

# The corporate governance system

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## Abstract

As a result of the processes of globalization and the European integration of national stock markets, in economic science, methodological approaches to the process of corporate governance are changing. They are gradually transforming in accordance with the new challenges of international laws, standards and trends.

*Keywords:* corporate governance, joint-stock company, corporation

## 1 Introduction

Building effective corporate governance systems based on corporate social responsibility always contributes to the confidence of strategic and portfolio investors, stock markets and all interested parties. Therefore, research into the improvement of the corporate governance system in the context of globalization should be viewed as an important tool not only for the development of capital markets, but also for a sustainable institution of responsible corporate governance and business value growth in the long term.

## 2 Overview

Foreign scholars P. Drucker, A. Meyer and others made a major contribution to the study of problems and features of corporate governance. Among the domestic researchers of corporate governance processes are the achievements of such authors as A. Borsch, A. Bondar-Pidgurska, V. Evtushevsky, D. Zadykhaylo, A. Kozachenko, T. Mostetska, G. Nazarova, E. Palyga, S. Romyantseva, etc. However, due to the diversity of research, the problem of forming an effective corporate governance system and its assessment in joint-stock companies remains insufficiently studied.

## 3 Decision

The analysis of modern approaches to the concept of "corporate governance" allows us to determine that at the present stage corporate governance is considered through the concept of "corporate governance system".

This concept is understood as a set of measures on the part of the management of a joint-stock company, aimed at forming management bodies and implementing their decisions in the process of managing the shareholder property of this company, and the relations between its participants within the framework of the current legislation.

Therefore, the corporate governance system should be considered through the relationship between the company's bodies and its owners (shareholders) to manage the company's activities (Figure 1).

In addition, the current stage of development of

corporate governance has a number of features:

- 1) the stock market is recovering;
- 2) the role of professional managers is enhanced;
- 3) capitalization of domestic companies is increasing;
- 4) the need to improve the level of efficiency of the corporate sector in the national economy, which can act as a driving force in improving its competitiveness, is being actualized.

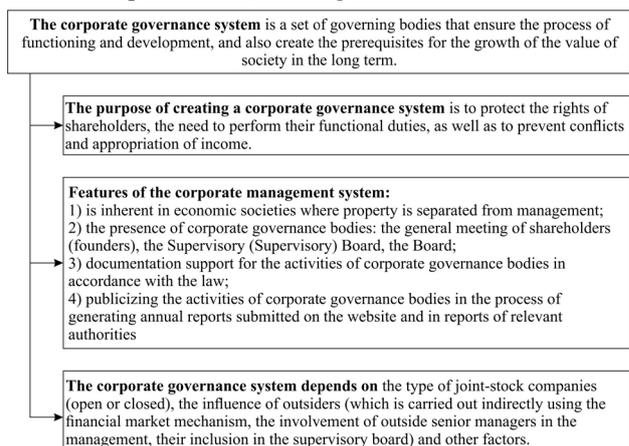


FIGURE 1 The essence of the concept of "corporate governance system"

The adopted Law of Ukraine in 2008 "On Joint Stock Companies" [1] led to structural changes in the corporate governance system. According to the law, all open and closed joint stock companies must undergo reorganization until 2015. In 2015, there should be public and private joint-stock companies.

## 4 Conclusion

Corporate social responsibility allows Ukrainian joint-stock companies to increase their investment attractiveness and reduce the number of corporate conflicts. Also streamline the information component of the corporate governance system of Ukrainian joint stock companies. And as world experience shows, the role and importance of information will constantly grow.

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