model and the level of efficiency- it is the line that has a high motivational value for Ukraine and significant experience for its development.

This is a possible progress for implementation of reforms and modernization, bringing business environment and entrepreneurship to the same level as EU standards. Therefore, a realistic assessment of accessibility of EU standards in Ukraine presents a significant scientific interest.

In this context, is done the work which is related with surveillance operations of the market and safety of the products, free circulation and safety of industrial goods, capitals, labor for the purpose of facilitating business relations through the implementation of important principles of global openness and transparency, consensus and technical compliance. European standards are driving force of innovation creation and increase the competitiveness of the EU for the reason that they give an opportunity to remove the trade barriers and increase the safety of products for consumers. The intention of Ukraine to integrate into the European space indicates the implementation of the law on adaptation of Ukrainian legislation to EU norms, according to which, in 2015, Ukraine has canceled approximately 15 thousand. GOSTs of Soviet Union and accepted roughly 2.7 thousand. Technical standards, which are harmonized with European and international standards. At the same time some national standards in ASAA for some groups of industrial groups were adopted& these standards give an opportunity to export without additional certification in the EU (Ukraine in 2015, 2016). It is almost 2 times more than all previous 10 years. However, it is not enough to reach the required level of harmonization (8 thousand or 80% of the total number of current European standards) for getting the associated membership in the EU.

### **3. 2. The research objectives of the knowledge management level in the course of harmonization of standards**

The objective necessity of standards harmonization in Ukraine with the European Union standards and NATO existed since the moment of appearance of these alliances. The main reasons for this need are scope and high level of the European market development, its capacity, which is provided with significant purchasing power of wealthy people in Europe, and also leadership in the development of innovation and effectiveness of its implementation at all levels of economic activity. However, the urgency of solving this problem (especially regarding NATO standards) was obvious as a result of Russian aggression, which (means aggression) not only catalyzed the awareness of the vital need for development cooperation (which is not possible without the system of standardization), but also found wordy inaction of the West and the active opposition of internal supporters of the old system.

In consideration of the foregoing premises it follows that the study of state of standardization system in Ukraine and identification the directions of its development are important and timely. In particular, a realistic assessment of accessibility of EU standards and

NATO in Ukraine presents a significant scientific interest. In our view, this assessment is able to get based on analysis of three groups of factors: 1) factors, which give reason for comparative characteristics of the structure and dynamics of Ukrainian and European national standardization systems; 2) factors, which testify the state of the NATO standards implementation; 3) factors, which illustrate the features of the environment contribution or counter mentioned processes. All these groups are multidimensional and one of the most significant of these is the marketing aspect, on which we are going to concentrate our attention.

We consider that it is appropriate to remember that the standard in the broadest sense- is the sample, gage, model, which are taken as an incoming data to compare them with the similar facilities. In this context, for analyzing all three groups of indicators should be done the work, which is related to surveillance by the rules of the game in the markets, security of products, free circulation of goods and services, capital and labor for the reason to facilitate business relations through the implementation of important principles of global openness and transparency, consensus, technical compliance and etc. (Van Horne, Achterbosch T., 2008). Objective characteristics of marketing standards for Ukrainian and European markets should show a comparison of observation results. However, nowadays, the serious problem is lack of selection procedure of the base of comparison (means sample or model), which would take into account the interest of Ukraine. In other words, it usually consider, that model is the EU standards (for the reason that we strive to join it, but not vice versa), and Ukraine is lagging in all things (as were reflected in the headlines of this article).

However, justice of this perception is questionable, because there are some spheres, where Ukrainian goods are equal or even better (for example, the quality of different types of food and education, especially technical).

The current subjectivity of standards evaluation should be considered during the implementation of the changes, which are taking place according to the law of Ukraine «Standards, technical regulations and procedures of assessment the accordance» and execution the clause 26 and 124 of the Association Agreement between Ukraine and the EU (Ukraine in 2015, 2016). Presently, according to the order of the Ministry of Economic Development and Trade of Ukraine № 1493 «On adoption of European and international regulations as the national standards of Ukraine, changes to national standards of Ukraine and the cancellation of national standards of Ukraine» dated 30 December 2014 year during almost two years there has been an extensive work on harmonization of standards. Because of previously mentioned reasons, nowadays, this work is concentrated on the «proof» of Ukrainian standards to the EU. However, we are convinced that, presently, it is necessary to maintain the active lobby for those rules, where Ukrainian standards more correspond to the requirements of customers.

The effective execution, which was assigned by the government and the objective necessity, of the tasks of the standards harmonization is impossible without effective system of standardization. National Standardization System of Ukraine (NSSU) – a system that determines the basic goals and principles of management, forms and general organizational and technical rules of execution of all activities of standardization (The National Standards of Ukraine, 2016). The most important structural elements of NSSU are: 1) standardization bodies and services; 2) combination of regulations; 3) the system of monitoring the implementation and execution of regulatory documents. Previous researches have shown that NSSU needs serious improvement, primarily in the following directions: development of

mechanisms for implementing objectives, which were mentioned in the documents of goals of standardization; acceleration the development of standardization infrastructure; employment the measures to increase the level of dynamic mainly by overcoming the resistance of the old system; forming the system of data management and exchange of information on monitoring of compliance the standards. Execution of the mentioned tasks will depend on the ability of the government to reduce the level of the shadow economy, to separate business from the government activities and combat corruption (Costea S., 2011).

Analysis the state of the implementation of NATO standards was selected in a separate group of tasks for the reason, firstly, the vital importance to transfer the raw Ukrainian economy into military in modern conditions; secondly, the extreme backwardness of this sector of economy and the need for special attention to it; thirdly, the most aggressive opposition of the large part of the management of the Ukrainian army with progressive innovation, which are offered by innovators of North Atlantic Alliance, which have positive attitude to Ukraine. Nowadays, the subject of feasibility of introducing NATO standards in Ukraine is being actively developed in journalism. However, marketing aspects of this problem have not been highlighted in scientific literature.

The third group of indicators we called “those that highlight the peculiarity of surroundings for promotion and combat of mentioned processes”. The point is that the harmonization of standards is necessary for complete development of Ukraine and EU cooperation encountered the serious obstacles from all three sides – and this is most clearly shown during 2014-2016. Firstly, (and the most important) from the substantial part of managers at all levels in Ukraine, those who had to stimulate, motivate and control subordinates. Secondly, from the side of the EU, which declares full cooperation, but at the same time realize that a strong Ukraine – it is an additional competitor on the crowded European market. This explains with artificial barriers that often arise on the way of Ukrainian companies to the EU market. Thirdly, it is obvious attempt to block with any kind of occasions and with and steps towards cooperation Europe from the side of Russia. Thus, the answer to the question of whether Ukraine is achievable for marketing standards of the EU and NATO, largely will depends on the political willing to grading this counteraction.

### **3. 3. Comparative characteristics of marketing standards in the EU and NATO and in Ukraine**

It should be noted that for compliance with the marketing standards ISO 20252 there are more than 300 companies specializing in marketing research are certified in the world, among which only one is Ukrainian. In 2011, Bureau Veritas Certification Ukraine conducted the audit in compliance with ISO 20252 of the company "Taylor Nelson Sofres Ukraine" (TNS). This enterprise is included into group of companies TNS is part of Kantar Group of research division of the global advertising and communication holding WPP. The code of professional conduct and ethics identifies such ethical standards in the field of marketing and PR as: 1) support an honest relationship with clients and colleagues; 2) preservation of confidential information and commercial secrets; 3) use of methods that do not demean the other participants in the PR activity; 4) professional collaboration with other members of the Association to fulfill the provisions of the code (Us I., Sokolov I., 2016).

Therefore, considering the above, we can highlight the following features of the functioning of marketing standards in the EU and Ukraine (table 1) that will later become the

basis for the definition and systematization of the main problems of reach of marketing standards of the EU for Ukraine.

**Table 1.** Peculiarities of functioning of marketing standards in the EU, NATO and Ukraine

EU and NATO	Ukraine
<b>Goals of standardization</b>	
The development of the internal European market. The removal of technical barriers for free movement of goods and services within the European market.	Rational use of natural resources, conformity of objects of standardization to their functional purpose, informing consumers about the quality of products, processes and services that support development and international competitiveness.
<b>Organizations for standardization</b>	
CEN – European Committee for standardization, CENELEK – European Committee for standardization in electrical engineering, ETSI – European Institute for standardization in the field of telecommunications; – there is a fairly clear infrastructure of standardization in the EU, with strong relationships, transparency, and the only central body of standardization (CEN).	State metrological inspection (functions of its structures are divided according to the European example on the regulatory, supervisory and commercial). National standardization body (NSB), (organizes the development of national standards), and the like. – infrastructure of organization of standards is in the formative stage.
<b>The system for creating marketing standards</b>	
<ul style="list-style-type: none"> <li>– has a high level of standardization dynamism, that is actively carried out by the European notification body;</li> <li>– has a fairly effective system of planning standards. During the planning of works on standardization strategic aspects are taken into account. In addition to harmonised standards there are national standards that fully take into account all legislation of the specific country of the European Union. For example, when planning eco-design, which aims for 20% of final consumption from renewable energy sources, reduce greenhouse gas emissions and to increase energy efficiency are clearly described and work plan is specified for standardization and the timing of their completion. This gives the opportunity to the European standardization bodies to conduct long-term planning. As a rule, every 3-5 years the EC actualizes work programmes;</li> <li>– standards require the elimination of obstacles to the free circulation of products between EU member states. These changes</li> </ul>	<ul style="list-style-type: none"> <li>– has low level of standardization dynamic, which is primarily connected with the process of rapid aging of the National Fund of standards as a result of insufficient rates of development of international, regional (mostly European) and national standards of other countries, and due to the lack of timely revision of existing national standards;</li> <li>– in licensing documents is introduced the terminology of the EU, cancelled the certification procedure, measurement technique, certificate about the inspection;</li> <li>– is the lack of efficiency of plans of national standardization. Plans are developed for one year, whereas there is need for a system of three - and five-year planning. During the planning of standardization are not fully used forecasts of development of science and technology, little consideration of need for standards in the domestic market and for export products;</li> <li>– a weak potential of standardization services for enterprises;</li> <li>– there is limited and unstable funding, the difficulty of attracting economic entities, primarily small and medium-sized businesses, financing the development of national standards and participation in standards creation.</li> </ul>

are particularly beneficial to small and medium enterprises. The existing system of supervision on internal and external customs borders is strengthened.	
<b>The system of monitoring compliance with standards</b>	
<ul style="list-style-type: none"> <li>– developed system of control of products' safety in which are involved private sector and members of the public;</li> <li>– high level of competence of employees of the control authorities of the EU customs;</li> <li>– created data management systems and information systems for laboratories and inspection agencies;</li> <li>– high level of work efficiency of anti-corruption units</li> </ul>	<ul style="list-style-type: none"> <li>– has a poorly developed system of data management and rapid exchange of information on controls (risk messages) for certain types of products that would have characteristics similar to the RASFF;</li> <li>low level of optimization of the network of national reference laboratories and official control laboratories, to provide the selected laboratories with new equipment, software and technical support;</li> <li>– outdated training program for regulatory authorities and the system of continuous professional development in the sphere of control;</li> <li>– high level of the shadow economy, making impossible the procedure for total quality control.</li> <li>– inefficient mechanism of anti-corruption expertise of drafts of regulatory legal acts.</li> </ul>

Source: authoring based on (What will bring Ukraine, 2016; The National Standards of Ukraine, 2016 and others)

### 3. 4. The first steps in implementation of the marketing standards of the EU and NATO in Ukraine

**Table 2.** The level of implementation of international and European standards in Ukraine.

Class and industry standardization according with SC 004	The number of existing Ukrainian standards	The number and percentage of standards that are harmonised with the standards of international and European organizations for standardization						
		Total, %	ISO	IEC	CEN	CENELEC	ETSI	others
01. 01. General provisions. Terminology. Standardization. Documentation	638	242 37,9	179	27	33	1	1	1
03 Sociology. Services. Organization and management of enterprises. Administration. Transport.	626	157 25,1	100	32	21			4
07 Math. Science	242	115 47,5	112		3			
11 Health protecting system	498	127 25,5	106	11	4	5		1

13 Environment. Protection of the environment and human health	2040	885 43,4	396	161	312	14		2
25 Machine manufacturing	3599	612 17,0	526	34	48	4		
27 Energy and heating equipment	443	86 19,4	27	18	41			
33 Telecommunications. Audio and video	655	191 29,2	1	81	11	21	60	17
35 Information technologies. Office equipment	573	375 65,4	202	158	13		1	1
43 Road vehicles	440	39 8,9	31	2	2			4
45 Railway equipment	167	10 6,0	2	2				6
47 Shipbuilding and marine structures	181	3 1,7	3					
49 Aviation and space technology	145	2 1,4	2					
55 Packaging and distribution of goods	371	97 26,1	52	1	44			
59 Textile and leather industry	1340	200 14,9	168		32			
61 Garment industry	339	27 8,0	20	2	5			
65 Agriculture	1286	296 23,0	229	2	65			
67 Food industry	2207	472 21,4	363		59			50
71 Chemical industry	1566	244 15,6	166	7	69	2		
77 Metallurgy	3321	240 7,2	98	1	141			
79 Woodworking industry	478	102 21,3	3		98		1	
81 The glass and ceramic industry	289	20 6,9	13		7			
83 Manufacture of rubber and plastics	814	111 13,6	88	23				
85 Paper industry	373	129 34,6	109		20			
87 Production of paints and dyes	323	5 1,5	5					
91 Construction and building materials	789	116 14,7	28	17	71			

97 Household appliances and commercial equipment. Recreation. Sport	780	226 29,0	45	95	77	9		
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Source: authoring based on (Harmonised standards, 2016; Open EU project, 2016 and others)

In the context of our research was to analyze the level of implementation in Ukraine of international and European standards and types of regulations, according to classes and industry of standardization SC004 (state classifier) (Table 2).

It is worth mentioning that the practical activity of a harmonized system of regulatory documents of Ukraine with the relevant system of EU and NATO began immediately after the entry into force of the Agreement on partnership and cooperation (01.03.1998). According to the data of table 2 the leader in terms of harmonization with the standards of international and European standardization organizations is the branch of “Information technologies. Office equipment”, the level of harmonization of which reaches to 65.4%. Approaching 50% is also standardization in the fields of "Mathematics. Science", "Environmental protection", "Paper industry". The lowest level of harmonization of standards are the industry "Production of paints and dyes", "Glass and ceramic industry", "Metallurgy", "Aerospace engineering", "Shipbuilding" and the like.

Fundamentally important condition and purpose facing Ukraine is the creation of a free trade zone with the EU. This perspective is defined in the Partnership and co-operation agreement (PCA). It should be noted that Ukraine is actively trying to implement this task. So, an agreement has been reached on the development in the framework of the PCA concrete measures that would provide the opportunity to start negotiations on establishing a free trade zone. Along with this, the activity of the PCA aims to: 1) promote trade and investment and harmonious economic relations between the parties and, thus, the acceleration of their sustainable development; 2) provide a basis for mutually advantageous economic, social, financial, scientific-technical and cultural cooperation; 3) support of Ukraine's efforts to strengthen democracy, develop its economy and complete the transition to a market economy. In addition, according to the head of the European programme of the NGO “Centre UA” L. Akulenko, in order to export industrial products to the EU domestic producers need to organize the test and receive a certificate in one of the EU countries. For domestic producers the procedure of examination on some groups of goods is very costly. This fact considerably complicates the procedure for obtaining certificates and, to a certain extent increases the price of products thus reducing its competitiveness on the EU market. However, research conducted in the EU showed that harmonization of standards can contribute to stable GDP growth by 2–5% per year, and considering the investment – up to 10%.

### **3. 5. Benefits for Ukrainian business from the introduction of experience of knowledge management of the EU and NATO in the field of marketing standards**

Marketing harmonization of Ukrainian standards with those of the EU and NATO is understood as a kind of experience of knowledge management in this important area. We can identify the next prospects for further harmonization of domestic standards with the standards of the EU and NATO:

- after harmonization of the Ukrainian standards with those of the EU and NATO all documents and certificates will be possible to obtain in Ukraine;
- due to the termination of outdated norms, is expected the reduction of the regulatory press on business;
- thanks to the creation of certified laboratories, the relatively low cost of the examination will be able to attract to our country manufacturers from other countries, interested in entering the markets of the EU and NATO.

Along with the mentioned above, the transition to EU standards will provide significant reduction of corruption, therefore there is a possibility of resistance of some subjects of the domestic business (on which was directly dependent the decision regarding the definition of level of compliance) to implementation of a simple and clear system of standards and conformity assessment.

Therefore, an important issue is the definition of marketing standards of the EU, as such that regulate the processes of product promotion from inception of an idea to its obtaining by the consumer, as they span the spheres of education and science, research and development, enterprises and organizations, institutions of standardization and the like. Along with domestic, EU standards put forward more demands for the promotion of products on the market, especially product marketing. A striking difference is the absence of specification of the country or region where foods are grown. In the Ukrainian standards are not displayed the requirements for uniformity of product.

Compliance with marketing standards of the EU, and the successful integration into the European space can provide domestic consumers with the following benefits:

1. A wide range of imported products at lower prices. Now all imported from the EU products must pass inspection for compliance with Ukrainian standards. Because of this, firstly, the manufacturer or importer bears the additional costs which he displays in the price of products. Secondly, due to the existing barriers, not all European producers are ready to spend time and money for the opportunity to enter the Ukrainian market. When these barriers are removed, Ukrainian consumers will receive higher quality European goods at lower prices.

2. Product safety is guaranteed by the manufacturer. According to the European norms, the responsibility for the safety of the products is fully on the manufacturer. In Ukraine for the improper quality of the goods to justice through the courts can be involved even the seller, although he is only the intermediary between producer and consumer. Furthermore, there is no responsibility for those who have tested these products on behalf of the state. After the adoption of the bill will work the principle of "liability without fault": it is the producer himself who has to prove that he is not guilty.

Benefits for domestic manufacturers:

1. The possibility of entering the EU market. Currently, in order to export industrial products to the EU, the Ukrainian manufacturer must test their products to obtain the certificate of quality in one of the EU countries. This results in considerable costs for domestic producers, increases the cost of its products, so it becomes less competitive on the European market. When Ukraine harmonizes its legislation and standards with EU and makes with the EU a relevant agreement, all documents and certificates the manufacturer will be able to get in Ukraine. This is much cheaper and easier, and without any additional checks to sell it in the EU countries.

2. Unified and coordinated product requirements. Now in Ukraine there are rules that are often outdated and contradict each other: for example, together with technical regulations to products may be applied sanitary rules and norms and NLALP (normative legal acts on labor protection). Ukrainian entrepreneurs are actually not able to manufacture products that comply with all requirements. In addition, it does not only lead to overregulation of business environment, but also creates space for abuse on the part of regulatory and supervisory authorities. In the EU there is single regulatory regime: one products may be subject to one or more directives that simply cover different aspects of products, but without any additional requirements. Ukraine in the framework of its obligations to the EU should remove all duplicate or contradictory requirements and to harmonize its legislation and standards to EU requirements. Instead of many inconsistent requirements the manufacturer will get clear ones. This will be a major step towards deregulation and improvement of the investment climate.

3. The opportunity to develop the business of providing certification services. Now in Ukraine there are up to ten accredited laboratories, where manufacturers can obtain documents stating that their products are tested and comply with the EU regulations (relevant quality certificates can only be obtained in one of the EU countries). When regulatory frameworks are harmonized, it will be possible not only to pass the test, but also to obtain certificates of conformity in Ukraine. This is an important service not only for Ukrainian producers, but also for Chinese, Latin American, and especially for those who want to enter the European market (What will bring Ukraine, 2016; Faleg G., 2012).

### **3. 6. Problems of knowledge management in the process of harmonization of marketing standards of Ukraine with the EU and NATO standards**

Along with the benefits that directly represent practical interest for producers and consumers, there are some problems with attainability of the marketing standards of the EU and NATO. We believe that these problems directly stem from insufficient development of a knowledge management system:

- the lack of developed technical legislation in the field of standardization. Legislative acts regarding standardization are generally characterized by the inconsistency of their claims. This does not only complicate the work, but leads to its duplication and waste of resources;

- the long process of the development of interstate standard (about 2 years, national – not more than 1.5 years) and the lack of willingness to develop a significant volume of standards;

  - low level of standards bodies activities and the lack of experts;

  - weak integration of trade potential of Ukraine with the EU. World experience shows that economic integration, as a rule, is conditioned by intensive foreign trade. However, in Ukraine foreign trade has not created real preconditions for integration. Over the past 16 years, the external trade of Ukraine developed in different directions and had no convincing trends to certain integration formations. The effectiveness of external trade of Ukraine with the countries, who are potential integrators is constantly decreasing. So, for the last 16 years the negative balance of foreign trade of Ukraine with the EU increased almost eight times (from 1.2 billion up to 9.2 billion dollars) with the growth of turnover only 5.4 times (Haidutsky P., 2016);

  - lack of coordination in the formation of the interstate programs on standardization; high levels of corruption and economic crime.

An overview of the development of national standards and the standards of marketing in particular in comparison with the achievements of the European Committee for standardization defined the similarity of structure of both systems of standards. However, for successful integration into the EU, Ukraine should significantly change the process of implementing economic and financial policies. Actually, we need to abandon protectionist measures in the field of export-import operations, to legalize the shadow economy, to comply with the requirements for the protection of human rights.

As you know the marketing standards in the EU are constantly being revised and updated. The renovation of standards depends on the requirements of buyers or manufacturers due to the impracticality or non-compliance with certain requirements. Constantly new versions are being developed that comply with the modern requirements of the market, trends in advertising, promotion and communication policy of the enterprises. The need to update Ukrainian standards is a necessary condition for the functioning of the production system and marketing products in the EU market, since there are some differences in quality standards between Ukraine and the European Union. For the successful integration of our country in EU it is worth to level these differences.

#### **4. CONCLUSIONS**

In the current environment to revive the economy of Ukraine from the systematic protracted crisis, transfer it in the direction of innovative development a special role belongs to knowledge management in all areas of human activities. Exploring named aspect in the context of development of Ukrainian business we found out that its effectiveness largely depends on harmonisation of marketing standards of Ukraine with the relevant EU and NATO standards. The tasks facing the country in this context can be grouped into three groups, as they reflect three aspects of a specified main objective. The first group is the harmonization of not only individual standards of Ukraine with the standards of the EU and NATO, but the Ukrainian and called alliances standardization systems. The main challenges of the first aspect for Ukraine are: lack of mechanisms of realization of the declared objectives of standardization; the slow pace of development of infrastructure of standardization and low level of dynamism; insufficient development of data management systems and information sharing regarding the monitoring of compliance with standards. The second aspect is the changing structure of the economy from a predominantly raw materials for the military. In terms of our research the mentioned aspect is interesting for us in terms of introduction of NATO standards in the areas of economic activities that will ensure the needs of the army. The main challenges of the second aspect should be attributed primarily: total irresponsibility; bureaucratic red tape, characteristic not only for the army; the lack of the necessary coordinating bodies, etc. The third aspect concerns the political lobbying, communications and information support – that is, the full support of the formation of favorable conditions for the implementation of the first two aspects.

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