



PROBLEMS OF CORPORATE GOVERNANCE IN DOMESTIC ENTERPRISES

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Abstract. *The article outlines the main aspects of effective corporate governance, the formation of corporate relations in Ukraine. The main components of modern corporate enterprise management are studied. The problems of modern corporate management of enterprises related to the implementation of control processes are considered. The international experience in corporate governance is analyzed, which demonstrates a solid basis for creating basic principles and provisions for conducting this type of activity. It is proved that for the reliability and legitimacy of economic relations, for the protection and investment confidence of shareholders and their partners, the corporate governance system is obliged to provide full and timely demonstration of information on financial condition, performance, ownership and management. The directions of development of the corporate governance system for the economy of the country in general are determined, and the necessity of partnership relations between the shareholders in particular is considered. It is investigated that the current conditions require the development of an effective corporate governance policy during the global pandemic. To do this, the main tasks must be solved, such as the formation and implementation of a strategic modern system of corporate governance and the creation of conditions for effective interaction between all participants in the management process.*

It is considered that there is no generally accepted model of corporate governance, which would be used at the international level. It is noted that the vast majority of Ukrainian enterprises use the national model of corporate governance. This model was formed on the basis of a combination of basic principles of the German and Anglo-American models. According to this model, the main shareholders of companies are its employees, management, banks, the state. At the same time, banks remain the main source of funding, and this is more typical of the German model of corporate governance.

The domestic model of corporate governance, which also has common features with the Japanese model, namely, a significant role is given to the state in the management process. It is noted that in Japan, the inclusion of government representatives in the system of corporate governance is not based on the presence of a significant stake in the state, as in Ukraine. In the Japanese model of corporate governance, the interaction between the main participants in the relationship is aimed at establishing new business contacts, rather than obtaining the maximum amount of profit

It is determined that corporate governance at the current level is a system of relationships that sets up certain procedures for making management decisions. The effectiveness of corporate governance is to increase the level of profitability of the enterprise through the introduction of proper control, effective management and financial transparency.

Keywords: *enterprise, management, aspects of corporate governance, corporate governance, corporate governance system.*

Introduction. Constant integration processes and international globalization of the economic space are characterized by such indicators as the constant increase of competitiveness at all levels of cooperation. An important area of development of the national economy is the gradual creation of a large number of corporations with the legal form of private or public joint stock companies.



As of today, global business is actualizing the process of improving corporate governance, because it is a basic aspect of long-term economic development, efficiency and qualification of the management staff.

The problem of effective corporate governance at the modern level is one of the main in the theory and practice of management. One of the main such problems is the lack of a single management system that would assess the effectiveness of corporate governance. In turn, corporate governance depends on monitoring data on the work of companies, assessing the risks that affect business activities, developing development strategies, approaches to business management. Today they must be innovative with the use of modern information technologies and information-analytically applications.

Analysis of recent research and publications. Issues of corporate governance have been studied by both foreign and domestic scientists: OM Vakulchyk, MV Gridchina, VA Yevtushevsky, AI Krysovaty, II Mazur, NG Olderogge, O. S. Povazhny, NS Ryazanova, VM Fedosov, VD Shapiro and others.

A significant contribution to the development of international corporate governance and world experience in implementing national principles of corporate governance is the work of such scientists as, in particular, V. Antonenko, O. Skibitsky, T. Polishchuk, V. Tymoschuk, G. Stern, G. Tsyranenko. In the scientific works of these authors the problems of functioning of corporations are revealed, the principles and mechanisms of corporate governance are considered, the peculiarities of their formation are revealed, and so on.

Given the ever-changing nature of corporate governance principles, it should be noted that they need constant revision and improvement in accordance with today's needs.

Setting objectives. International experience in corporate governance demonstrates a solid foundation for the creation of basic principles and regulations for the conduct of this type of activity. For the reliability and legitimacy of economic relations, for the protection and investment confidence of shareholders and their partners, the corporate governance system is obliged to provide full and timely demonstration of information on financial condition, performance, ownership and management of the enterprise [2, 5]. In addition, an effective system of corporate governance at the current level should provide monitoring and control over the company's management, and constantly analyze the company's reporting to shareholders [5, 8, 9].

Thus, the State Commission on Securities and Stock Market in order to regulate contractual relations and improve the legal framework of corporate governance and according to the Presidential Decree developed domestic standards of corporate governance, ie the Corporate Governance Code (approved March 12, 2020) [5, 9]. This document reflects the main changes in corporate governance today and provides guidelines for implementing the provisions of the Code [11, 13]. It is the so-called consolidated rules and regulations that govern the conduct of corporate relations, and facilitates the ability to objectively analyze potential investors.

The concept of "corporate governance" means ensuring the activities of managers to manage the company in accordance with the interests of shareholders



and protection of their financial transactions. Corporate governance has an impact on the economic performance of the enterprise, the determination of its value by investors and its ability to raise capital.

Problems of modern corporate management of enterprises are studied and covered in a number of domestic and foreign works of scientists. Creating a legal basis for corporate governance, effective management of financial resources of enterprises, building a system of internal relations of shareholders demonstrate the benefits of joint-stock ownership [4, 8, 10].

The main aspects of effective corporate governance at the modern level are the delegation of rights and responsibilities between all participants in corporate relations. However, there is no definite generally accepted model of corporate governance that would be used at the international level. The key motive for the owner (investor) of the enterprise is the focus on capital growth in the long run, ie ensuring the fastest return on equity (investment) of your enterprise [15, p. 260].

It should be noted that the vast majority of Ukrainian enterprises apply the national model of corporate governance. This model was formed on the basis of a combination of basic principles of the German and Anglo-American models. According to this model, the main shareholders of companies are its employees, management, banks, the state. At the same time, banks remain the main source of funding, and this is more typical of the German model of corporate governance. In addition, in our country there is a system of governing bodies of two levels: the Supervisory Board does not have the appropriate powers and is not effective enough, and the board is not clear enough.

Adoption of the Law of Ukraine "On Joint Stock Companies" outlined the domestic model of corporate governance. He interprets the fact that the supreme body of a joint-stock company is the general meeting of shareholders, and the body that regulates and controls the activities of the executive body is the Supervisory Board. The Audit Commission inspects the financial and economic activities of the joint-stock company. The annual financial statements of a public joint stock company are subject to mandatory audit by an independent auditor [9, 11].

The domestic model of corporate governance also has common features with the Japanese model, namely, a significant role is assigned to the state in the management process. Although it should be noted that in Japan, the inclusion of state representatives in the system of corporate governance is not based on the presence of a significant stake in the state, as in Ukraine [7, 8]. In the Japanese model of corporate governance, the interaction between the main participants in the relationship aims to establish new business contacts, rather than obtaining the maximum amount of profit [5, 7, 9].

It should be noted that for all with all common features, the Ukrainian model has its own [11]:

- state regulation of economic processes is inefficient;
- was extremely involved in the state corporate governance of small joint stock companies;
- distrust of the joint-stock form of ownership due to information opacity and closure of information on the activities of stock market participants;



- the domestic stock market is developing very slowly;
- privatized enterprises do not have the necessary capital;
- the domestic market is characterized by an insufficient number of institutional investors;
- the use of state mechanisms of influence leads to the fact that the state realizes its interests as a shareholder contrary to the interests of other stakeholders, shareholders and the company itself [12];
- the presence of the shadow market in our country.

It should be noted that the whole process of forming a national system of corporate governance is protracted. This had a direct impact on its effectiveness.

The main components of modern corporate governance are [14]:

- focus on the result, which depends on national specifics (features of national legislation, type of ownership, government, social pressure [10, 12]);
- completeness and accuracy of information provided in the financial statements;
- culture and corporate ethics in enterprises;
- the effectiveness of the organizational structure of the board of directors, as well as the factors of interaction between the board of directors and the management of the corporation;
- monitoring and control of financial statements;
- the presence of a strong team of top managers.

Today's conditions require the development of an effective corporate governance policy during a global pandemic. To do this, the following main tasks must be solved:

- 1) formation and implementation of a strategic modern system of corporate governance;
- 2) creating conditions for effective interaction between all participants in the management process.

Conclusions from the study. Thus, corporate governance at the modern level is a system of relationships that sets up certain procedures for making management decisions. The effectiveness of corporate governance is to increase the level of profitability of the enterprise through the introduction of proper control, effective management and financial transparency.

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***Анотація.** У статті зазначено основні аспекти ефективного корпоративного управління підприємствами, розглянуто становлення корпоративних відносин в Україні. Досліджено головні складові сучасного корпоративного управління підприємствами. Розглянута проблематика сучасного корпоративного управління підприємствами, що стосуються здійснення контрольних процедур. Проаналізовано міжнародний досвід в корпоративному управлінні, який демонструє ґрунтовну основу для створення базових принципів та положень щодо провадження даного виду діяльності. Доведено, що для надійності та правомірності економічних відносин, для захисту та інвестиційної впевненості акціонерів та їх партнерів система корпоративного управління підприємствами зобов'язана надавати повну та своєчасну демонстрацію інформації щодо фінансового стану, результату діяльності, власності та управління підприємством. Визначено напрями розвитку системи корпоративного управління підприємствами для економіки країни загалом, а також розглянуто необхідність партнерських відносин між акціонерами зокрема. Досліджено, що умови сьогодення вимагають розроблення ефективної політики корпоративного управління підприємствами в період глобальної пандемії. Для цього мають бути вирішені такі основні завдання, як формування та введення в дію стратегічної сучасної системи корпоративного управління підприємствами та створення умов для ефективної взаємодії між усіма учасниками процесу управління.*

Розглянуто, що загальноприйнятої моделі корпоративного управління підприємствами, яку б застосовували на міжнародному рівні немає. Відмічено, що переважна більшість



українських підприємств застосовують національну модель корпоративного управління підприємствами. Дана модель була сформована на основі поєднання базових принципів німецької та англо-американської моделей. Відповідно до такої моделі, основними акціонерами товариств виступають його працівники, керівництво, банки, держава. При цьому головним джерелом фінансування залишаються банки, а це більш притаманно саме німецькій моделі корпоративного управління.

Проаналізовано, вітчизняну модель корпоративного управління підприємствами, яка також має спільні риси з японською моделлю, а саме значна роль відводиться державі в процесі управління. Відмічено, що в Японії включення представників держави до системи корпоративного управління не ґрунтується на наявності у держави значного пакета акцій, як в Україні. В японській моделі корпоративного управління взаємодія між головними учасниками відносин має на меті встановлення нових ділових контактів, а не отримання максимального розміру прибутку

Визначено, що корпоративне управління підприємствами на сучасному рівні є системою взаємовідносин, що налаштовує певні процедури щодо прийняття управлінських рішень. Ефективність корпоративного управління полягає в підвищенні рівня прибутковості підприємства шляхом запровадження належного контролю, ефективного керування та фінансової прозорості.

Ключові слова: підприємство, менеджмент, аспекти корпоративного управління, корпоративне управління, система корпоративного управління.