БУРКИНСЬКИЙ Б.В.  
академік НАН України, д-р екон. наук, професор  
директор ДУ «Інститут ринку і економіко-екологічних досліджень НАН України»  
Французький вул., 29, м. Одеса, Україна, 65044  
E-mail: oss_iprei@ukr.net  
ORCID: 0000-0001-9303-0898

ЩЕРБАК А.В.,  
канд. екон. наук, старший науковий співробітник відділу ринкових механізмів та структур  
ДУ "Інститут ринку і економіко-екологічних досліджень НАН України"  
Французький вул., 29, м. Одеса, Україна, 65044  
E-mail: av.shcherbak@gmail.com  
ORCID: 0000-0002-7607-5266

MEХАНІЗМИ САМОРЕГУЛЮВАННЯ В ФОРМУВАННІ СПРИЯТЛИВОГО ІНСТИТУЦІОНАЛЬНОГО СЕРЕДОВИЩА ДЛЯ РОЗВИТКУ ТОВАРНИХ РИНКІВ

Актуальність. Світовий досвід показує, що саморегулювання господарської та професійної діяльності може бути ефективною альтернативою державному регулюванню, дієвим засобом гармонізації інтересів підприємців, споживачів та держави у багатьох сферах. Саморегулювання в Україні отримало певний розвиток та позитивно впливає на економіку, однак існує низка проблем, що гальмують його впровадження. Водночас активне використання саморегулювання дозволяє підвищити ефективність державного управління, прискорити відновлення економіки України після війни.

Мета та завдання. Мета статті – на основі аналізу світового досвіду з'ясувати переваги та недоліки саморегулювання і визначити сфери, у яких воно може бути ефективною альтернативою державного регулювання. Завдання дослідження: проаналізувати переваги та недоліки саморегулювання та співрегулювання, розглянути практичний досвід саморегулювання у розвинених країнах, підготувати пропозиції щодо поліпшення його розвитку в Україні.

Матеріали та методи. У процесі дослідження застосовано системо-структурний підхід, компаративний аналіз, синтез. Були використані нормативно-правові акти України та Європейського Союзу. Інформаційною базою дослідження стали офіційні документи ОЕСР, праці іноземних та вітчизняних науковців.

Результати. Проаналізовано сутність саморегулювання, функції саморегулювальних організацій. Показано, що саморегулювання має низку переваг перед державним регулюванням, оскільки є більш гнучким, сприяє скороченню державних витрат та регуляторного навантаження на бізнес, збільшенню ефективності регулювання. Обґрунтовано, що недоліки саморегулювання можуть бути повністю або частково подолані за рахунок дієвого державного контролю за саморегулювальними організаціями, забезпечення прозорості їхньої діяльності. Доведено, що на багатьох ринках найбільш ефективним є співрегулювання, тобто спільна участь в регулюванні держави та учасників ринку. Досліджено практичний досвід саморегулювання у різних сферах. Проаналізовано стан саморегулювання в Україні, визначено позитивні наслідки та існуючі недоліки.

Висновки. Відновлення економіки України після війни прискориться за умови гармонійного поєднання державного регулювання та саморегулювання. Необхідно створення системного та цілеспрямованого риноку приватної активності за рахунок прийняття Закону України «Про саморегулювання господарської та професійної діяльності» та інших нормативних актів. Використовуючи світовий досвід, дієві розробки та запровадження вітчизняних суб'єктів господарювання прийняття для них моделей та практики саморегулювання та співрегулювання.

Ключові слова: саморегулювання, державне регулювання, співрегулювання, саморегулювальні організації

BURKYNSKYI B.V.  
Academician of the National Academy of Sciences of Ukraine, Dr. Econ. Sciences, Professor  
Director of the State Organization  
«Institute of Market and Economic&Ecological Research of the National Academy of Sciences of Ukraine»  
Frantsusziy Boulevard, 29, Odessa, Ukraine, 65044  
E-mail: oss_iprei@ukr.net  
ORCID: 0000-0001-9303-0898
MECHANISMS OF SELF-REGULATION IN THE FORMATION OF A FAVORABLE INSTITUTIONAL ENVIRONMENT FOR THE DEVELOPMENT OF GOODS MARKETS

Topicality. World experience shows that industry and professional self-regulation can be an effective alternative to state regulation, an important tool of harmonizing the interests of entrepreneurs, consumers, and the state in many areas. Self-regulation in Ukraine has received some development and has a positive effect on the economy, but there are a number of problems that hinder its implementation. At the same time, the active use of self-regulation will increase the efficiency of public administration and accelerate the recovery of Ukraine's economy after the war.

Aim and tasks. The purpose of the article is to find out the advantages and disadvantages of self-regulation based on the analysis of world experience and to determine the areas in which it can be an effective alternative to state regulation. The tasks of the research: to analyze the necessity and essence of self-regulation and co-regulation, to consider the practical experience of self-regulation in developed countries, to prepare proposals for improving its development in Ukraine.

Materials and methods. Normative legal acts of Ukraine and the European Union were used in the article. Official documents of the OECD, works of foreign and domestic scientists became the information base of the research. The system-structural approach, comparative analysis, and synthesis were used in the research process.

Research results. The essence of self-regulation, functions of self-regulatory organizations are analyzed. It is shown that self-regulation has a number of advantages over state regulation, as it is more flexible, contributes to the reduction of state costs and the regulatory burden on business, and the application of forms of regulation that better take into account the specifics of specific markets. It is substantiated that the shortcomings of self-regulation can be completely or partially overcome due to effective state control over self-regulatory organizations, ensuring the transparency of their activities. It has been proven that in many markets the most effective is co-regulation, i.e. joint participation in the regulation of the state and market participants. The practical experience of self-regulation in a number of spheres was studied. The state of self-regulation in Ukraine is analyzed, positive consequences and existing shortcomings are determined.

Conclusion. The recovery of Ukraine's economy after the war will accelerate if there is a harmonious combination of state regulation and self-regulation. It is necessary to create a systematic and integral legal framework through the adoption of the Law of Ukraine "On Industry and Professional Self-Regulation" and other normative acts. Using world experience, it is expedient to work out and offer domestic business entities acceptable models and practices of self-regulation and co-regulation.

Keywords: self-regulation, state regulation, co-regulation, self-regulatory organizations

Problem statement and its connection with important scientific and practical tasks. One of the most important conditions for the dynamic development of Ukraine's economy is finding the optimal balance between state regulation and the market mechanism of self-regulation, the state's refusal to interfere excessively in business affairs. Self-regulation of market entities can be an effective means of harmonizing the interests of entrepreneurs, consumers, and the state. World experience shows that it can be an effective alternative to state regulation in many areas, providing a reduction in state costs, greater flexibility and better consideration of the interests of market participants, and a reduction in corruption. Of particular importance is the study of EU experience and legislation on these issues, which is related to Ukraine's course towards European integration. The relevance of this study is also determined by the fact that the development of self-regulation in Ukraine is taking place with great difficulties. At the same time, its active use will speed up the recovery of Ukraine's economy after the war.

Analysis of recent publications on the problem. Problems of self-regulation were investigated by Harbar Zh. & Harbar V., 2018, Honcharenko, O., 2017, Hrytsaenko, M., Kurashova, I., Parente, L., Serdyuk, T., Valentinov, V., 2003 and other domestic scientists. The most thorough study is the Green Book "Self-regulation in Ukraine" (BRDO, 2017), prepared by experts of the Better Regulation Delivery Office. It carried out a systematic analysis of the legal field
in this area, the activities of self-regulatory organizations. Problematic issues were identified and ways to solve many of them were proposed. It should be noted that the issues of self-regulation were not considered in the majority of studies devoted to the problems of improving state regulation. (Burkynskyi, B.V., Nikishyna, O.V. & Tarakanov, M.L., et al., 2023; Burkynskyi, B.V., Nikishyna, O.V., Tarakanov, M.L. & Zerkina, O.O., 2022; Nikishyna, O.V., 2014).

Allocation of previously unresolved parts of the general problem. The conducted research cannot be considered complete. Discussions continue regarding the essence of self-regulation and the characteristics of self-regulatory organizations. The modern world experience of self-regulation and the possibilities of its implementation in Ukraine are insufficiently analyzed.

Formulation of research objectives (problem statement). The purpose of the article is to find out the advantages and disadvantages of self-regulation based on the analysis of world experience and to determine the areas in which it can be an effective alternative to state regulation. The tasks of the research: to analyze the necessity and essence of self-regulation and co-regulation, to consider the practical experience of self-regulation in developed countries, to prepare proposals for improving its development in Ukraine.

Materials and methods. Normative legal acts of Ukraine and the European Union were used in the article. Official documents of the OECD, works of foreign and domestic scientists became the information base of the research. The systemic-structural approach, comparative analysis, and synthesis were used in the research process.

An outline of the main results and their justification. Self-regulation is the regulation of certain markets and spheres by the business entities. Self-regulation involves establishing certain rules by market participants and monitoring their compliance. It is implemented through self-regulatory organizations, which are delegated certain powers, including the right to apply sanctions in case of violation of rules, to resolve disputes. In most countries, there are no general laws that determine the activities of self-regulatory organizations. These organizations operate in accordance with industry legislation.

Self-regulatory organizations (SRO) perform a number of functions:
- rule-making - develop codes of conduct, standards and rules of business practice;
- control – monitoring and control of compliance with these codes and standards, application of sanctions in case of their violation;
- representative – expression and protection of the collective interests of its members;
- settlement of conflicts - consideration of consumer complaints and resolution of disputes between members of the organization;
- informing and advising organization members and consumers.

Self-regulatory organizations differ significantly among themselves. Their typology is shown in fig. 1.

Powers delegated by members of the organization

<table>
<thead>
<tr>
<th>Powers delegated by the state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional self-regulation</td>
</tr>
<tr>
<td>Industry self-regulation</td>
</tr>
<tr>
<td>Membership is voluntary</td>
</tr>
<tr>
<td>Mandatory membership</td>
</tr>
</tbody>
</table>

Fig. 1. Typology of self-regulatory organizations

Source: compiled by the author

Powers may be delegated to the SRO by members of the organization or the state. In the first case, the market participants set the rules themselves. Of course, such activities are carried out within the framework of current legislation. It is also possible to transfer certain powers of state bodies to self-regulatory organizations with control by the latter.

There is a difference between industry and professional self-regulation. Professional self-regulation of activity concerns doctors, lawyers, engineers, architects, etc. A certain level of qualification, compliance with the code of conduct is required to join the SRO. Membership in the organization provides the potential consumer with information about the specialist's competence. After all, he can usually assess the quality of services only after consuming them.

Most of the organizations that carry out industry self-regulation uniting enterprises that produce similar goods and services. However, some combine enterprises that produce different
products. This applies, in particular, to self-regulatory organizations in advertising.

Membership in the SRO may be mandatory when the legislation establishes that in order to carry out professional activities it is necessary to be in such an organization. Such a scheme is often used in the markets of medical and legal services. However, participation in self-regulatory organizations is usually voluntary. But in some cases, existing traditions make the position of persons who are not members of professional associations less favorable.

Self-regulation has a number of advantages over state regulation:
- it is more flexible, allows to fill the gaps in the legislation, to respond more quickly to changes occurring in the markets;
- market participants become not only objects, but also subjects of regulation, which contributes to the development of their initiative, strengthening of feedback;
- allows the use of forms of regulation that best meet the conditions of a certain industry, sphere of activity;
- it helps to strengthen business ethics;
- government spending are reduced;
- the efficiency of state administration increases, as operational control over the activities of enterprises is replaced by control over compliance with legislation by the SRO;
- corruption decreases, as officials do not interact directly with enterprises;
- complaint handling and dispute resolution mechanisms created by the self-regulatory organizations usually settle them faster and cheaper for the parties compared to state bodies and courts;
- the professionalism of SRO members allows for the development of clearer requirements for conducting business activities in a certain market;
- technical regulations developed by SRO are usually better adapted to the conditions of a specific industry and are more often followed;
- market participants get more opportunities to influence the activities of the regulator and rule-making.

At the same time, self-regulation has a few disadvantages:
- the rules approved by the SRO can be used to limit competition, preventing new business entities from entering the market or setting minimum prices;
- many organizations have not created an effective system of monitoring the activities of their members;
- most self-regulatory organizations can apply a limited set of sanctions (warning, exclusion) to violators;
- SRO can promote the interests of its members that do not correspond to the interests of society;
- the organization may be dominated by a few participants, and it will act in their interests;
- the functioning of self-regulation schemes can lead to significant costs for business, which can be transferred to consumers;
- enterprises that do not participate in the SRO and are not bound by its requirements can receive a significant benefit.

The shortcomings of self-regulation can be partially or completely overcome with the help of effective state control over the activities of the self-regulatory organizations. Thus, at the request of the antimonopoly authorities, some organizations canceled the provisions on recommended prices for services or mechanisms for setting prices, rules prohibiting their members from competing with each other, limiting the volume of advertising. The exchange of information on prices and sales volumes is also considered illegal, as it allows enterprises to coordinate their activities.

Transparency is important for preventing violations and their early correction. Transparency mechanisms: involvement of consumer organizations, officials and other stakeholders in the development of self-regulatory schemes, public discussion of such schemes, and later - regular publication of reports on how they work. It is also advisable to develop indicators that allow to evaluate the effectiveness of self-regulation schemes and to carry out monitoring.

State regulation and self-regulation are sometimes seen as opposites. However, their integration is actually possible and even advisable. In many cases, the most effective is co-regulation, that is, joint participation in the regulation of the state and various market participants. In addition to entrepreneurs or representatives of certain professions, consumer organizations, trade unions, etc. may participate in co-regulation. This implies a division of responsibility between the state and private partners. Co-regulation in many cases ensures a more effective harmonization of the interests of the state, business entities and consumers.

Many tools used by SROs – codes of conduct, dispute resolution procedures – can also be used in co-regulation. However, the degree of state participation is different. At the same time, different schemes are used. In some cases, legislative acts grant the organization certain powers of state structures, in particular, the right to impose fines for violations. This happens, in
particular, in the financial markets. In other cases, state bodies approve codes of conduct.

World experience does not offer a single model of self-regulation. The distribution of functions and powers between state bodies and self-regulatory organizations depends on the specifics of markets, legislation, cultural and historical traditions of each country, the level of organization of market participants, and their ability to establish and maintain standards of honest activity. In this regard, it is advisable to analyze the practical experience of self-regulation in the most important areas, paying special attention to the best examples.

On May 17, 1792, 24 New York brokers signed the so-called Buttonwood Agreement, the purpose of which was to establish minimum commissions and securities trading rules. In 1817, the New York Stock and Exchange Board was created. In 1863, the Board was renamed the New York Stock Exchange. This SRO was a contractual association that controlled the activities of its members.

In 1934, the US Securities and Exchange Commission, a government body that regulates the securities market, was established. At the same time, self-regulatory organizations were given significant powers to control this market. Then this term first appeared in legislation.

The most important SRO, membership in which is mandatory for all business entities that sell securities in the US, is the Financial Industry Regulatory Authority (FINRA, 2023). FINRA’s main tasks are protecting investors from potential abuses and ensuring ethical behavior in the financial sector. The organization regulates securities trading, accepts qualifying exams that professional market participants must pass, and conducts inspections and investigations based on investor complaints and suspicious activity. FINRA may initiate disciplinary proceedings against market participants; fine them, demand compensation for losses to investors, temporarily suspend their activities and even exclude them from business. In addition to FINRA, there are a number of SROs with voluntary membership.

In most countries, the role of SRO in the securities market is much smaller than in the USA. Thus, Great Britain abandoned the model of regulation of this market with the active participation of self-regulatory structures. The experience of Australia is of considerable interest. The government of this country requires all business entities licensed to provide financial services to be members of an alternative dispute resolution scheme approved by the Australian Securities and Investment Commission. One such scheme is the Financial Ombudsman Service (FOS). Among the 16,000 members of this SRO are banks, credit unions, insurance companies, pension funds, stock brokers, etc. (OECD, 2015).

The FOS is accessible to consumers as it is free and offers simple procedures that can be used without the involvement of lawyers. Alternative dispute resolution schemes are particularly well-suited to resolving conflicts involving relatively small financial losses that do not need to be litigated.

The Ombudsman’s decisions are binding on the scheme participant. Failure to comply with this decision is a breach of contract between the organization and its member and membership may be terminated. Doing so may result in the loss of your license. At the same time, consumers who do not agree with the Ombudsman’s decision retain the right to seek alternative legal remedies (through court or other procedures).

Effective state regulation of advertising is complicated by the peculiarities of this field itself. It is possible to ban misleading advertising, but when dealing with a specific case, serious problems often arise. Adhering to the formal requirements of the law, advertising can hide important details, play on emotions, stereotypes of people’s perception. In such conditions, two ways are possible: detailed legislative regulation of not only the content of advertising, but also the artistic means used in it, or self-regulation of this sphere.

An effective system of self-regulation of advertising was created at the beginning of the 20th century in the USA. At the time, there were no restrictions on advertisers, so there was a lot of abuse and consumer confidence in advertising was low. This harmed honest advertisers. There was also the possibility of introducing strict state regulation of this area. As a result, business began to create so-called "vigilance committees", the task of which was to identify unfair, from the point of view of consumers and competitors, advertising and influence advertisers in order to improve its quality. In 1911, the "Ten Commandments of Advertising" - the first ethical code of advertising - was adopted. Later, the Better Business Bureau (BBB, 2023), a business self-regulatory organization, was established to effectively control advertising activities. This made it unnecessary to introduce state regulation in this area. Legislation regulating the advertising of food and pharmaceutical products was passed much later.

Later, BBB also began to deal with out-of-court settlement of disputes with consumers, control of charitable activities, etc. About 400,000 enterprises in the USA and Canada are members of BBB. In
2019, the BBB Council split into three organizations – BBB Wise Giving Alliance (consulting donors to charitable organizations), BBB National Programs (national self-regulatory programs), and the International Association of Better Business Bureau. They are financed by membership fees.

BBB National Programs include the National Advertising Division (NAD). His duties include:
- monitoring national advertising, including television, radio, newspaper, magazine and internet advertising, for truthfulness and accuracy;
- verification of complaints about misleading advertising;
- resolution of advertisers' disputes.

Based on the results of the investigation, the NAD may conclude that the advertisement is true. If it turns out that it contains inaccuracies, it can be misleading, it is recommended to change it. It should be noted that many companies consult on the correctness of advertising before placing it.

If the advertiser disagrees with the NAD's decision, the case is referred to the appellate body - the National Advertising Review Board. Experts are representatives of advertisers, advertising agencies, scientists, and representatives of the public. The decision is made by a committee of 5 people. If the company does not fulfill it, the relevant information is given to the press. In case of violation of the legislation, the case can be transferred to the relevant state body. However, this rarely happens.

In the USA, self-regulation of trade is carried out by BBB. One of its areas of activity is helping consumers find companies they can trust. The BBB website contains profiles of several million companies. Each of them contains the most important information about the company, including the address, phone numbers and number of years of operation. The profile also includes a business rating on a scale from A+ (highest rating) to F, customer reviews and information on consumer complaints. The rating of a particular business depends on more than ten factors. The most important are the attitude to consumer complaints and the presence of government sanctions. For many consumers, the BBB rating is a key factor when choosing a company.

Another activity of the Better Business Bureau is the resolution of disputes between consumers and businesses. Regional BBBs receive complaints from consumers and help resolve conflicts. Advantages of the BBB alternative dispute resolution system:
- low cost - it is free for consumers or requires small costs;
- speed - the problem is often solved in a day or two, in the case of arbitration, the process takes up to 40 days;
- informal nature - some use the services of a lawyer, but most consumers present problems themselves;
- convenience - meetings, hearings are scheduled at a time convenient for everyone.

SROs in the field of trade operate in EU countries. They are actively engaged, in particular, in alternative resolution of consumer disputes. According to the report of the European Commission, there are currently 430 alternative dispute resolution (ADR) organizations operating in the EU countries. Their number is not the same in different countries - from 2 in Romania to 82 in France, the procedures are also different. Each year, ADR organizations consider approximately 300,000 consumer complaints. Two-thirds of these complaints are processed in Italy, Germany and France. Per 10,000 inhabitants, consumer activity is highest in Norway, Estonia, and Lithuania. The share of resolved disputes varies significantly in different countries, but in most it exceeds 50%. At the same time, the report of the European Commission emphasizes that in a number of countries the ADR system is not used enough due to the lack of information of many consumers and the refusal of some traders to participate in schemes (European Commission, 2013).

Self-regulation in industry was first used in the United States. In 1848, gold was discovered in California, and soon 300 thousand people were engaged in its extraction. However, the country had no legislation regulating the sale or lease of land containing precious metals. So, in order to maintain at least some order, prospectors created self-regulatory organizations. About 800 mountain districts emerged with clearly defined boundaries and a set of legal institutions. In each district, the general meeting approved regulations that regulated relations between prospectors, the procedure for submitting applications, the maximum size of plots, determining their boundaries, the procedure for resolving disputed issues, etc. In case of non-compliance with the requirements of the regulation, the plot could be confiscated. Registration chambers were created in the districts for the storage of official documents, registration of the purchase of plots. It was only in 1866 that a law regulating the extraction of minerals was adopted. He relied on the regulations of mountain districts (De Soto, 2000).

The development of product standards and certification is an area in which self-regulation and co-regulation play an important role in many
countries. SRO standards best meet the conditions of the relevant industries, as they are developed based on the consensus of many stakeholders: manufacturers, consumers, ecologists, etc. Products that meet standards can be labeled so consumers know they are trustworthy.

In the EU, much attention is paid to energy efficiency issues. In 2009, Directive 2009/125/EC or the Ecodesign Directive (EC, 2009) was adopted. It formulates requirements for energy-consuming and energy-related products sold in all member states. These requirements apply to more than 40 groups of goods (boilers, light bulbs, televisions, refrigerators, etc.), which account for about 40% of greenhouse gas emissions in the EU. The purpose of the Ecodesign Directive is that manufacturers of these products at the design stage foresee a reduction in energy consumption and a reduction in other negative impacts on the environment. The Ecodesign Directive is a framework document. Regulations must be adopted for each group of goods, in which mandatory requirements are established. In practice, the introduction of such requirements leads to a de facto ban on the sale of products in the EU that do not meet them.

At the same time, the Directive emphasizes that priority should be given to voluntary agreements or other self-regulatory measures if they can lead to the achievement of the objectives faster or at lower costs. The European Commission officially recognizes such an agreement and refuses to adopt the regulation under certain conditions. The agreement must be signed by companies that control at least 80% of the relevant market. Market participants together with representatives of the European Commission create the Steering Committee. An independent inspector must monitor the fulfillment of obligations. If monitoring or feedback from stakeholders reveal shortcomings of the self-regulation scheme, the European Commission will reassess the situation and, if necessary, adopt a regulation, introducing mandatory requirements.

The voluntary agreement, in particular, was concluded by the participants in the imaging equipment market. Such equipment includes copiers, printers, and fax machines. According to estimates, the agreement should ensure electricity savings in the amount of 10 billion kWh per year (European Commission, 2013a). The voluntary agreement on game consoles should lead to savings of 41 billion kWh during the life cycle of the last generation of consoles (European Commission, 2015).

In developed countries, self-regulation covers professions such as doctors, engineers, lawyers, travel agents, real estate agents and many others. The goals of professional regulation are to protect consumers who use the services of professionals by providing information and ensuring the quality of services, as well as protecting the reputation of the profession itself.

In Great Britain, the General Medical Council (GMC, 2023), which unites doctors, has been operating since 1858. Its main duty is to protect, strengthen and maintain the health and safety of the population. The GMC maintains a register of practicing doctors, sets standards of professional activity, and considers complaints against doctors. Although the law does not prohibit medical practice for persons who are not members of this organization, only registered persons can work in the National Health Service.

The restoration of professional and industry self-regulation took place after Ukraine gained independence and carried out economic and political reforms. Unlike countries where self-regulation developed evolutionarily, in our country it could not develop quickly without state support. Current legislation allows self-regulation in 17 areas. Such areas are appraisal activity, architectural activity, activity in the wholesale markets of agricultural products, agricultural advisory activity, administration of non-state pension funds, activity of credit unions, insurance activity, etc.

More than 20 self-regulatory organizations are officially recognized in Ukraine. Self-regulation already plays an important role in construction, appraisal activities, financial markets, etc. and has a positive impact on the economy. However, there are a number of problems hindering its implementation:

- the regulatory and legal field, which establishes the organizational and legal foundations of SRO activity in Ukraine, is characterized by non-systematicity, the presence of numerous gaps;
- there are no uniformly defined, legally established terms "self-regulation", "self-regulatory organization", as a result of which there is a difference in the goals and procedures of the creation and activity of the SRO in various spheres;
- there is actually no self-regulation in a number of areas where it is allowed. At the same time, there are organizations that have the characteristics of self-regulatory organizations, but the legislation does not provide for the possibility of granting them the appropriate status;
- abuse of SRO delegated powers,
unprofessionalism of their officials;
- lack of interest of most subjects of economic and professional activity in self-regulation, lack of understanding of its advantages.

The development of SROs is especially important in modern conditions, when deregulation is carried out. This could lead to instability in certain markets unless effective self-regulatory schemes are implemented. It is necessary to create a systematic and integral legal framework through the adoption of the draft Law of Ukraine "On Industry and Professional Self-Regulation" (reg. No. 4221 dated 15.10.2020) and the adoption of normative acts that will allow to regulate the issue of self-regulation in certain areas, taking into account their specific features. Special benefits can be brought by self-regulatory organizations in advertising, medicine, industrial activity (development of standards and certification), as well as in trade (system of alternative resolution of consumer disputes). Using world experience, it is expedient to work out and offer domestic business entities acceptable models and practices of self-regulation and co-regulation.

Conclusions and perspectives of further research. Industry and professional self-regulation is actively used in developed countries. It is implemented through self-regulatory organizations to which certain powers are delegated. Self-regulation has a number of advantages over state regulation, as it is more flexible, contributes to the reduction of state costs and the regulatory burden on business, the application of forms of regulation that better take into account the specifics of markets, and more effective resolution of disputes. At the same time, it has disadvantages, as self-regulatory organizations can limit competition, promote the interests of their members, which contradict the interests of society. However, these shortcomings can be completely or partially overcome at the expense of effective state control over SRO, ensuring the transparency of their activities.

In many markets, the most effective is co-regulation, that is, joint participation in the regulation of the state and market participants. World experience shows that self-regulation and co-regulation cannot replace state regulation in all markets. The maximum effectiveness of regulatory activity and, accordingly, the maximization of public welfare is achieved through their joint use. It is important to determine which variant of regulatory influence is the most effective in a specific market.

In financial markets, it is impossible to abandon state regulation. However, co-regulation is actively used alongside it. State regulation of advertising is complicated by the specifics of this area, so in a number of countries there is an effective system of self-regulation of advertising. Self-regulatory organizations in trade pay the most attention to alternative dispute resolution. In industry, self-regulation and co-regulation play an important role in the development of standards. The mandate of professional SROs usually covers aspects such as the assessment of qualifications, training requirements and codes of conduct. However, in recent years, under the pressure of the state and consumer organizations, the participation of outsiders in the management of professional SROs and in complaint handling bodies has been expanding.

Self-regulation in Ukraine has a positive effect on the economy. However, its development is significantly hindered by legislative unsettlement. It is necessary to adopt the draft law "On Industry and Professional Self-Regulation "(reg. No. 4221) and other legislative acts. It is shown that economic recovery after the war will accelerate if there is a harmonious combination of state regulation and self-regulation. This requires the cooperation of the state, business entities, and science.

Prospects for further research are related to a more detailed study of world experience with the aim of introducing effective practices of self-regulation and co-regulation in Ukraine.

REFERENCES


Valentinov, V. (2003). *Regulation of inter-branch relations in the system of agrarian policy*. Kyiv, IAE.

*The publication was prepared within the framework of the Scientific Research Work "Selective Regulation of the Development of Commodity Markets" (state registration number 0122U000825).*