



**Scientific Center of Innovative  
Researches**  
(Tallinn, Estonia)



**«KROK» University**  
(Kyiv, Ukraine)



**Academy of Economics and  
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(Prague, Czech Republic)

# **International conference on corporation management**

**December 3-5, 2020**

**Tallinn, Estonia**

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TIME	NAME
December 02, 2020	On-line conference
10:00 AM	Oksana Moyseenok <b>Business attitude to social responsibility in the republic of Belarus</b>
10:05 AM	Tatiana Kislaya <b>Main approaches to assessing the effectiveness of business social responsibility</b>
10:10 AM	Oleksiy Sheviakov, Ihor Shramko <b>Dynamic sociotechnical systems of activity: social support of women in metallurgical corporations</b>
10:15 AM	Diana Zayats <b>Corporate culture as an important component of municipal development</b>
10:20 AM	Victor Makarchuk <b>Corporate environmental governance: world experience for Ukraine</b>
10:25 AM	Sergii Petrukha, Dmitriy Bondarenko <b>Agrarian-construction conceptualization of formation of local infrastructure of food aid to rural population</b>
10:30 AM	Ali Abdalqhadr <b>The impact of corporate governance on the economic development of the state</b>
10:35 AM	Iryna Mihus <b>Corporate fraudsters: who are they?</b>
10:40 AM	Bogdan Ostashevskyi <b>Competency management as a tool for optimization of engagement with stakeholders in it projects</b>
10:45 AM	Taha Mohamed Daab <b>The impact cost of living on international company management</b>
10:50 AM	Oleksandr Aulin <b>The influence of islam on public corporate governance</b>
10:55 AM	Yana Koval <b>Forms of realization of partnerships between business and government in the conditions of market economy development</b>
11:00 AM	Olksandra Liashenko, Ruslan Markov <b>Harmonization of stakeholder's interests – an imperative goal of corporate governance of economic security of the enterprise</b>
11:05 AM	Olga Brusentseva <b>The effect of the innovation potential on the competitiveness of the firm</b>
11:10 AM	Rafaela Znachek <b>Corporate management of state-owned joint stock companies of Ukraine</b>
11:15 AM	Vasyl Shykerynets, Svetlana Filiuk <b>Regulatory and corporate support for the implementation of state policy in the field of culture in Ukraine</b>
11:20 AM	Irina Muntian <b>Corporate management as an attribute of the investment attractiveness of ukrainian companies</b>
11:25 AM	Elnur Farzaliev <b>Corporate governance of event-industry enterprises: specific features and functions</b>

TIME	NAME
11:30 AM	Oksana Motuzenko <b>Improving the efficiency of the company due to human resources</b> Volodymyr Kolesnyk
11:35 AM	<b>The role of corporate interest in public-administration conflicts formation process</b> Marta Karpa, Oleksandr Akimov
11:40 AM	<b>Peculiarities of competencies of public governance of Ukraine in the context of forming corporate relations</b> Iryna Burlakova, Tetiana Kondes
11:45 AM	<b>Wellness training in the system of corporate well-being</b> Dmytro Melnychuk
12:00 PM	<b>Human capital levels and social policy</b> Mykola Denysenko, Svitlana Breus
12:05 PM	<b>Models of hotel corporations management under present business conditions</b> Marta Kopytko
12:10 PM	<b>Benefits of using agile-management for corporations</b> Olga Kalaman, Olga Purtskhvanidze
12:15 PM	<b>Features of corporate strategy formation</b> Svitlana Bilous, Ievgeniya Pozhar
12:20 PM	<b>Evaluation of intellectual capital of enterprises of the region</b> Natalia Zachosova, Zinaida Zhivko, Volodymyr Zanora, A. Kovalenko
12:25 PM	<b>Problems of ensuring the personnel security of enterprises in the process of using remote commands in project management</b> Lesia Polova, Andrii Zarichniak
12:30 PM	<b>Corporate governance: new time requirements</b> Oleksandr Volynets, Mykola Korolenko
12:35 PM	<b>Agricultural natural resource management rationalization within the framework of decentralization and public finance reform</b> Margarita Prianyshnykova, Mykola Maltsev
12:40 PM	<b>«Green» finance in the sustainable development of the agricultural sector</b> Oleksandr Kushneruk, Oleksandr Hudenko
12:45 PM	<b>Fiscal corporation activity security provision mechanisms in natural-resource sector</b> Vasyl Dmitrenko
12:50 PM	<b>The information sources for detecting financial fraud in the construction industry enterprises</b> Anton Shunevich
12:55 PM	<b>Problem aspects of vat reporting for international supply of services by corporations in Ukraine</b> Nadia Fisunenko, Maria Vakulich
01:00 PM	<b>Financial resources in corporate governance</b> Igor Moshlak
01:05 PM	<b>The essence of corporate governance and its financial aspects of capital</b> Zorina Shatska, Maksim Pavlenko
01:10 PM	<b>Methods of assessing the probability of bankruptcy of the enterprise</b> Kostiantyn Netudykhata, Iryna Savarina
01:15 PM	<b>Theoretical fundamentals of formation and implementation of the corporate financial stability strategy</b>

TIME	NAME
01:20 PM	Kateryna Sokoliuk <b>Introducing effective corporate governance - a way to attract an investor</b>
01:25 PM	Volodymyr Marchenko <b>Application of blockchain technologies in corporate management</b>
01:30 PM	Natalia Goilo, Olga Ieroshkina <b>Internal audit functions: influence of the company's organizational development</b>
01:35 PM	Lyudmyla Shemayeva, Polina Tolok, Volodymyr Shemayev <b>Features for providing financial security of the ukraine's defense industry companies</b>
01:40 PM	Alla Dombrovska <b>Some aspects of cryptocurrency introduction to the authorized capital of business entities</b>
01:45 PM	Nina Petrukha, Bohdan Stakhov <b>COVID-19 consequences for the agrarian sector of the economy and new measurements of sustainability of development of agrarian-production value added chains</b>
01:50 PM	Nataliia Nakonechna <b>Corporate ethics as a basis of corporate management of an educational institution</b>
02:00-04:00 PM	<b>Iryna Burlakova</b> Doctor of Sciences (Psychology), Associate professor, East-Ukrainian National University named after Volodymyr Dahl, professor of the Department of Practical Psychology and Social Work, Severodonetsk, Ukraine <b>CORPORATE WELL-BEING AS THE ENERGY OF BUSINESS</b>
December 04-05, 2020	<i>Discussion of the results of the conference and testing of knowledge gained during the workshop</i>

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## INTRODUCTION

*The most companies are created as corporations, which have their own unique features of doing business, financial management and interaction with stakeholders.*

*The value of a corporation depends not only on its profitability, but also on other factors, which are the relationship between the state, shareholders, banks and employees.*

*Our conference was dedicated to these issues, which, despite the COVID-19 pandemic, we decided to hold on December 3-05, 2020 online in Tallinn, Estonia.*

*I sincerely thank all the scientists for the submitted materials and I hope that everyone liked the seminar "Corporate well-being as the energy of business" by Irina Burlakova, Doctor of Science (Psychology), Associate Professor.*

*I hope that our International Conference on Corporate Management (ICCM) will be an annual place to discuss issues related to corporate management and stakeholder relations.*

*As Chairman of the International Conference on Corporate Management (ICCM), I have the great pleasure and honor to welcome you all to the first edition of our conference!*

*Tallinn, Estonia on December 03-05, 2020*

*Iryna Mihus, ICCM'2020 Chair*

# **SECTION 1**

## **Corporate Governance: Stakeholder engagement**

## COMPETENCY MANAGEMENT AS A TOOL FOR OPTIMIZATION OF ENGAGEMENT WITH STAKEHOLDERS IN IT PROJECTS

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In the framework of my previous work (Ostashevskyi, 2020) the problem of unpredictable and undesirable expansion of the developed functionality for IT product within the project was considered, in particular – for software development projects, as a result of which it was possible to name the main reasons of their occurrence, the most significant of which is inefficient work with stakeholders within the project.

It should be noted that the expansion of the developed IT product scope has a negative impact on the efficiency of the enterprise as a whole, because to solve it often have to allocate additional resources, and in the worst case – it can lead to project failure and loss of further business opportunities.

That is why, even at the level of the whole organization, it is so important that at the level of each individual project the work of business processes was established, formalized and effective. In order to achieve the optimization of certain business processes, it is necessary to ensure that their actors meet a certain level of knowledge and skills.

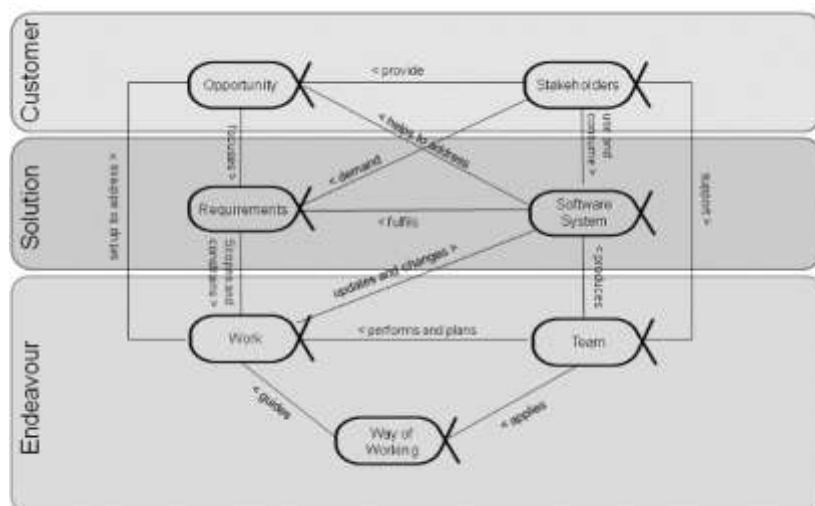
In modern management, combining the concepts of knowledge and skills will give us a related term – competence, but at the same time, competence provides knowledge and skills context, in our case – an abstract project in the field of IT software development. This becomes clear from the definition of "competence" – the knowledge and skills needed to perform the tasks within the framework defined by the project. If the executors of the project do not meet the required level of competencies, the performance not only of a particular staff, but also of the whole project, may be unsatisfactory. (PMI, 2017)

It is the methodology of competence management allows (Kurz R., Bartram D, 2002):

- assess the level of knowledge and skills of project team members;
- evaluate and optimize the effectiveness of project team members;
- if necessary - to train members of the project team;
- predict the progress of the project.

According to the methodology of competence management, it is necessary to build a model of competencies that would meet the needs identified by the purpose of its use. To do this, use the model of a typical IT project that can be seen on Figure 1.

Based on the list of processes presented in the software development project model, it is possible to determine the competencies needed to optimize the processes associated with the interaction with stakeholders as can be seen in Table 1.



**Figure 1. Software development project model**

The use of this model in the framework of methodological practices and methods of competence management can be a guarantee of effective formalization and optimization of business processes in projects related to IT.

**Table 1. Software development project competency model**

№	Name	Definition
1	Application of professional knowledge and skills	Competence that is applied directly in the performance of their main duties
2	Analytical and interpretive abilities	Ability to analyze and interpret information, reflection
3	Communicativeness	Ability to receive and transmit information
4	Creativity	The ability to approach the problem in a non-standard way, abstraction
5	Adaptability and flexibility	Ability to work effectively in an environment characterized by uncertainty or constant change
6	Organization	Ability to clearly and effectively perform its direct functions within the framework defined by the project
7	Cooperation	Ability to work effectively in a team
8	Decision-making	Ability to show initiative, motivation to act and willingness to take responsibility

**Keywords:** *competence management; software development project model*

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## **CORPORATE GOVERNANCE OF EVENT-INDUSTRY ENTERPRISES: SPECIFIC FEATURES AND FUNCTIONS**

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Research of issues and prerequisites for the development of the event industry in Ukraine creates opportunities for scientific elaboration of a wide range of unsolved research tasks related to the functioning of this industry, taking into account the interests of event-project promoters, optimizing the costs of arranging and holding events, and ensuring their economic efficiency at the corporate level. The listed points, along with the need to search for scientifically sound ways to ensure the maximum fulfilment of project tasks for the event-industry enterprises in the process of planning, arranging and holding events, determine the relevance of study of the concept, specifics and functions of corporate governance of enterprises in the event industry. It is necessary to find scientific and practical solutions aimed at solving current issues of operation and development of these enterprises, which will contribute, in particular, to a more efficient and quick adaptation of present-day enterprises in this field to activities in a changing environment and rearranging of the internal environment under the influence of such conditions.

According to research (Goykhman, 2012; Kuli, 2006), the world practice of the event industry demonstrates its economic and social efficiency, especially rapidly advancing in economically developed countries, with their experience used as reference by other countries (Napalkova, 2014; Sonder, 2016).

Corporate governance of event-industry enterprises involves the application of project management methodology to the planning, organization and holding events, such as festivals, conferences, ceremonies, weddings, official parties, concerts, congresses, etc. (Zelens'ka, 2015). This area of management is engaged in the implementation of events based on the analysis of behaviour and motivation of potential event participants (Antonenko, 2012).

An analysis of the meaning of "corporate governance of event-industry enterprises" suggests that in the literature there is no consensus on this term and activities related to it. Often, the management of event-industry enterprises is understood only as an organizational and control measures necessary for the implementation of events (Volodina, 2019). However, such an approach contradicts the need to reconcile the content of management with its integrative tasks and contradicts the established term "corporate governance", which provides for planning, organization, implementation and control of the organization to ensure coordination of resources (human, financial, natural and technical) necessary for effective performance of tasks (Napalkova, 2014; Sonder, 2016).

With this in mind, according to the author, corporate governance of event-industry enterprises is an activity aimed at integrating resources and coordination of

tasks and activities at the enterprise level necessary for effective implementation of planning, holding and control of events based on project management principles.

It should also be noted that corporate governance of event-industry enterprises, as a separate activity, has certain specifics (generalized by the author based on the study (Goykhman, 2012; Kuli, 2006; Napalkova, 2014; Sonder, 2016; Zelens'ka, 2015) such as:

1. It is a purposeful activity, which coordinates the efforts of employees to achieve the goals of the enterprise. Given the above, the success of corporate governance of an event-industry enterprise is measured mainly by the degree of achievement of the goals of the organization. There is a need for clear definition, clarity of goals, and their communication to the management and employees of the enterprise at different management levels.

2. It is a process with certain functions. It is a separate process consisting of functions such as planning, organization, staffing, management and control. These functions are so interconnected that it is impossible to accurately establish the sequence of their implementation or their relative importance for the effective operation of the enterprise.

3. It uses economic resources and ensures their effective use for the production of market-demanded product (events). The costs of labour, capital and materials alone do not provide production; they require a catalyst for management to produce goods and services needed by society.

4. It is an integrating force. The essence of such governance is the integration of human and other resources to achieve the desired goals of the enterprise in the planning, organization and conduct of events. Managers implement managerial functions to obtain results from employees (human resources) using other resources.

5. It is a system of power, which forms a hierarchy of management and control. Managers at different levels have different degrees of authority and responsibility for their own decisions. As a rule, when moving down the management hierarchy, the degree of authority gradually decreases. Powers allow managers to perform their functions effectively.

6. It is grounded on a universal theoretical and methodological basis of management. The principles and methods of management are equally applicable in business, education, government, in the sphere where it is necessary to coordinate the efforts of people, and are supplemented by certain specific management tools most appropriate for use in a specific area (in particular - event management)

The functions of corporate governance of event-industry enterprises include planning, organization, staffing, management and coordination, analysis and control (Napalkova, 2014; Sonder, 2016; Zelens'ka, 2015).

It should be noted that the implementation of corporate governance functions of the event industry is influenced by a set of restrictions related to the fact that events inherently:

- are quite investment-risky projects;
- require significant investment;

–however, they meet numerous strategic goals and are potentially highly profitable.

These features are characteristic of the event industry in the world as a whole, identifying areas of concern for which there is a need to develop and implement effective managerial decisions at the enterprise level, as well as effective regulatory tools at the state level to create a favourable environment for the event industry.

Thus, corporate governance of event-industry enterprises is an integral process, and its functions are difficult to structure adequately over time and space. In this context, an important tool to increase the efficiency of event-industry enterprises in Ukraine is the systematization of opportunities and challenges for corporate governance of these enterprises in view of global trends and the specifics of the business environment of event management in Ukraine.

Advanced research should be focused on the scientific development of unresolved issues related to the transformation of the management system of present-day enterprises of the domestic event industry, the organization and management of events, and effective managerial decisions in this area.

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## **CORPORATE MANAGEMENT OF STATE-OWNED JOINT STOCK COMPANIES OF UKRAINE**

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Within a few years, Ukraine has achieved what other countries had been doing for centuries. The nature of enterprise management has fundamentally changed, however the ideology of corporate management is changing very slowly. In fact, the joint-stock companies do not fulfill their major role – raising the capital.

During the years of independence, foreign direct investments in Ukraine amounted to less than 4 billion US dollars. The situation with portfolio foreign investments is even worse. For the third year in a row, there is a negative balance between their investment into the economy of Ukraine and making the profit thereof. Moreover, all this takes place in the conditions of one of the highest growth rates of industrial and agricultural production and low inflation in Europe.

Corporate management is the basis for business leaders to make decisions for achieving their goal as a tactical movement carried out at the operational management level, for deploying and implementing management policies and strategic direction for activities of the state-owned joint-stock companies. Efficient practices and regulation of corporate management accelerate the development of local stock markets and provide a reliable protection of shareholders [1].

Corporate management policy prioritizes over meeting the needs and interests of the related parties. Experience shows that the satisfaction of others must precede the satisfaction of the related parties. Improving the quality of corporate management in Ukraine is possible using the best practices, in particular: growing opportunities, concentration of ownership and the demand for foreign investments.

There are three types of corporate management in state-owned joint-stock companies. The first type is the creation of a legal framework for the operation of the economy. It includes the development of economic orientated laws, as all enterprises operate in this regulatory and economic field. The central government bodies having the right to make decisions and statutory basis take all the actions. The second type is the direct management of state-owned enterprises. It is used when the state is the sole owner of a joint-stock company and controls its activities through the management of the enterprise. The third type is the management of a certain state share of the statutory fund of the companies. It affects the corporate activities in compliance with the availability of the government's corporate securities. Only the executive authorities implement all actions in case of the latter two types. There must be a list of entities subject to the direct government control, in particular: 1) shares owned by the state in the property of companies; 2) property available for use by the local government; 3) property of state enterprises and organizations possessed by those for business use or operation control.



It is the efficient corporate management that can reduce corruption [2]. A better protection of shareholders' rights in reducing transaction costs for the management of foreign companies, which in turn will accelerate the inflow of foreign direct investments [3].

Companies with enhanced corporate management are more attractive to foreign investors because they provide better protection of shareholders' rights and are more transparent [4].

Joint-stock companies are the main form of economy in Ukraine; those are limited to shares with the main shareholder, an individual or legal entity. The problem of corporate management in Ukraine can be expressed in a few words. First of all, there is lack of trust in the joint-stock form of ownership, impossibility to attract funds from domestic and foreign investors to develop financial and economic activities of joint stock companies, which leads to failures in their activities, conflicts of interest of all participants in corporate relations, as well as makes the whole economic situation worse. Indeed, corporate management in practice helps the company be able to raise the capital, and investors are confident in the protection of their rights and in the efficient use of the capital they provide.

Over 70% of investors declare their readiness to pay more for shares of the companies with a good corporate management compared to those with the management at a low level.

Only by improving corporate management, Ukrainian companies may expect the current price of their shares to increase by 30-50%.

A smart system of corporate management allows not only using the opportunities of existing shareholders and the resources they provide the best way, but also attracting new investors. Given an equal production, financial and other basic indicators, the companies with a good reputation in the field of corporate management are much more expensive. This is facilitated, in particular, by investment and consulting companies being advisers and agents of portfolio investors. They consider the company's own code of corporate management as a factor increasing its attractiveness. At the same time, investors, especially portfolio investors, pay more attention to reducing their risks. In this sense, they are concerned about the transparency of companies, the quality of information disclosed by them, the methods of work of boards of directors not less than directly about financial indicators.

Misuse of corporate power by the owners harms both domestic and foreign investors. It is the low quality of corporate management at many enterprises in the country that has a negative impact on the inflow of foreign direct investments, restrains their inflow, which is so important for a consistent economic growth.

Thus, a reliable and stable activity involves an effective interaction of a wide range of businessmen with own interests. To successfully implement the best practices, it is necessary to make changes in the organizational aspect of corporate management, in particular: the expectations and needs of related parties must be exceeded; it is worth increasing the value of the related parties; the process of continuous innovation should be stimulated. The key task of the management is to

implement these changes so that the organization can implement the combined advantage and the long-term existence of the firm other than business activity, as well as the related parties' values as the main corporate goals.

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## **THE EFFECT OF THE INNOVATION POTENTIAL ON THE COMPETITIVENESS OF THE FIRM**

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Innovations become one of the most influential drivers for the development of economic systems, which defines the efficiency of their activity. The challenge for national firms is to discover new ways of economic development, that are based on implementation of either innovative experiences in highly developed countries or domestic technological and scientific achievements.

A number of studies on innovations and innovative development of a firm were made by Ukrainian and foreign scientists. There are studies focused primarily on theoretical and practical aspects of innovative development of the firm (L. Antonyuk, G. Goldstein, I. Balabanov, S. Ilyenkova, V. Kalishenko, D. Kokurin, L. Martyusheva, G. Palamarenko, A. Poruchnyk, O. Savchuk, E. Safonov, K. Freeman, T. Shotik, etc.); on management of innovation and investment activities in industrial companies, and on the bilateral influence of investments and innovations (A. Belousova, T. Bludova, O. Vivchar, J. Weintraub, V. Kosyanenko, O. Kuzmin, S. Knyaz, L. Melnyk, V. Naydyuk, J. Rao, O. Tariruyev, V. Tokar, J. Schumpeter, etc.).

Despite the growing number of studies on what is the innovation's contribution to the firm's development, and what are the optimal means for such development and the national innovation priorities identification, the impact of the innovation potential on competitiveness of firms is not studied enough. It needs to be changed because innovation potential is the key driver increasing the competitiveness of the firms as well as the competitiveness of the national economies.

The theory of innovation and innovative development evolved by such researchers as J. Schumpeter, M. Tugan-Baranovsky, M. Kondratiev, A. Spithof and H. Hartmann. The word "innovation" comes from the Latin verb *innovare* (to renew or change). According "OECD/Eurostat (2018), Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation" the term "innovation" means a new or improved product or process (or combination thereof) that differs significantly from the unit's previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process) [4].

This is an understanding of the "innovations" in the narrow sense. This sense also covers the design of new solutions, which are able to meet certain needs of individuals or businesses, to work out existing engineering and technological and management problems, to provide economic, technological, social and other effects in fundamentally new ways. The expecting positive effect forms the broad sense of innovation. Such effect is caused by the new quality of improved technologies, products, services, and regulations. "Investment in innovation" has the result of a new

or improved product introduced to the market as well as a new or improved process implemented in practice.

According to Michael E. Porter "innovative potential" is an innovative capacity. National potential is a country's potential – as both a political and economic entity – to produce a stream of commercially relevant innovations. This capacity is not simply the realized level of innovation but also reflects the fundamental conditions, investments, and policy choices that create the environment for innovation in a particular location or nation. National innovative capacity depends in part on the technological sophistication and the size of the scientific and technical labor force in a given economy, and it also reflects the array of investments and policy choices of the government and private sector that affect the incentives for and the productivity of a country's research and development activities. National innovative capacity is also distinct from both the purely scientific or technical achievements of an economy, which do not necessarily involve the economic application of new technology [5].

Such definition is also acceptable for the level of a single firm. The concept of "innovative potential of the firm" has recently been considered as an economic category. "The innovative potential of the firm is a set of resources that are directly involved in the innovation process in order to increase the competitiveness" [1]. According to I. Radziwillo the innovative potential of the firm is evaluated by both the influence of environmental factors and the efficient utilization of internal and external capabilities. These factors and capabilities are combined in a dynamic system on the basis of organizational strategy [6]. The innovation potential can be represented by a structure, which unites three parts: the resources, internal conditions and the effectiveness. These parts coexist, mutually anticipate, and effect on each other. They form "triune essence" [2; 3].

Innovative potential can also be represented as a set of resources and operating conditions (V. Stadnyk, M. Yokhna) [7], which are necessary for innovative development of the organization. O. Karintseva, P. Matveev note that it is a source of development, allowing changes, and improving the progress [2].

Thus, the innovative potential of the firm can be interpreted as an integrated set of resources interconnected in certain socio-economic forms. This set characterizes the firm's ability to create and effectively implement the innovations corresponding to the external and internal factors. It allows the firm to make innovative strategic changes and to achieve growth of economic efficiency and competitiveness [1].

Innovation potential consists of a big number of components: market, intelligent, logistical, personnel, financial, property, informational, communication, motivational, and research. This is the mentioned set of resources which are necessary to create conditions for the development, production and promotion of such innovations that will be favorable to a particular firm and correspond to the demands of modern society.

Each component plays an important role in the qualitative and quantitative assessment of innovation potential. The subjects of innovation, so-called "institutes", are involved in multiple stages of the innovation process: new product development and production; direct introduction of new technologies, etc. It is important to study

the firm's relationship either with the market consuming the final product, or with science, delivering progressive ideas and already designed innovative concepts, and also with the tools organizing the innovation processes' management [3]. Internal (subject's) component of the innovation potential of the firm consists of the following elements: the potential of the management activity, the potential of management organizational structure, and the firm's logistical potential [2].

The internal components of innovation potential, so-called "levers", provide the capacity and efficiency of other elements. The result component indicates the level of potential that has been provided by the innovation process. This component reflects the existing opportunities resulting in the innovations' implementation [2].

Innovation processes cause not only the innovative product's introduction but also further growth of the innovation potential of the firm. This potential in its turn has not only quantitative but also qualitative character.

Thus, the increase of the innovation potential is determined by the ability of the firm to develop innovatively. Utilizing all necessary resources such development improves all micro/macro indicators and enters the business entity into a new level of operation. Innovative potential brings about innovative development's efficiency and competitiveness of the firm.

The scientific approaches that were mentioned above introduce several important aspects of innovation potential, but not the essence of concept entirely. From our point of view, only integrated estimation allows to define the innovation potential utilizing all the advantages of each approach. This is also the way to obtain the comprehensive vision of how the innovation potential forms and develops.

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## **HARMONIZATION OF STAKEHOLDER'S INTERESTS – AN IMPERATIVE GOAL OF CORPORATE GOVERNANCE OF ECONOMIC SECURITY OF THE ENTERPRISE**

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A security in the broadest sense is a value that plays the role of a cornerstone in the transformation of individual interests of a subject into a collective meaningful and effective unity of interests, which requires continuous coordination of the latter. The decisive role of interests in shaping the behavior and actions of a person, social group or the state as a whole has been noted by many prominent thinkers and figures of the past.

The concept of "interest" in various fields of knowledge has a legitimate basis, is an objective phenomenon, and, at the same time, a manifestation of subjective human actions, motivated by various reasons. That is, the genesis of interest consists in the conscious selection by the subject of the most important for his needs to be satisfied, and determining the ways of their realization. Sometimes the combination of objective and subjective components of the essence of the concept of interest is considered eclectic, but such a combination can be considered as reflecting the essence of the law of dialectics on the unity of contradictions.

In general, any interests are closely linked, because in their deepest essence they always reflect the interests of man as a social being, however, this state of affairs not only does not contradict the existence of numerous types of interests, but also largely explains it. Thus, one of the most important goals of associations created by people in the process of life is to meet the fundamental needs of each member of such an association, namely - to ensure individual safety. In turn, human-created associations also need security, increasing the scale of their formation - from individual to country as a whole - it can be concluded that the need for security is the most important interest of any state.

At the same time, the natural diversity of interests inherent in the subjects of society is the same natural cause of conflict, which, in turn, is one of the main causes of threats to the security of any social association. However, one cannot but agree that the ability to reconcile any interests, or at least to find a compromise, is a measure of spiritual health and, therefore, a measure of the possibility of being safe.

According to the basic provisions of the theory of security science, stakeholders - a person, a group of people, an enterprise, an integrated structure, a community, a region, a state - are interdependent and interdependent objects of security.

Economic interests for many reasons deserve a detailed study, one of which is initiated in this study, the ideology of economic security of the enterprise as a

measure of its economic freedom, which is achieved through the mutual coordination of economic interests.

Modern corporate governance, due to its high dynamism, is forced to be advanced. The emergence of such a property of enterprise management is due, on the one hand, to the numerous threats that hinder its activities and deployed in both external and internal environment, and on the other hand - the diversity of interests of its stakeholders. Therefore, it is quite natural that the theoretical reflection on the essence of economic security is the following causal chain: economic interests - economic security - economic freedom.

Any economic interest is a complex system of economic needs of economic entities. It is clear that such systems can differ significantly from each other, but it is important not this but that. Reflecting needs, economic interests have significant differences: if the needs are always focused on specific and fixed in time and space goals, then economic interests are focused on economic relations and business conditions in general, which is why their formalization is often very complicated. The specificity of economic interests is also due to the fact that, on the one hand, such interests are objective conditions of production, on the other - the degree of awareness of the business entity of its needs. The essence and content of economic interests are expressed through specific economic forms, which become incentives for its activities. The driving forces in the management of economic security are economic interests only in the relationship and interaction. Corporate economic is the desire of economic entities to function effectively in a market economy, to compete successfully, to gain a foothold in the market, to make a profit, to introduce scientific and technical achievements, to carry out expanded reproduction of intensive resource-saving type.

Each subject of economic relations is the bearer of a set of economic interests. With respect to the company's stakeholders, economic interests can be classified as follows:

- by the nature of the interest - natural and artificial (forced);
- by object - property and non-property (financial, investment, intellectual, information, etc.);
- by subject - personal, group, collective;
- by personification - the interests of owners, managers, staff;
- by nature - unique, innovative, adaptive, traditional, routine;
- by purposefulness - multi-purpose and single-purpose;
- by level of structuring - structured, poorly structured, unstructured;
- according to the management hierarchy - strategic, current, operational;
- in importance - primary and secondary;
- by variability - constants and variables;
- by localization in the structure of the external environment - mega-level, macro-level, meso-level, micro-level;
- by the form of existence in time - continuous, project (temporary), periodically repeated, unique (single);
- by the form of existence in space - complex and point;

over the time horizon - long-term and short-term;

According to the degree of awareness - true and false;

if possible - measurable, difficult to measure, non-measurable;

by method of measurement - definite, probabilistic, indeterminate;

if possible, mutually agreed - agreed, difficult to agree, not agreed;

by way of mutual coordination - standards and non-standard (those that require creative solutions);

by alternative in coordination - non-alternative (invariant) and alternative (variant). Thus, the stakeholders of the enterprise are characterized by a set of various interconnected and interacting economic interests that form a single system. However, the system of economic interests of the company's stakeholders is always contradictory. The realization of economic interests is carried out through the achievement of their subjects of specific economic goals. In the real activity of enterprises, the mutual coordination of economic interests of their stakeholders is carried out by at least partial satisfaction of each of the interests. The process of satisfying interests is quite complex for many reasons: a large number of domestic economic interests of stakeholders of the enterprise, which must be mutually agreed with each other; numerous economic interests of stakeholders of the external environment, which are subject to mutual coordination in the process of interaction both with the enterprise and with each other; complexity and contradictions of both groups of economic interests and opportunities and ways of their mutual coordination, etc.

Management of economic security of the enterprise affects the interests of various stakeholders, as related to its operation. In the most generalized form, the coordination of interests of the enterprise can be defined as multidimensional, namely: horizontal and vertical coordination of interests of internal stakeholders, which should take place against the background of permanent coordination of economic interests of the enterprise with relevant interests of external stakeholders. Issues of actualization of interests of both external and internal stakeholders (as, in fact, and vice versa) are extremely important and, in general, can deserve independent research, but it should be emphasized once again that in corporate economic security management of stakeholders is of paramount importance and should therefore at least include the identification and systematization of their actions and the assessment of objectives.

Thus, the harmonization of economic interests as an imperative goal of corporate governance of economic security of the enterprise has the following features. First, in modern conditions, the natural conflict of interest, inherent in economic entities, is exacerbated. Secondly, the reconciliation of such interests, being an extremely complex process, requires the use of special tools, as can be proposed by the author's map of reconciliation of interests. Third, the harmonization of economic interests in the transition of Ukraine to an innovative model of development is not always possible and, moreover, not always necessary, which is why the proposed ways of reconciling economic interests can be both constructive and destructive.



## **CORPORATE MANAGEMENT AS AN ATTRIBUTE OF THE INVESTMENT ATTRACTIVENESS OF UKRAINIAN COMPANIES**

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In modern conditions, all countries challenge for global capital markets, global investments and trust of global investors. Today, the trade in financial services and resources is turning into a successfully developed business. In these conditions, an effective corporate management system is a necessary tool for enhancing investment processes.

Having selected the market economy pattern of development, Ukraine cannot stay away from the development processes of corporate management. Creating a more attractive investment climate in the Ukrainian state has become necessary; the main attributes thereof include a favorable tax treatment, an advanced legislation, conditions for a fair competition, an effective judicial system, minimal administrative barriers, high-quality infrastructure for business development, and a strong culture of corporate relations.

In modern conditions, the problem of corporate management for Ukraine is becoming especially relevant in the context of the active trend of privatization of state-owned property, an increase in the number of joint-stock companies. Perceiving the development of market relations as the basis of economic policy it is necessary to realize the special role of the latter in increasing the well-being of Ukrainian citizens and society as a whole, creating jobs opportunities, accelerating economic development, and implementing socio-economic programs [1].

In the process of Ukraine's transition to a market economy, a large number (over 35 thousand) joint-stock companies managed based on corporate management were created. This property was owned by about 17 million shareholders. The analysis of creation and operation of domestic corporations shows that at this stage, the effectiveness of operation of such a form of business being a priority for Ukraine is insufficient. Today, the level of production of the national corporate sector enterprises is approaching 75% of GDP, while the same figure reaches 90% of the total GDP level for corporate sector enterprises in the countries with advanced economy.

The modern system of corporate relations functions in such a way that small shareholders, being the most part of the total number, do not actually participate in the corporate management. Accordingly, their interests are ignored within the operation of joint stock companies and distribution of the income received. The main contradiction lies in the divergence of interests between the corporation's managers and shareholders, especially the owners of small blocks of shares. Due to the imperfection of Ukrainian legislation in the field of corporate management, where many aspects of corporate relations are not covered within the legal

framework, as well as through direct violations, the interests and rights of shareholders are infringed.

The majority of Ukrainian enterprises has started and continues their reforming, in the crisis conditions. The key problem here is the ability of an enterprise and an organization to adequately adapt corporate management to new conditions in a fairly short time. The majority of Ukrainian enterprises (except for a small part thereof) are financially insolvent, with a large amount of debts; with a low level of material and technical facilities (as a result of their financial situation, they are unable to attract investments to implement the latest technologies); with weaknesses in the management system and low training of qualified personnel, which does not meet the modern market requirements.

The following should be highlighted among the reasons for an inefficient development of corporate management in Ukraine:

- lack of a unified document in the legislative framework governing corporate management in Ukrainian;
- informational secrecy, contributing to demonstration of shadowing and flourishing of corruption;
- a considerable participation of the state in the functioning of state enterprises with a mixed ownership form;
- inefficient management of privatized enterprises, reduction in production, employment and assets as a result of transformation of medium and large state-owned enterprises into private ones;
- in most cases, the lack of real indicators of the state's influence on the operation of the facilities;
- insufficient responsibility for the quality of management by entrepreneurs and shareholders;
- management of state corporations is spread among the facilities
- lack of independent directors in the corporate management system [2; 134].

Unfortunately, there is no ideal corporate management model in Ukraine so far. An effective model for transforming the corporate system of Ukraine should provide for a number of structural transformations to improve the efficiency of corporate policy, the inclusion of a strategy for the development of corporate structures into the national development program of the country and the corporate sector thereof.

In order to improve corporate management, it is necessary to implement priority measures to protect the shareholders' rights, which, of course, will help attract financial resources from both domestic and foreign investors, as well as distribute the capital across the Ukrainian economy more rationally. The scenario of improving corporate relations should provide for international standards and approaches adapted to the realities of operation of domestic corporations and the specifics of the Ukrainian economy[3]. It is necessary to implement a systematic monitoring of the results of practical activities of domestic corporations, as well as measures of legal regulation and state control. This and other initiatives will help

protect the interests of shareholders, improve the competitive ability rating of Ukrainian corporations, and have a significant impact on improving the investment climate and economy of the Ukrainian state.

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## **IMPROVING THE EFFICIENCY OF THE COMPANY DUE TO HUMAN RESOURCES**

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In order to increase the efficiency of any company, small or medium business, the main thing was and is the development of human resources. Each company prefers having well-trained professionals who know the ways to adapt to the needs of the company; how to get rid of inherited unproductive stereotypes and respond on socially-oriented requirements that employees need to fulfill according to their professionalism in modern working conditions; how to perform functional duties clearly and efficiently in a situation that constantly changes or in case of inconsistency of regulatory and legal support; how to analyze and deeply comprehend their defeats and professional achievements, assessing the effectiveness of their use in the management process while paying special attention to continuous professional development.

One of the main components of professional training for any company is the ability to communicate professionally. The so-called communication – is the ability to significantly increase the competitiveness of future workers in the regional labor market which significantly expands their employment opportunities, increases the effectiveness of their informed decisions both in the regional market and in the international one. The main need of society is the professionals who are able to cooperate and establish business relationships with partners, both external and internal, to organize activities to achieve a common goal, to overcome communication barriers, to professionally communicate professionally, to be able to self-present, to become leaders, etc. Encouragement and personal motivation to be the best is naturally instilled in any person. However, some people go forward persistently, work, make their own way and achieve certain successes, while others prefer to work in a comfortable environment, in a warm place, being envious of other people's victories. [1, 20-24]

Probably everyone dreams of becoming a leader, but everyone also knows that becoming one is not so easy. Self-development and hard work are important factors for a leader's success. To become a leader, you need to read more books, not only the ones that related to the profession you want to pursue. You should not be ashamed to learn something from other people, ask questions, and learn from those who in your opinion have already reached leadership positions. A true leader should demonstrate the advanced communication skills. The true leader should be able not only to express their thoughts clearly, but also to have an ability to interest the audience with their speech, to unite everyone under a common basis.

Another quality which a true leader simply cannot exist without - is confidence in them and their actions. Endurance is another quality that a true leader must be endowed with. To become a leader, you need to understand the laws of nature and to

be guided by eternal values; you should develop a culture of mutual trust and respect. Because when different people work in one team or on one project, it is very important to work together, respect differences, provide creative space for everyone and show a personal example. The true leaders show the way by their personal examples, the not just push others to move forward. First of all, the organization of the team is the unity of actions of its all members, who may be different in temperament, physical and mental data, their general focus on solving problems of improving work efficiency and quality of service. That is why the leader of the team, as the organizer of the work, should be able to set a specific goal for the team and highlight the main and secondary goals; to distribute time and space for the team's efforts rationally to achieve the goal; to determine means and methods of solving specific problems; to develop the initiative and abilities of team members; to use their knowledge and experience effectively while distribution the tasks to specific employees. An important task of a leader is the ability to professionally delegate authority, to plan several steps ahead.

In order to become a leader you need to be able to do a lot of different things. You need to be able to quickly navigate, make the right choice and decisions, and think about other colleagues in every single situation. The leader sees the goal clearly and unites people, creates a team where individuals can reveal themselves and support each other. In conclusion, the essence of a leader lies not only in their own development but also in the ability to inspire people around them and convince every person of their extraordinary abilities and values. A leader is a person who undertakes the task themselves or distributes tasks among the members of the group so that each of them can show their initiative. This is a person who sees a specific goal and ways to achieve it, and also has enough strength and ability to accomplish it. [2, 2-18]

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## HUMAN CAPITAL LEVELS AND SOCIAL POLICY

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The theory of human capital is given lots of attention these days. Taking into consideration the ideas and conclusions of prominent scientists, the fundamentals of this theory may be characterized by the following:

- in the theory of human capital and social policy the person is described in the context of economic, social and individual aspects, and the concept «human capital» provides a complex reflection of the three groups of features and abilities characterizing the person in the process of labor activity: physical, intellectual and psychological ones;

- the main idea of the theory of human capital lies in the grounding of the co-existence (in the system of social and labor relations) of two types of capital – human one and other kinds (natural, material and financial one) which enables their owners to get profits and get involved into the relations as equal partners;

- the concept of «human capital» is inherent to an exceptionally free person acting as an independent and self-reliant agent at the labor market; this concept correlates to the store of knowledge, health, professional skills and motivations, intrinsic to and possessed by a person;

- human capital is not only the set of some characteristics but some reserve of productive capacities formed as the result of investments and which is reasonably applied in order to achieve the beneficial result, enhancing labor productivity and increasing the income of its owner and the national income in general;

- using the concept «capital» with the aim of detecting the role of an individual in the economic system of a modern society and social policy indicates the necessity of widening the spectrum and improvement of the practice of social investments causing the significant and long-lasting economic effect.

Irrespective of the emphasis put on the abovementioned views in the scientific publications, the mechanism of problem differentiation of human capital by the levels of economic system is still being almost ignored. As a rule scientists do not find the research in this area necessary, suggesting rather primitive conclusions like «...human capital of the country – is the sum of human capitals of its citizens». But the research carried out by the author makes grounds to argue that such attitude towards the abovementioned problem is reflected negatively on the effectiveness of human capital management and therefore makes the perspectives of the country development doubtful. One has to admit that in modern scientific literature there is no unified approach towards defining the concept of «human capital» for subjects of economic system of different levels namely the state, the business entity, an employee.

Indeed one shouldn't doubt that human capital from the standpoint of an enterprise and from the position of a particular individual are two different



phenomena that require further research and progressive interpretation. However the majority of the users of the «human capital» concept don't care much of its content. Some researchers analyze this asset even in spite of the fact that the entities under research don't make any investments into the development of productive capacities of their employees earning so little that one shouldn't even mention the income as the indicator of capital. Moreover it's still common practice that many scientists analyze the microeconomic aspect of the problem of human capital applying the obsolete resource approach which emphasizes that employee's knowledge and professional skills bring incomes to the owner of the means of production and therefore may be considered from the standpoint of capital approach.

But the real dilemma of human capital lies in the following: whether the entity has and in case it does, when exactly this entity gets the right to recognize the knowledge possessed by its employees as its own capital. Giving answers to the aforementioned questions, the author considers it to be methodologically appropriate to argue that it's rational to deal with the human capital concept only in case when at least one of the two conditions is being met. Firstly, the business entity must pay out such a salary (wages) to the employee that would exceed greatly the cost of labor involved into the production process.

So the entity would compensate the costs that had been incurred for the employees' professional training and education. This way the entity would become the co-participant of the investment process and would legally get the right for earning some income from such kind of investments. The second condition is direct investing into the human capital development. In other cases considering the employees' knowledge as company's capital may be a methodological mistake: similar scenario could be ruffled only under conditions of both underdeveloped democratic society and market economy. In economically prosperous countries a person with high professional training will never agree to work on terms of «compensation for the cost of labor»: only where the individual is deprived of choice, where there is an economic compulsion to work, companies begin to exercise the unnatural appropriation and possession of the results of those who invested in their own education, depriving them of the relevant income and using their knowledge and skills as a resource for getting their own benefits.

The foregoing makes it clear that issues of national human capital can not be reduced to a simple sum of knowledge and skills, even if we take into account that it can bring some benefit and was formed as a result of investments. These problematic issues are extremely complicated for solving issues in the field of social policy. When it comes to the human capital of the country, or in other words, the national human capital, we can relate the word «country» to the notion of «population» and similarly the word «national» – to the «nation». Therefore human capital at the macro level should be the asset that guarantees incomes to the entire society.

## WELLNESS TRAINING IN THE SYSTEM OF CORPORATE WELL-BEING

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Most people spend a significant portion of their life at work. During this period, human health is influenced by a complex of factors, including negative ones. It is clear that the preservation and strengthening of workers' health is impossible without their active participation, since the object of management in this case is themselves. In order for them to participate in this process, they need a conscious desire, will and knowledge. Why should a business encourage employees to take care of themselves?

Corporations that encourage the learning of their employees and constantly develop their competencies are ready for constant change and are competitive. Therefore, they become a source of true meaning for their members - they have a powerful positive emotional charge based on personal relationships. Any corporate transformation should always include the following: head - to think; heart - to be generous, sympathetic, but demanding; hands - to make changes in the shortest possible time [3].

According to modern views, learning can be seen as an ongoing process that confirms the organic, constantly evolving nature of the organization. Experience and training are important to the workplace, so it's no surprise that many organizations are reformatting their training systems by implementing employee wellness programs to improve team well-being. Outdated knowledge is replaced by new knowledge, enriching the life experience of people, which stimulates their desire for new projects and innovations [2].

The most important psychological motivations for learning are: independence, diversity, creativity, feedback and social support.

Corporate model programs to improve the health of workers should be focused on the conditions of the work process and the production environment from the standpoint of their influence on the factors of the lifestyle of workers and behavioral risk factors for diseases that can both form and level out (in working conditions, everyday life, etc.) [4].

Topics of training programs include information intended to improve the basic skills to improve the way of thinking, emotional intelligence, willpower, work with change, energy management and self-care: welfare, interaction, morale and productivity [1].

Currently, training in corporate well-being needs to be more specific and individualized, namely:

- Social well-being is the ability to communicate with others, establish and maintain positive relationships with family, friends and colleagues;



- Emotional well-being is the ability to recognize and share emotions and feelings, both negative and positive; understand ourselves and the ability to cope with the problems that life can bring;
- Spiritual well-being is the ability to develop correspondence between values and actions, harmonize and realize a common goal;
- Ecological well-being is the ability to have a positive impact on the quality of the environment and to be aware of responsibility for the planet;
- Professional well-being is the desire to contribute to career development in order to have a positive impact both on the organization in which you work and on society as a whole; the ability to receive personal satisfaction from work, while maintaining the balance of life;
- Intellectual well-being is the desire learning during life; for advanced training, enrichment of experience, study of new concepts;
- Physical well-being is the ability to cope with daily activities without excessive fatigue or physical stress; maintain a healthy state of health and adoption of healthy habits, quality of life.

At the same time, innovations in the application of corporate wellness training are often critically perceived by the top management of the organization. However, for a couple of years now, the number of top managers in Ukraine has been growing, who understand that this is their potential to improve employee motivation and give more meaning to their daily work.

Since this approach allows companies to adapt to the constantly changing conditions in the industry and survive in the long term.

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## **PECULIARITIES OF COMPETENCIES OF PUBLIC GOVERNANCE OF UKRAINE IN THE CONTEXT OF FORMING CORPORATE RELATIONS**

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Hierarchical management structures are gradually being replaced by horizontal, coordination, local or network. Subordination is gradually replacing coordination, which increases the competence of the component, communication, territorial functional load on the subject of management. The main current trends in the development of management are: the distribution of impacts on management objects of state, private and public entities; implementation of a competent approach to the implementation of public functions; determination of management objects, their consolidation for subjects; cooperation and partnership between state, self-governing and private subjects of government. In the context of the development of global systemic management, users and the interests of society occupy a certain place as an object of management.

Public administration is management that is carried out on the basis of the will of a community (a collective of people) and is implemented by subjects defined by communities to meet the needs and achieve the goals of society as an object of management [1]. To create a legal basis for decentralization, it creates the preconditions for defining and securing competence boundaries both in the territorial and functional aspects of research and practice [2], and the main criteria for the development of competencies are violated:

- territorial criteria (introduction of a three-level system of administrative-territorial structure - region, district, community, definition of communities as an administrative-territorial unit, including one or several settlements);
- functional criteria (transfer of functions of executive power from local state administrations to executive bodies of the appropriate level, distribution of powers according to the principles of subsidiarity, determination of financial resources);
- institutional criteria (the presence of a legally enshrined status of subjects, the creation of an institutional structure of the public service).

The problematic issue is the definition of control objects. Jurists often refer to the concept of the subject of jurisdiction - that is, the main direction of activity, manifested in the functions and functional purpose of the subject. The subjects of jurisdiction of many subjects overlap, which is quite acceptable and logical, but their powers are exclusively individual, even when the function of several subjects is common to all. For example, activities in the field of environmental protection are simultaneously the subject of jurisdiction of many subjects (ministries, local governments, public organizations, state enterprises, etc.), but such basic

characteristics of competencies as powers, responsibility and status of subjects should be individual, clearly assigned to the subjects.

In order to develop this criterion from the point of view of subject characteristics, it is advisable to analyze its place in the general structure of the competence approach in public administration [3], namely in such a correspondence scheme as:

- Management area - general competence;
- Business area - industry competence;
- Direction, subject - special competence;
- Subject matter - subject competence.

General competence is fixed mainly in the normative field by general provisions.

In the context of ensuring legal regulation of the formation and development of conditions for the effective implementation of public administration, the following remains relevant:

- the presence of the status of public institutions, which enshrines at the legislative level their functions, the mechanism for their implementation;
- implementation of the strategic goal and objectives of the public administration system;
- introduction of a unified register of public services and provision of public services to the population in accordance with it;
- implementation of public administration on the basis of responsibility, accountability, honesty, serving the public interest. In this context, it is advisable to clearly define the competence of the subjects of corporate relations, with the establishment of powers, legal responsibility and the ability to control their activities.

To establish the regulatory framework of competence boundaries, it is necessary to agree on a significant number of methodological issues [4], which are primarily in the plane of defining basic concepts, theories of public administration, activities of public administration entities, functional load of corporate relations entities, ensuring the fulfillment of the corporation's goal in the whole and its specific participants.

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## **THE ROLE OF CORPORATE INTEREST IN PUBLIC-ADMINISTRATION CONFLICTS FORMATION PROCESS**

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The possibilities of the processes of formation and realization of the powers of public authorities remain relevant in the theory and practice of public administration. The practice of formation and implementation of the powers of public authorities is in the legal field, determined by legal norms. Therefore, the study of this issue is mainly in the plane of the administrative and legal aspect of the formation of the powers of public authorities as a prerequisite for their activities. Many researchers begin research on this issue from the standpoint of defining corporate interests in the formation and implementation of public authorities, because they arise because these bodies are different in status, the functions they perform, have different understandings of the acquisition and implementation of powers. The main difference is that they operate from different approaches, with different resources, ways of exercising power, resource intensity, the ability to exercise public power, and in general the legal system to which the country belongs. Representation of corporate interests in the processes of influencing the subjects of power is quite common, including in the plane of formation of public interest [1]. The influence is mainly exerted from the external environment and is guided by private law. The position of O.Yevtushenko is expedient in studying this problem on various specifics of state power and local self-government as power institutions in terms of obtaining the status of a subject of power. The author notes that when distinguishing between issues within the competence of local authorities and public authorities, in these cases when it is possible to make it impractical to oppose them to each other. Therefore, the opposition of state power and local government, according to the scientist, has neither theoretical nor practical grounds [2].

The establishment of the powers of a public authority must be clarified in the context of their entry directly by the subject of power, the implementation of their power management functions in these legal relations. Power management functions performed on the basis of legislation, in particular, are any power powers within the activities of the state or local self-government, not related to legislative powers or powers to administer justice. It is expedient to single out the spheres of occurrence of public-administrative conflicts in establishing the powers of a public authority:

- the sphere of personnel policy of public authorities;
- formation of discretionary powers and creation of conditions for their realization;
- the sphere of involvement of the public, organizations, parties, etc. for possible adjustment of competencies of public authorities and their officials;
- implementation of the powers of public authorities in accordance with the lobbying goals and objectives;

- substitution of public interest by lobbying interests.

In the practice of administrative law, in particular administrative proceedings, the concept of "subject of power" is used, which is disclosed in paragraph 7 of Part 1 of Article. 3 CAP of Ukraine, according to which such a subject means a public authority, local government, their official or official, another entity in the exercise of their managerial functions on the basis of legislation, including the exercise of delegated powers [3]. This definition most accurately forms the idea of the subject of power not only as an institution, but also as an official, an official.

The state and other socio-public entities have civil legal personality, which synthesizes their civil capacity and civil capacity. At the same time, the legal personality of subjects of public law often has manifestations inherent in the legal capacity of individuals and legal entities. Thus, the peculiarities of the civil capacity of the state are due to the fact that it is also the main subject of public law, the bearer of public power. It itself regulates various, including civil, relations, establishing universally binding rules of conduct of the subjects and the procedure for considering disputes with their participation. At the same time, it itself determines its own civil legal personality, its content and boundaries. At the same time, when taking part in civil relations, the state must observe the rules established by it. It has no right to use its authority to arbitrarily change civil law in its interests or to impose its will on contractors in specific civil relations.

As subjects of civil law, the state and other social and public entities have the same legal status as other participants in civil legal relations, and are also responsible for violation or non-fulfillment of their obligations, like other subjects of civil law. That is, they act in civil relations on equal terms with other participants in these relations. The capacity of the state is realized through public authorities. So, the essential feature of public law disputes, which affects the nature of the formation and implementation of the powers of public authorities, is the presence of power signs of a subject of power powers.

The constitutional regulation of the principles of the institutionalization of power is behind the completeness and concreteness of the uneven attitude of bodies of different levels and aspects of their functioning, creates conditions for a possible corporate aspect to resolve these issues. As for the government, the most constitutionally highlighted issues of its formation and procedures for relations with parliament. More specific issues of the formation of powers of public authorities should be defined in separate laws for each authority. The greatest effect of consolidating legal norms in terms of the formation of the powers of public authorities will be achieved if there are uniform conceptual foundations for the entire system of public administration. But since not all of these basic conditions are normatively fixed, there remains a large field for the possible application of possible corporate influences on their formation.

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## **REGULATORY AND CORPORATE SUPPORT FOR THE IMPLEMENTATION OF STATE POLICY IN THE FIELD OF CULTURE IN UKRAINE**

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At the present stage of state formation, the role of the tasks of cultural development of society and the approximation of living standards to European standards should be taken into account. The implementation of these documents is impossible without the formation and implementation of state cultural policy at both the state and regional (local) levels.

The issue of regulatory and legal support for the development of culture is one of the main issues in the functioning of cultural policy of the state (hereinafter - the CPS). This is primarily due to the understanding of legislation as an effective mechanism of state policy and the main lever for its implementation in society.

Management activities in the field of culture (hereinafter - FC) in Ukraine are performed on the basis of a system of regulations. Analyzing this system, we can distinguish three groups of documents: basic; sectoral; local.

The main legislative acts regulating the general issues of the functioning of the IC include the Constitution of Ukraine [1] and the Law of Ukraine "On Culture" [2].

In the Constitution of Ukraine in Art. 11, it is stated that the state promotes the consolidation and growth of the Ukrainian nation, and its historical consciousness, traditions and culture, as well as ethnic, cultural, linguistic and religious identity of all blood peoples and national minorities of Ukraine [1].

The main law concerning the current cultural status is the Law of Ukraine "On Culture". It establishes the legal basis for cultural activities, regulates public relations related to the creation, use, dissemination, protection of cultural heritage and cultural values, and access to them [2].

Priorities of state policy in the FC are determined by the programs of the President of Ukraine, the relevant tasks contained in the annual communications of the President of Ukraine to the Supreme Council of Ukraine on the internal and external state of Ukraine, the Cabinet of Ministers of Ukraine in the FC, which are developed and approved in accordance with applicable law.

In modern conditions, one of the main tasks of state policy related to the cultural development of Ukraine is to guarantee the rights of citizens of Ukraine in the FC, enshrined in the Basic Law. In addition, the main actions that contribute to the creation of a single cultural space of Ukraine, preservation of cultural integrity, support of domestic producers in the FC and preservation of cultural heritage, cultural values and cultural goods are indicated.

Section IV of the Law of Ukraine "On Culture" defines the main network of cultural institutions established by the executive authorities and local governments in the manner prescribed by the Cabinet of Ministers of Ukraine; the purpose of creating a basic network of cultural institutions and its levels (national and local) is determined [2].

As for their financing, these criteria are set out in Section V of the Law, which stipulates that the main network of cultural institutions must be funded on regulatory principles, in accordance with current legislation of Ukraine, from state and local budgets, as well as from economic revenues, activities, provision of paid services; for this purpose subsidies, charitable donations, voluntary donations of individuals and legal entities, as well as foreign ones can be used [2].

The introduction of standards for providing the local population with the main types of cultural institutions, as well as their funding is a mandatory reason for the introduction of the basic network, otherwise it may lead to deterioration of their development and activities, as well as uncontrolled reduction of the existing network of cultural institutions.

The above provisions in the Basic Law are quite positive, but there are some problems. A rather controversial situation has arisen when the budget support of the FC by the state has been constantly decreasing, and effective mechanisms of extra-budgetary financing have not been formed at the legislative level.

During the years of independence, the country's CPS focused primarily on direct financial support for the public cultural sector, while insufficient attention was paid to the development of the non-governmental sector, both commercial and non-commercial; the mechanisms of government influence on this sector remained weak and imperfect.

The implementation of the state policy in the field of culture (hereinafter - the implementation of the SPFC) of the regions is associated with the activities of central and local executive bodies, as well as local governments in accordance with their powers. Today, Ukraine's state policy in the FC remains too centralized, focused on one form of ownership, and, as a result, it is not democratic enough. Regional and local authorities need more autonomy in making appropriate management decisions.

Decentralization of state management of cultural development of regions (united territorial communities) in Ukraine opens up huge opportunities by improving it, for example by deepening the distribution of power in the FC between public authorities and local governments, which requires reorganization of cultural and artistic institutions in different areas, levels, creating an appropriate regulatory and financial framework [3].

In view of the above, it can be said that the existing mechanism of financial support for the cultural sector needs to be improved. In modern conditions it is necessary to introduce a program method of financing the FC. The advantage of this method is that funding is focused not only on investment but also on achieving the main objectives of the program.

Given the limited financial resources, this approach allows to direct fixed assets to the preservation of national cultural heritage, supporting modern cultural processes



and promoting the cultural development of the regions of Ukraine. Attracting extra-budgetary funds is also important for the financial support of the FC.

The emphasis is on the system of grants, sponsorship and patronage. To improve extra-budgetary funding, appropriate tax benefits should be created for entities interested in supporting cultural processes in Ukraine. The implementation of such measures requires legal regulation. To this end, it is necessary to amend the Law of Ukraine "On Culture" [2] to introduce new forms of funding for the FC.

To take into account the specifics of cultural processes and maximize the socio-cultural interests of the united territorial communities of Ivano-Frankivsk region, it is necessary to supplement the basic Law with a separate section on the development of the FC at the regional level.

However, FCs are not sufficiently regulated by law. Due to the delay of the Ministry of Culture, Youth and Sports of Ukraine (hereinafter - MCYS of Ukraine), the procedure for creating a circus conveyor has not yet been developed, which makes it impossible to control the rental of domestic circus programs (attractions, numbers) and coordinate touring programs (teams) of foreign countries. .

In addition, the Supreme Council of Ukraine did not adopt the draft Law of Ukraine "On Improving Exhibition and Fair Activities in Ukraine" [4]. There were some problems with the implementation of the Law of Ukraine "On Libraries and Library Affairs" [5], which defines the status, legal and organizational basis of libraries and librarianship in Ukraine, guarantees the right to free access to information, knowledge and involvement in national and world values, culture, science and education stored in libraries.

Taking into account regional aspects of cultural development, the Law of Ukraine "On Museums and Museum Affairs", which regulates relations in the field of museum affairs, defines the legal, economic, social basis for the creation and operation of Ukrainian museums and features of scientific formation, study, accounting, storage, protection and the use of the Museum Fund of Ukraine, its legal status [6].

At the same time, one of the main shortcomings of normative legal acts that determine the directions of development of certain branches of culture in Ukraine is the vaguely defined system of financing certain branches. This leads to insufficient financial support for the development of the cultural sphere, which means that it does not allow for quality development.

The local group includes regional and regional programs for the development of cultural sectors in cities and regions of Ukraine, which are an integral part of the legal framework of culture and a practical basis for improving the work of institutions in this area in the region. In the vast majority of oblasts, cultural development programs for the region have been adopted and implemented.

The sphere of culture needs balanced regulation, both at the state and regional levels in the direction of sustainable development and ensuring the provision of quality cultural services.

After the global financial crisis of 2007-2008, there are signs of a stable rise in cultural indicators on world markets, which is not observed in Ukraine. This testifies

to the implementation of ineffective state policy and support for the sphere chosen by Ukraine in modern conditions. In order to increase the competitiveness of the cultural sphere, a new strategy for the development and improvement of the current state policy is needed, which will be aimed at meeting the needs of local residents and the economic interests of the state.

The sphere of culture is defined as a priority of development both at the national and local levels. This area is represented mainly by small and medium businesses.

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## THE INFLUENCE OF ISLAM ON PUBLIC CORPORATE GOVERNANCE

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The last decades of the twentieth century in the Muslim world were held under the auspices of the Islamic revival. Representatives of the reform movement in Islam, the Islamists, played an important role in this process. Emerging in response to Western expansion, the Islamist movement has gathered many dissatisfied people in a short time through its own interpretation of sacred texts and the declarative commitment of the "righteous predecessors" way of life. Some of the latter followed radical Islamists. After the victories over the Soviet Union in Afghanistan, the seizure of power in Iran, participation in the Israel resistance in Palestine, the latter realized themselves with great force. Starting with the New York terrorist attacks in September 2001 and ending with the creation of the so-called "Islamic State", radical Islamists have tried to become a global player in the world. It was from this time that the situation began to develop, which led to the fact that as of June 2020, 97% of terrorist organizations on the UN Security Council's sanctions list were Muslim. Today, Islamist radicalism affects not only European countries. According to their own dogma, radical Islamists must exterminate (apart from adherents of other religions) those Muslims whom they themselves declare to be infidels. Muslim governments, which Islamists see as pursuing unjust and generally "wrong" policies, are also subject to removal. Of course, the government of many Muslim countries is trying to counter radical Islamists. To this end, Islamic securitization measures are often used. Given the presence of a large number of Muslims among the population of Ukraine, the study of the above experience of Muslim countries becomes quite relevant for modern Ukrainian government.

The main reasons for the securitization of Islam are the activities of Islamist movements (primarily radical), as well as foreign information and ideological influences. At the same time, Islam plays an important role in the socio-political sphere of Muslim countries. As a result, there is a selective securitization of Islam in these countries, which can be divided into two parts - internal and external. In the domestic segment, there is a rather strict securitization of local radical Islam, removing the situation from the political field of decision-making. In the external segment, the main efforts are aimed at leveling foreign political and religious influences.

The state information policy of the leading Muslim countries in the field of securitization of Islam is characterized by the integrated use of state, religious and public resources. Due to this, the relevant narratives are widely disseminated within and outside the countries through the coordinated use of local and foreign media, religious and political resources, under the leadership of state coordinating bodies.

In modern Ukraine, there is no coordinated state information policy in the field of securitization of Islam, which allows Islamists to spread their own ideology almost

without hindrance. Such an approach could lead to more serious problems in the future than even the emergence of some negativity in relations with European partners. To prevent this, it is proposed to implement the following measures. First, to create a specialized institution to coordinate activities in the field of securitization of radical Islam. Secondly, to develop a program of actions aimed at preventing the manifestations of Islamist radicalism in Ukraine with the involvement of relevant experts. Third, to provide state support to Muslim organizations that oppose Islamists in order to make more effective use of their religious, informational, educational and other opportunities in the information and ideological confrontation with Islamists.

## **CORPORATE ENVIRONMENTAL GOVERNANCE: WORLD EXPERIENCE FOR UKRAINE**

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Corporate environmental management is largely associated with corporate environmental management. But it should be noted that, in general, corporate governance is at the highest level of corporate governance than management. The latter can act as an element. Corporate environmental management is a system for managing environmental protection, rational use of natural resources, greening production, carried out in the corporation by setting environmental goals, allocating duties, responsibilities, powers. The principles of environmental management as outlined in the International Chamber of Commerce's Business Charter are fully consistent with corporate environmental governance.

Overcoming environmental threats, climate change and other challenges the environment and the use of natural resources require, joining the efforts of all countries. International Organization for Standardization ISO, which includes 165 countries, has developed a series of international standards of the ISO 14000 series. The standards of this series is not technical, but consider the process of the security management system environment. They can be approved as mandatory on national level or within individual organizations such standards enable organizations to achieve systematic and effective improvement environmental protection and take reasonable measures to improvement of environmental protection. ISO 14000 series standards also address the issue of environmental auditing, which is necessary for application in the environmental management system. The basics of environmental audit and the application of its procedures are more extensively presented in such international standards as EMAS (EU countries), BS 7750 (UK), CSZA 750-94 (Canada).

The EU has formed more than 300 legal acts (conventions, directives, regulations, rules and recommendations) that define its environmental policy.

In accordance with this, the processes of creation and implementation of integrated quality management systems (DSTU ISO 9001, DSTU ISO 14000, OHSAS 18000), which meet the requirements of international standards, are taking place in Ukraine. This is a condition for sustainable development of enterprises, their exit and promotion to international markets, since compliance with standards and the availability of certified quality management systems increase confidence on the part of investors and potential consumers.

Therefore, today in Ukraine :

- the processes of creating and implementing integrated quality management systems (ISO 9001, ISO 14000, 18000) that meet the requirements of international standards took place, is a condition for the survival and sustainable development of

enterprises, their promotion to international markets, since their presence increases investor confidence;

- there is a sufficiently developed environmental law, provides for international cooperation (Laws of Ukraine "On the protection of the natural environment", "On the protection of atmospheric air", "On the animal world", "On the flora", "Land Code", "Water Code", "Subsoil Code", "Forest Code";

- an appropriate institutional structure has been created and operates to ensure the management of rational use, reproduction, protection and restoration of natural resources (Ministry of Environmental Protection and Natural Resources of Ukraine, State Agency for Water Resources of Ukraine, State Service of Geology and Subsoil of Ukraine, State Ecological Inspectorate of Ukraine, State Agency environmental investments of Ukraine, State Protection Service of the Natural Reserve Fund of Ukraine, State Agency for Land Resources of Ukraine, State Agency for Forest Resources of Ukraine, State Agency for Fisheries);

- developed state standards for the requirements for the formation of project documentation and environmental documentation for environmental impact assessment;

- provisions on environmental monitoring and environmental forecasting have been introduced;

- according to the international standard ISO 14001, environmental management systems are implemented as part of the overall management system, allows to establish environmental aspects of the organization and their impact on the environment, ensures order and consistency of environmental problems, using tools such as environmental policy; planning of environmental activities in accordance with the adopted environmental policy; organization of activities in the environmental management system; internal inspections and adjustments of activities; analysis of work results and revision of the environmental management system; demonstration of the results achieved in the environmental management system and their consistent improvement [1].

Now, in the conditions of decentralization of property management, capital corporatization, corporate governance is becoming more and more widespread in connection with the development of entrepreneurship. Corporate governance has features that stem from the principle of partnership - it is a triple interaction of corporations, government and society [2].

Nature in all its manifestations (earth, subsoil, water, air, forests, living organisms) is a universal, national value. All this should be a corporate value, but not a view of capital, but of national wealth, a source of vitality, an ecological paradigm of life. Only with such an approach can we talk about the rational use of nature and the protection of the natural environment. To implement this approach, each corporation must have its own corporate environmental policy and implement it in the context of global, European and national environmental policy and international environmental obligations of the state. This requires the establishment and maintenance of the effective functioning of the corporate environmental management



system as part of the overall corporate governance system, must be guided by national and international regulations and standards.

The Charter of the International Chamber of Commerce on Entrepreneurial Principles for Sustainable Development aims to ensure corporate environmental responsibility. It proclaims principles such as corporate priority, integrated management, improvement process, employee training, pre-evaluation, products or services, customer consulting, equipment and work, research, precautionary approach, contractors and suppliers, emergency preparedness, technology transfer, contribution to the overall result, openness and receptivity, compliance and accountability [3].

From a general point of view, the functions of corporate environmental management aimed at rational use of nature and guarantee of ecological safety, while the system of public environmental management is more related to environmental protection.

In the state system of ecological management apply the general management, which is carried out by state, legislative, executive, legal bodies, and authorized, (special) management, implemented by entities with special status. A corporation can achieve certain results by demonstrating a good level of environmental performance, controlling the impact of its activities, products or services on the environment.

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## **CORPORATE CULTURE AS AN IMPORTANT COMPONENT OF MUNICIPAL DEVELOPMENT**

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Since the middle of the XX century, the system of local self-government in many countries of the world is constantly being reformed, trying to effectively meet the today challenges. Gradually, a new culture and style of local government activity begins to shape, focusing on the demands and needs of the population, increasing responsibility for the distribution of services and resources. Such governance focuses on values and cultural factors rather than bureaucratic rules and regulations.

The strategic goal of reforming the system of local self-government in Ukraine is the transfer of greater powers from the state to local self-government authorities, taking into account the principle of subsidiarity, creating an effective, open municipal management system. This system of municipal government should be controlled by citizens, aimed at meeting the needs of people, improving their living standards, ensuring sustainable local and regional development.

Given this, the issues of expanding the scope of corporate governance and corporate relations, development of new tools for implementing personnel policy, more effective human resource management, as well as the formation and implementation of a new corporate culture in local government are particularly relevant.

The expediency of introducing corporate governance into local self-government system is gaining increasing support from the state, academics and practitioners. The issues of corporate governance and corporate culture in local self-government were paid attention to by O. Bobrovskaya, V. Dzyundzyuk, O. Kibenko, G. Nazarov, A. Povazhny, Yu. Sharov, I. Shkrabak, O. Vakulchyk, L. Vorotina, V. Yevtushevsky, D. Zadykhailo, and others.

The human factor is of paramount importance in the introduction of corporate relations in local self-government, which are implemented with the direct participation of people and for their sake. It is through the priority development of people, the intensification of their creativity and the desire to work for themselves, for the benefit of their territory, opportunities are created to increase the socio-economic efficiency of the community. Therefore, municipal management, aimed at using the potential of corporate relations of members of the territorial community, is considered not only from a “technological” position, but also in terms of their mental, socio-cultural, behavioral aspects. Organizational / corporate culture, which must be formed and implemented in municipalities, becomes strategically important in this aspect [1].

A distinction should be made between the concept of “corporate culture of local self-government” and “corporate culture of local self-government body”. Corporate

culture of local self-government is an adapted to the conditions of the national model of local self-government system of social material and spiritual values of beliefs, ideas, expectations, manifestations, norms of professional public management behavior, which are derived from awareness of the mission of municipal government determine the ability of local governments to change and modernize.

The corporate culture of a local self-government body is a system of values, principles, formal and informal rules of conduct and norms of activity, customs and traditions, individual and group interests, formed in a particular local government body and is a characteristic of this body, shared by the majority of its employees, determines the internal relations in this body, indicators of employee satisfaction with working conditions, the level of cooperation and compatibility of employees with each other, prospects its development, as well as establishes the relationship of local government with the relevant territorial community and the external environment, as well as determines the ability of local governments to provide better services to citizens [2].

The formation of corporate culture, its impact on the human resources of the whole team and individual employees, is now recognized as one of the most important elements of municipal governance. Employee loyalty, involvement in local self-government bodies, ability to stimulate organizational change and reduce resistance to them cease to be purely theoretical problems and are included in the priority issues of the agenda of local self-government bodies.

The corporate culture of a local government is acceptable for a certain period of time and under certain conditions. Changing regulations, rapid economic transformations and new technologies require changes in the corporate culture of local governments.

The main task of corporate culture in the context of local government reform is to create the appropriate motivation for the activities of each employee and / or local government official. To achieve this goal, it is necessary to develop certain value orientations, guidelines of the individual and the organization by defining general principles, patterns, needs and interests.

The issue of corporate culture is multifaceted and relatively new for the system of local self-government and Ukrainian society in general. Due to this, it is still insufficiently studied by domestic science. At the same time, it should be emphasized that corporate culture is at the “intersection” of different branches of science – political science, psychology, pedagogy, sociology, philosophy and more. It requires new comprehensive research based on a systematic approach with the participation of specialists and representatives of various scientific schools [3].

The ethical aspect occupies an important place in the formation of a new corporate culture. It should ensure the formation of a virtuous, efficient and professional service in local governments. The issue of developing and implementing ethical standards is an extremely important issue today for the formation of a new corporate culture and reform of the local government system. It is becoming increasingly clear that the decentralization reform launched in Ukraine can succeed only if the new philosophy of service in local self-government is established in the

public and professional consciousness, which requires a significant restructuring of the system of training local government officials, defining new ethical principles of their activities.

As rightly noted by T. Vasylevska, in the process of building a legal, democratic, social state, the importance of the moral component of civil servants and local government officials is growing, which is an important element of trust and partnership between community and government, an important lever to prevent corruption, a resource for managing professional activities, a factor in stimulating the high professionalism of the bureaucracy [4].

Thus, the development of a new corporate culture in local governments should improve the quality of management, improve human resource management, improve the morale of the team, mobilize the efforts of its members to implement new strategic objectives of local development, and improve the image of the local or territorial communities.

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## **DYNAMIC SOCIOTECHNICAL SYSTEMS OF ACTIVITY: SOCIAL SUPPORT OF WOMEN IN METALLURGICAL CORPORATIONS**

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The problem of socio-psychological support of women's lives is currently insufficiently studied. It was considered by scientists mostly from the standpoint of psychological support for the functioning of the organism, rather than the development of the vital system. It is known that socio-technical systems are systems of activity with a special component structure: there is an activity in which certain processes are projected, which are then involved in other activities that they develop, actualizing the solution of problems. Development is one of the defining features of socio-technical systems, it mobilizes professionals, including women, for qualitative change. Such problems are solved in the metallurgical industry since the 90s of the twentieth century in the framework of state scientific and technical programs, and in Ukraine - in the development of the idea of psychological support for the development of socio-technical systems of activity.

Over the past twenty years, a special type of socio-technical systems of activity has developed as the introduction of dynamic information technologies. They are almost unexplored in terms of social support for professionals, including women. The study of the needs of the development of psychological features of the system of women's activities, psychological factors of the system of activity was carried out to form the required level of efficiency, psychological security, corporate culture, occupational health, ergonomics [1].

The purpose of the study - to identify changes in increasing fatigue during the study of dynamic socio-technical systems of the metallurgical industry.

The studies, which were conducted during 2018–2020, involved 500 women aged 18–46 who worked in various dynamic socio-technical systems (operators and non-operator specialists of complex automated control systems). Traditional means of psychological support were used in the form of methods of arbitrary self-regulation of the functional state (experimental group) and without psychological support (control group) during the year of continuous activity. There were 250 women in the experimental and control groups.

Women were warned about the confidentiality of the survey results. Sociometric indices were calculated for each group, as well as the averaged sociometric and color associative matrices were obtained. After the accumulation of data, the frequency of choices of colleagues at work and its identification with the color stimulus was revealed. The results were differentiated according to the "color of self-esteem".

Calculations were made and weight coefficients of the color associative test were obtained in diagnosing the attitude of employees to emotionally significant choices.

A high pair of positive correlations was obtained as a result of using color-associative methods with sociometric results on such indicators as efficiency, balance of personal characteristics and attitudes to activities, which were strongly correlated with value-oriented unity of the group, group cohesion and indepo. Processing of the results obtained by two methods showed their high convergence ( $r = 0.70$ ).

As an optimizing tool, organizational solutions for the development of the process and means of women's activities to improve their functional status have been introduced. A promising way to improve women's activities is the modernization of work and leisure.

Calculations were made and weight coefficients of the color associative test were obtained in diagnosing the attitude of employees to emotionally significant choices.

The purpose of the proposed program of modernization of intra-shift schedules is to eliminate the uneven workload of women during the working day without changing functional responsibilities. The total functional load of women when working according to the proposed schedules remains unchanged. The workload of specialists whose activities are accompanied by the greatest mental stress becomes more uniform during the work shift, the primary data are obtained at the metallurgical enterprises of Ukraine.

According to the new schedule at the beginning of the shift, the duration of work is such that it allows specialists to adapt (work). Periods with high load alternate with intervals of its relative decrease (unloading) and are a sign of realization of the program of development of metallurgical production.

High loading density leads to significant fatigue of women, accompanied by functional changes that negatively affect performance.

The second option allows in addition to the above some change in functional responsibilities. In this version of the intra-shift schedule in the middle of the working day, specialists change places and functions. At the same time there is some redistribution of loading.

Based on the results of empirical studies, characteristics have been obtained that allow predicting the efficiency and viability of women in dynamic socio-technical systems, as well as possible changes in their functional state. The necessity of social and psychological support for the development of dynamic socio-technical systems is substantiated, which will help to overcome the negative consequences of their functioning.

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## **BUSINESS ATTITUDE TO SOCIAL RESPONSIBILITY IN THE REPUBLIC OF BELARUS**

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Social responsibility of business in the economy can be represented as the company's activities that affect stakeholders: employees of the enterprise, consumers of products, suppliers, the local community, sources of financing (shareholders, creditors, banks) and others, as well as the environment in which the enterprise operates. Social responsibility also implies a constant search for new solutions in the social and environmental sphere and the use of found opportunities to strengthen the organization's influence on groups of stakeholders, which in turn should lead to an increase in the value of intangible assets and the value of the company as a whole.

The global survey shows that awareness of social activity as an additional resource for business development leads to an increase in the number of companies interested in participating in society, and, accordingly, to an increase in investment in the social sphere. In the Republic of Belarus, promoting the idea of getting an economic effect from corporate charity can become an important element of motivating business participation in the social sphere.

The country constantly conducts sociological research in these areas. Their results reflect a high degree of involvement of business, non-governmental organizations and the state itself in socially oriented projects.

At the same time, it is necessary to distinguish between the manifestation of social activity and charity by large-scale players and small and medium-sized businesses.

Analysis of data from a sociological study of big business in the Republic of Belarus conducted by the Idea Foundation showed that a large number of companies (51 %) participate in various types of corporate social responsibility. Most often, these are the following areas:

- financial assistance to children and children's institutions (73,8 %),
- support for the development of sports (42,6 %),
- investments in educational institutions (36,1 %).

Also, the cultural sector, projects based on strengthening the development of national identity and traditions of the country, are gaining more and more popularity. Examples are «Jazz Saturdays with Belveb Bank», «Classics at the town hall» and «Chytaem pa-belarusku» with the support of A1 company, street exhibitions «Artist and city» with the support of VTB Bank.

At the same time, the main goals of implementing social projects are to increase the number of consumers and increase their interest (63,9 %), involve staff in charity (52,5 %), and create a positive image of the company (39,3 %).

Thus, philanthropy helps to increase profits and attract qualified personnel.

Research shows that big business in Belarus chooses significant projects to be proud of. A survey of their representatives showed that it is important to understand the scale of the project. Belarusian businessmen want not only to sponsor the project, but also to attract as many people as possible (for example, marathons). Reporting on the expenditure of the transferred funds is of great importance. Large businesses do not trust charities and «just donating» is considered ineffective. Preference is given to joint projects.

Interesting are the results of a survey of small and medium-sized businesses that often provide sponsorship (46 %). The most popular way to help entrepreneurs is to transfer money (68 %). In second place, assistance in kind (goods and services) is 45 %. For representatives of this sector, a really significant type of social responsibility is the desire to make the world a better place. And the «mercantile» goals of big business, such as prestige, a way to improve relations with the authorities, PR do not play any role for entrepreneurs.

As for the population of Belarus, studies show that the average Belarusian who provides charitable assistance transfers about 33 euros a year with a frequency of once every 2,5 months. The amount of assistance to small and medium-sized businesses is about 300 euros per year. In General, the volume of monetary donations from all sources within the country in 2018 amounted to 88 million euros per year, of which citizens account for 49 %, small and medium – sized businesses – 41 %, and large businesses – only 10 %.

The main reasons for the low participation of companies in socially oriented projects include: the unstable financial situation of enterprises in Belarus, the lack of tax benefits, the relative youth of enterprises that are engaged in charity and, as a result, the lack of knowledge and practical experience in the field of corporate social responsibility.

Nevertheless, it is safe to say that business in the Republic of Belarus is making an increasing contribution to the country's sustainable development, and the system of corporate social responsibility has become an obligatory part of the development strategy of large and medium-sized companies.

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## **MAIN APPROACHES TO ASSESSING THE EFFECTIVENESS OF BUSINESS SOCIAL RESPONSIBILITY**

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Research shows that it is quite difficult to determine the effectiveness of social programs. This is due to the fact that in many ways the result of corporate responsibility is evaluated through quality indicators. For example, this may be a change in employees' perception of their employers (and Vice versa), changes in social issues, and consumer attitudes towards the company.

Quantitative results of the enterprise, such as increased sales, are also important, but do not reveal the full essence of this phenomenon. Therefore, the effectiveness or return on investment of CSR should be a balance of quantitative and qualitative indicators. Social responsibility is often seen as a cost item of its own, not integrated into business operations, where its costs and impact could be included in operational indexes. However, CSR is relevant to all business functions (e.g., personnel, marketing, sales, operations and supply channels, information technology) and should be taken into account by existing performance measurement systems

Monitoring and evaluating companies' social responsibility is an essential component of a high-quality and successful CSR policy. Over the past 25 years, considerable experience has been accumulated in this area, but there are also a number of serious problems.

Our research allows us to note, first of all, that the level of understanding of the essence of corporate social responsibility in General, and the practice of its application in the business sector, differs significantly in different countries. The most developed area is in the UK, Germany, the Netherlands, and the USA. Large multinational companies from other countries in Europe, Australia and Japan also follow the principles of social responsibility that are prescribed and implemented in everyday corporate practice. Local firms in these countries often perceive CSR only as a charity. There are few companies in transition and developing countries that implement the full range of responsibilities in their activities.

In this regard, one of the problems in the field of CSR monitoring and evaluation is to determine the essence of this category in a particular Corporation, compare it with the generally accepted practice in this area, local standards in a particular country. For example, is it possible to assess the compliance of companies' reporting with international standards, such as AA1000 or Global Reporting Initiative (GRI), if most CSR parameters are not implemented in the practice of organizations in this country.

Another significant problem is the choice of a system for determining the effectiveness of social responsibility in the company. Research shows that there are currently at least three approaches to monitoring and evaluation.:

1. The company is introducing the practice of annual reporting on one of the generally accepted CSR standards, such as AA1000 or GRI. At the same time, the preparation process includes measures to monitor compliance with the company's social policy principles and determine their effectiveness.

2. the Company implements a system of internal monitoring and evaluation of compliance with CSR principles, based on the internal corporate approaches of the business entity.

3. The company hires external experts to monitor the application of the principles of social policy and/or external assessment.

External assessment of CSR of enterprises is an important tool in improving the quality of the organization's actions and, as a result, improving its reputation in the international market. It can take several forms:

Benchmarking – an assessment of the CSR of an enterprise by companies operating in the same business sector or in the same country. It involves presenting the company's social policy to other corporations and analyzing the reaction to this presentation. According to this principle-peer to peer assessment-a system for managing socially responsible behavior of business structures in a number of international business associations created to promote CSR principles is built: London Benchmarking Group, Business for Social Responsibility, Prince of Wales Business Leaders Forum.

The advantage of this approach is the relative ease in achieving an external assessment of the company's performance, while the disadvantage is its superficiality and subjectivity. However, for small companies and firms operating in emerging markets, this form of external evaluation is the most accessible, understandable, and possible.

Confirmation of compliance with standards – assessment of the company's CSR through reporting on AA1000 or GRI standards, compliance with them is confirmed by the organizations: Assountability and Global Reporting Initiative. In this case, the company simply reports on the proposed schemes and, as a rule, does not need to hire external appraisers. The advantages of this approach are: the presence of an internationally recognized developed assessment and reporting format, public reporting, and certification of the company's CSR at the international level. The disadvantages are the complexity of implementing the standard by organizations with an insufficiently developed corporate structure and culture, and the need to prepare a report in accordance with strict criteria. This approach may be recommended for organizations that operate in several countries or are looking to enter international markets.

CSR audit is a professional assessment of the company's social policy over a certain period of time, conducted by certified appraisers (auditors), which results in a conclusion about the level of responsibility of the company. As practice shows, this method is used by a large number of small, medium and large business organizations, including both market leaders (for example, KRMG) and some non-profit organizations. Professional audit can be recommended if the company is planning to enter the established markets of Western countries, as well as when preparing major

transactions with Western firms, where the reputational component will be important (for example, if the transaction is the subject of discussion by politicians or causes public interest). The most important point in selecting auditors is to confirm the right of auditors to make an opinion on the state of the company's CSR, which would be recognized at the international level.

Impact assessment is the definition of the long-term impact of a company's CSR policy on various aspects of its operations and on the local community:

- productivity and capitalization level of the company;
- state and quality of human resources and personnel;
- the environment (Environmental Impact Assessment);
- local communities and / or the long-term impact of the company's charitable activities.

A variety of experts evaluate the long-term effect. As a rule, an assessment of the impact of the CSR policy on the company's productivity and capitalization level, on the condition and quality of personnel can be included in the audit. In the case of environmental impact or assessment of charitable activities, it is more appropriate to involve experts working directly in the field of environmental safety or corporate philanthropy, since these two areas are very specific, and the situation differs from country to country.

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## **COVID-19 CONSEQUENCES FOR THE AGRARIAN SECTOR OF THE ECONOMY AND NEW MEASUREMENTS OF SUSTAINABILITY OF DEVELOPMENT OF AGRARIAN-PRODUCTION VALUE ADDED CHAINS**

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Despite considerable healthcare progress achieved in the last century, infectious diseases are still a significant threat to the society. Some infectious diseases are endemic to specific geographic regions; others are able to spread becoming epidemics or pandemics. A rise in the population and related loads on the environment, climate change, urban development density as well as an exponential growth in international trips exacerbate infectious diseases. The major aspect of epidemics will always be the loss of human lives, but the spread of viruses also has serious consequences both for the national economy, in general, and for its specific industries forming new measurements of economic and food reality at the global, regional and local level.

The agrarian sector of the economy is oriented on the basic needs and this is its advantage in the crisis period. So, it has not been affected by a protracted period of the nationwide emergency situation (from 25.03.2020 to 22.05.2020), imposed for the purpose of fighting the pandemic and it has not been officially recognized as an economic sector suffered from COVID-19 [1; 2]. And anyway, the spread of the SARS-CoV-2 coronavirus is less intensive in the rural area. It is caused, probably, by a lower population density, relatively lesser number of international trips and, therefore, decreasing in eventual ways of further infection and spread of the pandemic. At the same time, introducing the quarantine takes place in a rural area in a quieter fashion, having provided stability of the functioning of local value added systems, having formed an effect of new normality of sustainable development and activity of agrarian-production systems.

However, the agrarian sector of the economy felt and still feels an adverse impact of shock factors. The COVID-19 impact on the agrarian sector of the economy consisted, first of all, in the need to rebuild all production and supporting processes so as not to allow to bring in the virus and infect employees at agro-enterprises. In this connection, they bear extra costs for preventive measures (disinfection, protection means for employees etc.), which percentage of the prime cost of agro-products has significantly increased. But representatives of large agro-holdings “feel themselves more confident” [3], because have political protectionism and financial solvency. Instead, the largest losses are suffered by small and medium farm enterprises, which were deprived of the opportunity to sell grown products in March-May 2020 in connection with the closure of the markets. Given that, based on expert estimates, up to 85 % of early fruits and berries [4] are sold right in the food markets, this has caused problems with selling grown products, deprived consumers



of sources of food products and placed small farmers and peasants in a difficult position having formed the entropy effect in measuring sustainability of development of agro-food value added chains. And big trade chains and large purchasing firms, during the quarantine, have raised prices for agro-products; this resulted from declining in demand from the population as well as gradual changing in the industry structure because of decreasing in entities manufacturing agro-products and, especially, their sales. Exactly this caused excess prices for the agro-sector products in Ukraine in April-May by 20–40 % (by various food groups) compared with the EU countries [5].

To neutralize these shocks, the state has taken some special measures. So, in connection with population's fear of undersupply of food products to retail chains, with the beginning of the coronavirus pandemic, the sales of buckwheat had considerably increased that entailed its export suspension (until 1 July 2020) as well as formation of the new system of support of sustainability of development of agro-food buckwheat value added chains by stimulating the extension of areas for its growing [6]. And, from April 2020, in accordance with Law of Ukraine of 30.03.2020, No 540-IX [7], the Cabinet of Ministers of Ukraine resumed the state regulation of prices not only for medications and medicinal products but also for the so called social products (first of all, buckwheat, sugar, milk, bread, eggs) [8] for the quarantine period.

At the very beginning of the pandemic wave in February 2020, financial support was approved, at the level of UAH 4 B (about EUR 4/ha of private agricultural area) under the state program for overcoming economic and social consequences in connection with the coronavirus pandemic No 1201150 “Financial Support of Agricultural Goods Producers” of 19 February 2020. In particular, it is provided to support agrarians under the programs of: development of animal husbandry (UAH 1 B); partial compensation for the value of agricultural machinery and equipment of domestic manufacture (UAH 1 B); financial support for measures in the agro-industrial complex by cheapening loans (UAH 1.2 B); development of gardening, wine growing, hop growing (UAH 400 M); support for development of farm enterprises (UAH 380 M); support for family households (UAH 20 M) [9]. This allowed to ensure food security of the country, avoid mass bankruptcies of both large and “niche” agricultural goods producers.

However, the agrarian sector of the economy will not be the same any longer. The agrarians have to do much work to overcome the consequences of the crisis and recover a food market, and the representatives of the industry emphasize [10] that state support is, of course, extremely important for this – maybe, in the form of special reliefs, which will apply to the agro-sector, in general, and development of rural areas; recovery and increasing in the amount of per hectare support, introducing direct support for farmers acquiring domestic machinery and equipment. The industry will also require support from the banking sector (especially, from the state banks) in offering special lending conditions and increasing in its financing. It is also needed to support increasing in the purchasing power, as stagnation of income of the population hinders the development of the agrarian sector exacerbating lags in the dynamics of

value added indicators of low- and high-level processing products, not allowing to use a traditional sector development sustainability measurement system. Its new measures, along with achieving nationally prioritized indicators of the Sustainable Development Goals, must become sustainability of forming local value added, providing local production sovereignty, paces of development of niche goods producers, a degree of penetration of local agrarian goods producers in socially oriented budgetary institutions (kindergartens, schools, hospitals etc.).

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## **AGRARIAN-CONSTRUCTION CONCEPTUALIZATION OF FORMATION OF LOCAL INFRASTRUCTURE OF FOOD AID TO RURAL POPULATION**

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There are various models of targeted food support for the population, among which are direct food product supplies, monetary funds for obtaining or preferential acquisition of food in the chain of specialized enterprises. The needy social groups not having sufficient funds to acquire adequate nutrition include pregnant and nursing women, children under three years of age, of preschool and school age from low-income and multi-child families. A category of the socially vulnerable groups includes multi-child families; disabled and aged persons being at social and special state institutions; low-income families and citizens, whose average per capita income is lower than the minimum subsistence level, other categories of citizens. Because of the fact that, at the local level, the scales of food consumed in this system are quite considerable – they reach 20 % [1; 2] of the total consumption – there is a need for creating a sustainable reproducible system able to function under the conditions of a new economic reality with increasing in the regulating role of the state and local self-government bodies.

A new combination caused by decentralization of regulatory powers and potential of the state, in general, and local self-government bodies, in particular, also actualizes a need for elaborating, at the national level, a new agrarian-construction conceptualization of development and provision of the sustainable functioning of infrastructure of distribution of food aid playing a key role in the implementation of the National Security Strategy of Ukraine as well as in the preparation of the country's Food Security Strategy provided by the Resolution of the National Security and Defense Council of Ukraine of 14 September 2020 [3]. In this context, we, within the framework of studying infrastructure of food aid to the rural population, draw special attention to an institutional-regulatory combination of food resources, technological and organizational conditions of promotion of flows of goods, services, finance, information to achieve local food sovereignty under the conditions of the COVID-19 coronavirus infection global pandemic. In this case, a source of food resources for relevant aid is, first of all, local agricultural goods producers, product processors, entrepreneurial structures of the sphere of distribution and circulation of the system of the local (as a rule, within the amalgamated territorial community; ATC) reproduction process, which potential grows, due to the legislative regulation of organization and activity of local self-government bodies and raion state administrations [4].

A problem for local agricultural goods producers is sales of products and barriers to getting their products on store shelves. A reason for is a lack of their efficient co-operation and a wide spread of global chain-format trading systems, accessing which is limited by a number of barriers (tough requirements for product parameters concerning shelf-lives and supply volumes, payment for cooperation etc.). Meeting the consumer demand of the population is carried out by trading chains by food delivery both from abroad and other locations. Acquiring foods in global chain structures, the consumers supported by various level budgets provide them with proceeds. These proceeds are not included in the production turnover of local goods producers, but, as a rule, are withdrawn out of the ATCs [5; 6]. Essentially, an organizationally formed monopoly system is set, for removing, from a distribution phase of the reproduction process, local goods producers and trade entrepreneurs, which form a mass of economic entities in rural areas.

Under these conditions, local authorities and entrepreneurial community must be tasked not with removing global chains from the food market that is practically impossible to do, but with proposing a concept of a competitive system coordinated by regional and local (ATC) authorities, and which provide a reproduction process in agro-food and construction spheres with market economy methods subject to rising in the role of administration regulation tools.

Subject to rising in the threat of the effect of the COVID-19 pandemic on food security and nutrition [7], as a central link of such a concept, an agrarian-construction complex, formation of an institute of socially-responsible nutrition with relevant infrastructure, within the existing rural economy regulation, are considered. Sustainable functioning of such kind of systems is impossible without existence of specific infrastructure providing stable link between goods producers, food aid consumers as well as regional and local (ATC) regulatory organizations. Such kind of infrastructure will allow to create the conditions for providing the needy in rural area with ecologically clean food, removing inefficient intermediaries, decreasing in transactional expenses and feedstock storage costs, increasing in an agricultural producers' share of the final consumer price. Implementing such approach will give an impetus to coordination of development of agriculture and construction (i.e., will ensure the evolution of existing programs of development of agriculture and rural areas, for example [8]), a consumer will obtain quality products at affordable prices as well as will form a system of centralized selection, delivery, quality control and safety of feedstock by selecting suppliers (local agricultural goods producers carrying out processing, production and supply of food products and semi-finished products with a high degree of finishing to budgetary institutions of the social sphere, canteens, large trading chains, markets etc.), which use laboratory-instrumental food quality control methods. In other words, a sequential chain is created, for technologically synchronized production processes, warehouse logistics facilities, transport enterprises, nutrition, service and trade operators for food delivery, forming production-sales chains for local agricultural goods producers intended for creating a closed agro-food production cycle as well as nullifying the effect of setting purchase



prices for agricultural goods producers too low and setting prices for consumers too high due to unreasonably long intermediary chains.

Changing in the architecture of the reproduction process in the phases of distribution and circulation by including the above proposed concept of local infrastructure of food aid to rural population in the food chains will allow to ensure local (at the raion or ATC level) food sovereignty, security and sustainability of the functioning of agro-food chains for creation of local value added.

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## THE IMPACT COST OF LIVING ON INTERNATIONAL COMPANY MANAGEMENT

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The universe has become thanks to globalization and its knowledge of the development of technology and means of communication, and leaving its impact on all countries, negative or positive, economic globalization has received prominent attention recently after it was based on international agreements concluded by the will of states, directing international institutions and organizations and attracting the global economy towards it. Nationalities are under the control of some developed countries and in light of the world's transformation into one world. al market and the connection of national economies with the global economy and global economies, and the global liberalization of economies. Therefore, it is necessary to study a worker with them to pay for increased profits and production for these companies, which is the effect of the cost of living on their management. The tyranny of economic globalization creates a home for states in front of challenges that require them to develop effective methods and adopt work programs to reform their economic, financial and administrative situations and meet the requirements.

Today, about 54 % of the world's population lives in cities, with the continuation of governmental plans and policies aimed at promoting urbanization around the world, and has led to the concentration of direct investments and centers of economic activity in cities rather than in the countryside. This boosted migration from the countryside to the city; this started with the decline in the share of the agricultural sector in front of other areas of economic activity during the past decades. United Nations figures indicate continued growth in the number of urban residents, which is expected to reach about 66 percent in 2050, representing a new wave of demographic changes around the world linked this time to the digital revolution, and its broad-spectrum effects on the way companies work and the elements of economic production. And then; Demographic changes will appear to be one of the most capable manifestations of explaining economic transformations around the world on the one hand, and the impact of economic globalization on the structure of economic activity and its implications on the different living aspects of individuals and groups associated with it on the other hand. Although the increase in income earmarked for spending contributed mainly to increasing individuals' desire and ability to move to live in cities, other factors, on the other hand, limited the economic gains of individuals who had become forced to adapt to the high cost of living. Recent studies on the cost of living in the world's cities in 2017 indicate that the cost of living continues to rise in cities, which are the costs that accompanied the economic developments in these countries over the past years.

There are many issues raised about the management of large companies and the methods used to manage them, as well as the costs of living and the methods of



studying them, as there are many negative consequences economically, socially, culturally, and politically, and the scientific methods that follow to confront them are so beneficial to us.

This paper aims to shed light on the following: the cost of living, methods of studying and analyzing them, and identifying the methods used for managing large companies, the concept of economic DE globalization and the associated changes in international and regional trade, and the tools that they use in relation to them. , The positive effects that can be benefited from in case of dealing with them with caution.

In my research, methods of compilation and controls were presented to study the cost of living around the world, and also to compile the annual results of international companies and study the relationship between the cost of living and management methods to reach the best results for these companies. And the use of statistical methods to analyze the relationship between them and study their impact. As well as giving a brief overview of the impact of management methods on the effectiveness of large international companies.

The economic growth of countries, in addition to the changes in the value of their national currencies, play a major role in influencing the cost of living, while the variation in economic activity within the country enhances the inequality of costs between cities and between them and before the countryside as well.

In order to clarify the extent of the relationship between the rapid changes in the cost of living and the US dollar, for major cities in the world in general, and American cities in particular, we must return to the study of cost of living indicators for the past years. As it is the high cost of living that affects the arrangement of cities or countries that help to live in them.

*The impact of oil and raw materials prices.* The fluctuations in the prices of raw materials and energy directly affect the cost of living of individuals, which are linked to the costs of construction and transportation of goods to transportation and travel; As low oil prices last year and the slowdown in commodity prices kept inflation rates low during the last period in the economies of developed countries. As for the economies of emerging countries, inflation rates have witnessed significant increases, especially in countries whose currencies have declined with the decline in oil and commodity prices over the past three years, as their currency gains against the dollar have boosted inflation rates. In addition, the emerging economies of countries that still depend on the production of oil and raw materials have doubled in inflation rates with the beginning of the recovery of raw materials and energy prices from their levels three years ago.

*The influence of additional factors.* Certainly, tracking the cost of living is not a sufficient criterion for drawing a comprehensive perception of life in cities around the world, especially since the low cost of living in a city does not necessarily mean that things are going well there, especially in developing countries, where the decline in prices represents pressure Additional infrastructure, in addition to security problems and economic burdens.

*Potential changes.* The cost of living around the world is constantly changing, and following the economic changes in countries, the effects of oil and basic

commodity prices and the rise in commodity prices. It may push the cost of living to rise again around the world, and it will continue to influence the economic policies of countries, especially those that depend mainly on Commodity and oil exports, which may witness a continuation of austerity policies, may be reflected in consumer confidence and domestic consumption growth.

In addition to the impact of oil prices, global markets are expected to witness a number of economic shocks. While emerging economies are still responsible for the bulk of global income and demand growth, it is expected that these countries will witness a relatively high cost of living in the long term, in line with the rise in global commodity prices and economic growth in those countries. As for the short and medium term, economic fluctuations and currency rates still largely determine the increase or decrease in the cost of living, and with the continuing state of anticipation and uncertainty about the future of the economy and global stability; It is expected that emerging countries will witness rapid fluctuation in the cost of living, the severity of which varies according to the economic conditions and the financial and monetary policies of those countries.

The reforms needed to reduce the impact of the rising cost of living on the productivity of international companies. During the last recent period, many financial reforms were taken in the face of the repercussions, such as redefining the basic value-added tax and stopping the cost of living allowance, aiming to maintain the stability and durability of the economy, and to ensure the continuation of maintaining the general reserves of countries, and to protect the national economy from the rise in fiscal deficit and increase in debt General government, and also studying the relationship between the value of salaries that employees of this company receive and the value and revenues of the public for these companies with the cost of living. On the other hand, the good behavior and dealing with any of these risks with a rational mind, and anticipating it with the highest degree of preparedness and necessary and sufficient preparedness at all levels, confirms the historical experiences of all societies and economies, that this was one of the most important measures that made the great differences between the countries of the world and its economies, starting from By reducing the volume of expenditures on the one hand, and working to raise non-oil revenues on the other hand.

The results of the analysis showed that there are some similarities in the cost of living in some countries and their impact on the productivity of companies, and it depends on the method of correlation in the analysis. And these results can be used by individuals or institutions to choose the best methods used to manage these international companies by comparing the cost of living in them and their product.

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## **FORMS OF REALIZATION OF PARTNERSHIPS BETWEEN BUSINESS AND GOVERNMENT IN THE CONDITIONS OF MARKET ECONOMY DEVELOPMENT**

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According to a number of studies [1], corporate management spends 25 to 50% of its time dealing with environmental issues, including government relations. Relationships with public authorities have become the same object of corporate management as the planning and implementation of business operations. Businesses are constantly looking for new opportunities to build their relationships with government agencies.

The partnership between the state and business must be considered from the standpoint of forms of interaction. It is advisable to identify the three most important forms of partnership:

- economic partnership;
- legal partnership;
- organizational partnership.

Economic partnership involves the implementation of joint business activities by government agencies and business structures, aimed at obtaining non-tax budget revenue through the use of resources of the business sector.

Legal partnership is a joint organization of the process of regulating business activities by the state. To do this, business structures can participate in working groups to develop legislation, create self-regulatory organizations with the involvement of experts from public authorities, as well as use other forms and methods of state influence on business development.

Organizational partnership is a different form of participation of representatives of one of the parties in the structural units of the other side of the interaction. For example, it can be, on the one hand, the participation of state representatives in the corporate governance of the business structure, and on the other - the participation of business representatives in the bodies that influence government decision-making. According to these forms, we offer the following classification of forms and types of business-government partnerships.

If the state is ready to finance the solution of certain tasks, it can choose the appropriate form and type of interaction depending on the required degree of its participation in solving these tasks. When placing government orders, as a rule, the organizational form of interaction is used and the market type is chosen. Within the framework of market interaction, there are more or less effective principles, forms and means of organizational interaction of business with public authorities and administration. It is advisable to emphasize the characteristics of the most significant species (methods), which are as follows [2]:

- contract system;

- interaction in the investment sphere;
- lease, concession, trust of state property.

As for the contract system, it is a qualitatively defined form of implementation of the state order for the production of goods and services in the business sector of the economy. Contracting is a way of interaction between the state and business, based on a system of economic and contractual relations between them on the production of goods and services by the business sector of the economy for state and municipal needs at the macro and micro levels. In essence, it is consistently market, competitive, as it involves the placement of government orders on the basis of a complex administrative and economic mechanism of bidding, ie open or closed competition.

The bidding system performs three functions: first, the function of ensuring competition among potential suppliers of goods and services and the most economical placement of public procurement; secondly, the function of its guaranteed performance in accordance with the agreed conditions and terms; thirdly, the function of providing conditions for long-term business planning, as purchase and sale agreements for goods and services are concluded before their production by business structures and, as a rule, for a fairly long period of time (for example, in the US long-term contract from 500 million to 10 billion dollars for 5-10 years) [3].

Public funding is based on budgetary capabilities and the mobilization of banking and industrial capital, including companies' own funds, borrowings of commercial banks provided by state-guaranteed contractors, direct loans to contractors provided by government agencies; state stage-by-stage coverage of the company's expenses under the contract; full state and partial financing of the company under the agreement. Important is the fact that the vast majority of government loans issued to contractors have an interest-free basis.

The state contract system is not only a specific form of distribution of investment goods in a market economy, but also the most important form of economic partnership between government and business. Such a system should be based on the balance of economic interests of the state and entrepreneurship as a whole, rather than its individual economic structures, which have ample opportunities to lobby to obtain favorable orders to meet certain state needs, which is typical of modern Ukrainian practice. The regime of fierce competition, transparency, accessibility and publicity of contracting at the state, regional and local levels should become the main principles of building the state contract system of Ukraine.

Regarding cooperation in the investment sphere, it should be noted that both government and business structures are equally interested in having a favorable investment climate. Interaction in this area is extremely important for normal, sustainable economic growth. It is especially important for modern Ukraine.

The reasons for the difficult situation in the investment sphere are, first of all: the inflated price of credit resources relative to inflation; deficit of accumulations; reduction of own funds of enterprises, reduction of realized state investments; financing of state target programs on a residual basis; unjustifiably low share of corporate securities compared to government securities.

Forms and technologies of partnership between business and government in the investment sphere can be very diverse. However, all of them should be based on a favorable investment climate, which provides for the provision of state guarantees to private investors; providing targeted depreciation, tax and credit benefits, the formation of organizational and legal conditions that stimulate investment activity, the existence of an effective mechanism for direct public and mixed public-private investment financing. All this means that the state's support of the investment climate in one or another qualitative state is a method of investment interaction between government and business.

Currently, an approach is being implemented that provides for state participation in financing up to 50% of investments in projects that have passed competitive selection. The conditions of participation in the tender provide for a payback of investments of up to two years, if it is proved that the output is provided by effective demand, and the participation of a private investor with their own funds will be at least 20%. The rest can be covered by loans [4].

Two other areas of state support for private investment are also promising - based on project certification and state guarantees to investors.

Project certification provides an opportunity to increase the share of state support. State guarantees are rightly considered by investors as the best form of their state support. According to the conditions, these guarantees should not cover the entire amount of risk, but for a certain part of it should provide for the return of resources in case of failure of the certified investment project for reasons beyond the investor's control [5].

However, it should be noted that, despite progress in developing and implementing effective mechanisms for state support of private investment, this area of interaction between government and business structures is not fully operational due to insufficient elaboration of methods for selecting projects for public funding. One of the main problems is the lack of state strategic priorities, which prevents the selection of the most important projects for public funding. Another important circumstance is that there is no mechanism for effective control over the spending of budget funds allocated for financing investment projects. Thus, in the modern Ukrainian economy, the investment interaction of state and business structures is carried out in the following main areas:

- formation of a favorable investment climate;
- participation of business structures in equity financing of investment projects in the framework of state, regional and local programs of socio-economic and scientific and technical development;
- participation of the state on a share basis in commercial non-state investment projects.

Each of these areas needs to intensify implementation and, above all, due to the inevitable participation of business structures not only in the implementation but also in the formation of a comprehensive program to stimulate domestic and foreign investment in Ukraine's economy.



As a result, we get a description of certain areas and forms of economic interaction of business and government. The primary task today in the field of partnership between business and government, on the part of the latter, is to systematize and unify spontaneously formed systems of their interaction with business entities, its organization on a single methodological basis. The latter should reflect the most general principles of building a system of economic interaction between government and business, such as transparency, competition, compliance with the priorities of state economic, social and scientific and technical policy.

However, it should be noted that an important feature of the process of effective interaction of government and business structures is the existence of so-called interest groups, whose role is growing in the most important spheres of public life. Currently in Ukraine the process of forming interest groups or interest groups is underway. The positions of structures claiming to represent interests and the mechanisms of their interaction are being strengthened. The current stage of formation and institutionalization of these structures is marked by the strengthening of their role in various spheres of activity - economic, political, social and others.

Business associations as a form of representation of organized interests is characterized by a more or less clear understanding of the functions and tasks. In recent years, there has been a trend towards the formation of various types of business organizations and associations that unite their members depending on the nature and size of ownership and scope of activities. These include, for example, the Union of Tenants and Entrepreneurs of Ukraine. Unions of cooperators and entrepreneurs of Ukraine, the Ukrainian Union of Industrialists and Entrepreneurs, etc. It should be noted that a number of regional structures have come to the fore, especially in economically developed regions. Regionalization is one of the areas of further development of this process, and this process takes place independently of the central structures.

Thus, in modern conditions, the interaction of business and government structures in the field of social and labor relations is extremely important. The mechanism of interaction in this area is significantly complicated, as there can be no question of its effective functioning without the inclusion of other dominant actors in a market economy, which are, above all, the relevant consumer structures.

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## **CORPORATE FRAUDSTERS: WHO ARE THEY?**

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During 2019-2020, we conducted a study, the main purpose of which was to establish the main features inherent in persons who commit financial fraud in Ukrainian corporations. Our survey included several questions focused on the fraudsters' job details, basic demographics, prior misconduct, and behavioral warning signs. This information was compiled to help organizations better understand and identify the risks and red flags of fraud in their own workforces.

The perpetrator's level of authority within an organization tends to strongly correlate with the size of a fraud. Owners/executives accounted for only 20% of the frauds in our study, but the median loss in those cases far exceeded the losses caused by managers and staff-level employees. This is consistent with our past studies, all of which found that losses tend to rise in tandem with a fraudster's level of authority. Owners/executives are generally in a better position to override controls than their lower-level counterparts, and they often have greater access to an organization's assets. Both of these facts might help explain why losses attributable to this group tend to be so much larger.

The longer a fraud perpetrator works for a company, the more damage that person's scheme is likely to cause. The impact of tenure on fraud losses remains evident even when we control for the fraudster's level of authority.

What this tells us is that longer-tenured fraudsters do not steal more merely because they have been promoted over time to higher levels of authority. Instead, their added experience with their organizations seems to improve their skills or abilities related to committing fraud. This might be because they become better at identifying gaps or weaknesses in internal controls, because they become more trusted (and thus are subject to lower levels of review by peers and supervisors), or because they learn over time how others have successfully committed fraud. Regardless, this data indicates that the ability to defraud an organization seems to be something people improve at with experience.

This illustrates the relative risks of occupational fraud in the different parts of a typical organization, which may help anti-fraud professionals effectively allocate anti-fraud controls and resources. For example, the executive/upper management team and the accounting department were both associated with high frequency and median loss, which indicates that fraud risks in these areas should be carefully addressed in any anti-fraud program.

Men also caused a significantly larger median loss than women. We examined gender distribution and median loss data based on the perpetrator's level of authority. At all levels of authority (employee, manager, and owner/executive), males committed a much larger percentage of frauds than women did. Male owners/executives and managers also accounted for much larger losses than their

female counterparts. This was particularly true at the owner/executive level, where the median loss caused by men was more than four times larger than the median loss caused by women. At the employee level, however, losses caused by males and females were equal.

The age distribution of fraud perpetrators in our study was bell-shaped, with 53% of fraudsters between the ages of 31 and 45. Median losses, on the other hand, tended to rise along with the age of the perpetrator. Those in the 56 to 60 and 60+ age ranges together accounted for less than 10% of all cases, but they caused median losses of UAH 700,000 and UAH 875,000, respectively, which were by far the highest losses in any age range.

We also found a correlation between the perpetrator's education level and median loss. Fraudsters with a high school degree or less caused a median loss of UAH 120,000, while those with a postgraduate degree caused a median loss of UAH 340,000. Generally, we would expect losses to correlate with education because those with higher levels of education tend to hold higher positions of authority and might also have greater technical capabilities for committing fraud.

The results of the study can be used by personnel management services and the economic security service of corporations to prevent and neutralize the possibility of financial fraud.

## **THE IMPACT OF CORPORATE GOVERNANCE ON THE ECONOMIC DEVELOPMENT OF THE STATE**

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Corporate governance is one of the most prominent and important issues in regional and international institutions and organizations, and interest in this topic has grown in many advanced and emerging economies over the past years, especially after a series of different financial crises that occurred in many companies in East Asia, Latin America and Russia. In the nineties of the last century, which was triggered by financial corruption, mismanagement, and its lack of control, expertise and skill, in addition to the lack of transparency, as these crises and collapses led to many shareholders suffering heavy material losses, which prompted many investors to search for companies that apply the concept of corporate governance. The importance of governance has increased as a result of the tendency of many countries of the world to shift to capitalist economic systems in which it relies heavily on private companies.

As a result of all this, interest in the concept of corporate governance has increased, and it has become one of the basic pillars on which economic units must be based.

With the increasing interest in the concept of governance, many institutions have been keen to study and analyze this concept. The most important of these institutions are the International Monetary Fund and the Organization for Economic Cooperation and Development.

Therefore, this article came to present and analyze the concept, importance, determinants, advantages and objectives of governance and its impact on economic development.

Information and studies indicate that the collapse of many economic units has led to the loss of the rights of current investors and the loss of confidence of new investors in these companies, so the interest in applying the concept of corporate governance was the best, safest and fastest solution to address these negatives that accompanied the collapse of many economic units, for all of these Reasons The interest of many economic researchers, writers, analysts and others in addressing these matters.

Despite the importance of corporate governance, it is still an area of disagreement and disagreement among researchers and academics in this matter, as many of the terms used appeared, but the common and most used term in the academic and research field is Corporate Governance.

In recent years, interest in the concept of corporate governance has increased dramatically and clearly, and it has become one of the main pillars on which the various economic units must be based.

The application of corporate governance is the way out and the effective solution to ensuring the rights of stakeholders within companies, especially investors.

Demonstrate the influence and importance of the concept of corporate governance for the benefit of individuals, institutions and societies in many economic, legal and social aspects.

Good corporate governance in the form of disclosure of financial information reduces the cost of capital for institutions.

Good corporate governance helps attract investment, whether foreign or domestic, and helps to limit capital flight and combat corruption.

Commitment to implementing the intellectual aspects of corporate governance reflects well on the performance of the economic, social, financial units.

Researchers, academics and professional organizations should pay more attention to the issue of governance in order to properly establish the principles of governance, by holding seminars, conferences and meetings.

Working to increase disclosure and transparency in companies.

Developing the awareness and awareness of those in charge of companies regarding the importance of governance for their companies, through seminars, meetings and conferences.

Trying to Issuing a unified vision for the concept and functioning of corporate governance.

Enacting and developing many legislations, regulations and laws to improve the performance of boards of directors, directors and shareholder rights within the company.

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## **CORPORATE ETHICS AS A BASIS OF CORPORATE MANAGEMENT OF AN EDUCATIONAL INSTITUTION**

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Over the past 20 years, private higher education institutions, competing with public educational institutions, have accumulated positive global and domestic experience in training professionals capable of implementing the acquired knowledge and skills in a global information society and market economy.

The corporate culture of such educational institutions, formed over the years, is quite unique, operating in a competitive environment and the requirements of the modern labor market, which forms a fundamentally new type of relationship between the subjects of educational activities both within the corporation and abroad. marked by a peculiar combination of private interests and traditional pedagogical values.

Further development of corporate values necessitates the mobilization of its psychological factors: value-worldview, behavioral, educational-traditional and innovative approaches, which are meaningful components of corporate culture and are its functional components. Thus, according to their tasks, they become the psychological conditions for the development of corporate culture.

In the study of organizational (corporate) culture and its development to date have already formed and clearly defined some thematic areas of analysis of this phenomenon, created the relevant scientific schools. These are, first of all, typologies of organizational culture of K. Cameron, R. Quinn, A. Radugin, K. Radugin, C. Handy, E. Shane, classification of organizational and psychological research methods by N. Makarkin, T. Solomanidina, L. Teplova, establishment levels of development of organizational culture of I. Ladanov, and, especially, on the formation and development of organizational culture of educational institutions - fundamental and scientific-methodical works of domestic scientists: G. Balla, O. Vynoslavska, N. Zavatska, L. Karamushka, S. Maksymenko, A. Shevchenko and others.

In modern conditions of society development, great importance is attached to the training of highly qualified specialists, the quality of training of which largely depends on the corporate culture of higher education institutions.

Further development of corporate culture has a positive effect on the value-oriented attitudes in the corporation, management style and methods, behavioral sphere, microclimate. All this is in fact the psychological conditions under which the development of corporate culture, and hence progress in the activities of the educational institution as a corporation.

Improving and developing the corporate culture of educational institutions is increasingly using the tool of corporate ethics in its management. The phenomenon of basic principles of corporate ethics has found a special place in the higher education system and is manifested in the declaration of values, integrity of professional



principles, moral and psychological climate, norms of behavior and interaction both inside and outside the organization.

Corporate ethics is based on the principles of morality and forms ethical standards of conduct for all members of the corporation. Adherence to the standards of corporate ethics is a prerequisite for the success of the organization, a certain indicator of the level of corporate culture in the organization. Systematic implementation of corporate ethics in all life processes of the organization forms employees into a single friendly team that has a common goal, a healthy moral and psychological climate, mutual understanding and support.

The application of the rules of corporate ethics at all levels of the management system provides an opportunity to improve internal - personal ties between colleagues, to regulate various disputes, to improve the image of the organization.

As you know, the manifestations of corporate ethics of the organization are formed on the basic elements of etiquette: forms of acquaintance, greetings, farewells; manners of behavior in the team, giving gifts. The most common form of implementation of corporate ethics are codes: ethics, integrity, conduct, etc., which are formed taking into account the specifics of the organization and include certain regulatory principles.

Corporate ethics of an educational organization is a very important indicator of the level of development of corporate culture in general, covering all areas of activity and constantly expanding its range of influence in the changing conditions of professional activity.

Thus, we can assume that the introduction of corporate ethics in the activities of the organization will increasingly be reflected in the management function and affect the harmonization of corporate culture in general.

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## **SECTION 2**

# **Financial aspects of corporate governance**

## METHODS OF ASSESSING THE PROBABILITY OF BANKRUPTCY OF THE ENTERPRISE

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Effective functioning of corporations is not possible without the implementation of crisis management. This is due to the fact that the company adheres to high standards of crisis management on the one hand, is a mandatory requirement for investors, work on stock exchanges, and on the other hand, improves potential investment opportunities, reduces the cost of raising capital by obtaining additional funds for development from public offering of shares, rather than obtaining bank loans. Crisis management should be focused on increasing the value of the corporation and preventing bankruptcy.

Bankruptcy is the insolvency of a debtor determined by a commercial court to restore its solvency and satisfy creditors' claims recognized by the court, except through the application of liquidation proceedings. The preconditions of bankruptcy should be considered as a holistic interaction of factors. Analysis of foreign practitioners shows that in countries with developed market economies, as a rule, 1/3 of bankruptcies are caused by external factors, and 2/3 - internal. In domestic conditions, the influence of external factors on detection of bankruptcy of enterprises, according to experts is approximately 50% [1, p. 212].

To avoid bankruptcy, it is necessary to constantly monitor the activities of the enterprise. Monitoring involves the current diagnosis of the enterprise, identification of threats, the possibility of a crisis and areas for further development [5]. To this end, in world practice, developed a large number of different models for assessing the bankruptcy of the enterprise. There are many methods for diagnosing the probability of bankruptcy: Altman models, Beaver coefficient, discriminant Lis model, discriminant Taffler model, Conan and Golder solvency diagnosis index, Springgate model, discriminatory Tereshchenko model, Saifulina model, Kadykova, Zaiceva etc. One of the most important tools of the system of early prevention and prediction of bankruptcy is discriminant analysis, the content of which is that using mathematical and statistical methods to build a function and calculate an integrated indicator on the basis of which it is possible to predict bankruptcy management. [2, p. 177].

Thus, in order to identify the trend of formation of unsatisfactory balance sheet structure in profitable business entities, the Beaver ratio (K) is calculated:

$$K = \frac{\text{net income} + \text{depreciation}}{\text{long-term liabilities} + \text{current liabilities}}$$

A sign of the formation of an unsatisfactory balance sheet structure is the financial position of the enterprise, in which for a long time (1-2 years) Weaver ratio does not

exceed 0.2, and there is a reduction in the share of profit, which is directed to enterprise development.

The founder of the text indicators of bankruptcy forecasting is the American economist E. Altman, who in the 60s and 70s developed and proposed several text models for determining the probability of bankruptcy. The simplest among them is a two-factor model:

$$K = -0,3877 - 1,074K_1 + 0,058K_2$$

where  $K_1$  is the coverage factor;  $K_2$  — coefficient of financial dependence. The obtained value  $Z < 0$ , this indicates that the probability of bankruptcy is more than 50%. More accurate calculations of the probability of bankruptcy of the enterprise can be obtained using the 5-factor Altman model:

$$Z = 1,2K_1 + 1,4K_2 + 3,3K_3 + 0,6K_4 + 0,99K_5$$

where  $K_1$  is the share of current assets in their total value;  $K_2$  - return on assets;  $K_3$  - return on assets is calculated through the use of net income;  $K_4$  - coverage ratio at market value of equity;  $K_5$  - return on assets, calculated through the amount of sales.

Based on the obtained value of  $Z$ , Altman found that with a result of up to 1.8 - the probability of bankruptcy is very high, from 1.8 to 2.9 high, from 1.8 to 2.9 is possible, and with a result of 3 or more probability bankruptcy is low. Altman's ideas were continued by Springgate, who built a model based on a study of the impact of financial performance:

$$X = 1,03 A + 3,07B + 0,66C + 0,4D$$

where  $A$  is the ratio of working capital to total assets;  $B$  - the ratio of profit to taxes (and interest) to the total value of assets;  $C$  - the ratio of profit to taxes to the amount of short-term liabilities;  $D$  - the ratio of sales to total assets. It is estimated that the accuracy of bankruptcy forecasting for this model is 92%, but over time this figure decreases. If the  $Z$ -index for this model is lower than 0.862, then the company is potentially bankrupt. Roman Lis adapted Altman's method and set a limit value of  $Z=0.037$ , below which there is a high risk of bankruptcy:

$$Z = 0,063A + 0,092B + 0,057C + 0,001D$$

where  $A$  is the ratio of the amount of current assets to the total value of assets;  $B$  - the ratio of operating profit to total assets;  $C$  - the ratio of retained earnings to total assets;  $D$  - the ratio of equity to the cost of borrowed capital. Domestic scientists have also paid a lot of attention to the study of bankruptcy diagnostics.

A significant contribution to the development of this area of financial analysis was made by Tereshchenko O.O., who substantiated a new methodological approach

to the diagnosis of bankruptcy of domestic enterprises, which is based on multivariate discriminant analysis. A significant advantage of this transition is to take into account the sectoral characteristics of the objects of study in the construction of discriminant models of bankruptcy diagnosis [3, p. 193].

Approbation of the following approaches to assessing the probability of bankruptcy was conducted on a group of enterprises engaged in wholesale or retail trade:

$$Z = -2,026 + 0,268 * X_1 + 1,773 * X_2 + 1,478 * X_4 + 0,775 * X_5 + 0,028 * X_6 + 0,097 * X_9 + 0,177 * X_{10}$$

where  $X_1$  - coverage ratio,  $X_2$  - financial independence ratio,  $X_4$  - operating sales return on CF1 (Net sales revenue + other operating income),  $X_5$  - return on assets ratio CF2 (Cash flow / Balance sheet currency),  $X_6$  - Loan turnover ratio,  $X_9$  - return on equity,  $X_{10}$  - turnover ratio of current assets.

The values of the Z-index obtained in the process of calculations can be interpreted as follows:  $Z < -0.75$  - zone of financial crisis,  $-0.75 < Z < -0.41$  - zone of additional analysis,  $-0.41 < Z$  - zone of financial stability.

Thus, the existing models for determining the probability of bankruptcy of the enterprise are not always suitable for use in the economic conditions of Ukraine. The use of the proposed model allows with a high level of probability to predict the future financial condition of the enterprise, and therefore to assess the probability of its bankruptcy.

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## **THE ESSENCE OF CORPORATE GOVERNANCE AND ITS FINANCIAL ASPECTS OF CAPITAL**

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The essence of corporate governance is to reconcile the interests of participants in corporate relations in order to ensure effective economic and social activities of the corporate structure. Therefore, it is necessary to develop theoretical and practical approaches to creating conditions for the formation of a new type of corporate governance, taking into account the economic and social characteristics of management. Some researchers identify corporations with more complex organizational entities integrated corporate structures (ICS). But a corporation can exist as an independent organizational and legal unit based on the association of property of individual owners who have transferred the right to manage the company to managers, while the ICS is a set of corporations of legal entities [1].

As a result of research, we can give the following definition of an integrated corporate structure (ICS) - a set of individual legal entities organized into a single system based on financial, economic and production-technological links, united by a common goal and managed from a single center and directed to combine the possibilities of concentration of production and financial capital in order to ensure stable operating conditions.

The formation and structure of financial capital of the integrated corporate structure is primarily influenced by:

1. Participants who take an active part in the activities and functioning of the association, influencing it and its capital in the future. Thus, banks, research institutes, production structures, being members of the structure integrate their capital in order to achieve certain goals [2, p. 75].

2. Ownership of capital (which belongs to a wide range of legal entities and individuals to shareholders) from the management function, which passes into the hands of professional managers. The owner of the capital delegates (transfers) investment and financial decisions to managers (agents). Managers are rewarded for achieving the goals set by the owner.

3. Organizational support for management decisions in the field of financial management of ICS. Thus, ICS financial management consists of procedures of different levels of complexity and responsibility. The first level - making financial decisions from the perspectives of development and current activities, the volume and direction of capital and financial investments, the distribution of profits, the formation of cash funds of the company, attracting additional sources of funding. The second level - the implementation of various financial calculations, preparation of financial documents, preparation of reports, ie technical procedures performed by employees of accounting, financial and economic service; some tasks may be entrusted to employees of other divisions of the company.



3. Decision-making at the level of individual enterprises of the corporate structure (PKS) should be coordinated with a common goal set by the management of ICS.

4. The composition of the financial and economic service, the scope and features of the organization of work on financial management. From the amount of financial resources at its disposal, from the organizational structure of ICS management, the presence of territorially separated units. This aspect determines the complexity of the consistency of information support for financial decision-making by ICS management.

ICS's financial relations are quite broad. It is customary to divide them into external and internal. External financial relations are characterized by the interaction of integrated associations with environmental entities. Internal financial relations arise within an integrated association.

Economics and management of enterprises of formation, distribution and use of financial resources of legally independent business entities that are part of ICS and each of which is guided by its own interests, but their joint activities are subject to a single goal facing ICS. According to the results of research and the above conclusions, the management of ICS financial resources is a process of influencing the financial relations of ICS in order to change them in accordance with the priority areas of ICS, including through the use of financial management. ICS financial management as a controlling and regulating influence on the financial management of independent business entities that are part of ICS, in order to develop and implement management decisions to achieve the goals of ICS finances of a single business entity (integrated corporate structure);

As a result, it is possible to note a number of advantages of financial management of an integrated corporate structure, despite the organizational complexity of this process [3, p. 84]:

- control and regulation of financial needs and capabilities of ICS entities online by the main company makes it possible to redistribute financial resources in favor of other members of the group;
- more favorable conditions for conducting operations, reducing costs, minimizing the risks of ICS caused by the possibility of centralized discussion of the conditions of banking services.

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## FINANCIAL RESOURCES IN CORPORATE GOVERNANCE

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The theory of the market model of Ukraine's economy has objectively led to the emergence of new forms of ownership – collective and private. Therefore, there is a need to study the peculiarities of the organization and functioning of finance of business structures of the private sector, to determine the areas of financial support for their activities, finding forms and methods of attracting financial resources and their effective use.

Many works of modern foreign economists are devoted to the study of the concept of financial resources, methods of corporate finance management. But in Ukraine, financial resources in corporate governance – a relatively new direction in both science and practice. Today, most scholars view financial resources in corporate governance as corporate finance, some as the financial resources of the enterprise, but they all perform the same function and task. Therefore, we offer in more detail to get acquainted with financial resources, corporate finance and features of financial resources in corporate governance.

Most scientists' financial resources in a corporate management examine as, corporate finances, some as financial resources of enterprise, but all of them perform one duty and tasks. So, in more detail we suggest to become familiar with financial resources, corporate finances and by the features of financial resources in a corporate management.

So in research of V. Rudenko's going is set forth near essence of corporate finances, namely: «systematizations of his functions and principles on the basis of generalization of foreign experience and features of the Ukrainian legislation» [1].

Initially, in our opinion, it is necessary to consider the concept of financial resources, so in his developments O. Vasilik, notes that «financial resources are money savings and income that are created in the process of distribution and redistribution of gross domestic product and concentrated in the relevant funds to ensure the continuity of expanded reproduction and meet other social needs» [2, p. 59-60].

Scientists V. Shilo, S. Ilyina, V. Barabanov, I. Kryshtopa claims that «the financial resources of an enterprise are funds that are at the disposal of enterprises and are intended for the fulfillment of certain financial obligations. The financial resources of enterprises are formed at the expense of internal (authorized capital, depreciation, gross income and profit) and external (received loans; unit and other contributions, funds mobilized in the financial market) sources» [3, p. 29-30].

We will consider researches of scientists a next step in determination of essence of corporate finances.

V. Sutormina asserts that «corporate finances are basis of development of market economy the wide range of goods and services is produced in that, and also micro level of the financial system of the state» and underlines management «objects finances of corporations are money streams and financial resources» [4].

M. Rupnyak in it labors determines that «corporate finance covers monetary relations with the founders of companies, the labor collective, with suppliers, buyers, the budget, banks, extra-budgetary, insurance and other organizations. Therefore, according to the scientist, «corporate finances function in the process of acquiring raw materials, materials and other inventory, capital and reserves, sales, in the process of investing, creating and distributing profits, in the payment of dividends on shares and interest on bonds, in the process of paying taxes to the budget, when receiving and repaying loans» [5].

At the same time, A. Pilipenko reveals the features of financial resources in corporations and states that «The specificity of financial resources of corporations is as follows:

1. Through the securities market, corporations can pool the financial resources of a large number of people.

2. The corporation forms monetary funds, capital at its disposal, using internal reserves and attracting external financial resources;

3. Financial resources in the securities market are replenished mainly through the issuance of shares and bonds, speaks of share capital as one of the components of the securities market;

4. With a stable general economic and political situation in the country, with the financial services of corporations analyzing all their possible sources of resources and financial condition of companies, assessing the effectiveness of financial resources management and finding reserves for their growth can achieve a high level of efficiency» [6, p. 378-379].

In turn, it is also necessary to clarify the essence of the definition of corporate governance. O. Velika notes in his works, «corporate governance is a system of relations between the owners of the enterprise, its managers, as well as stakeholders to ensure the effective operation of the enterprise and the balance of interests of participants in corporate relations» [7, p. 282].

Given the research of scientists, we can conclude that financial resources in corporate governance play an important role. They not only allow you to effectively form and allocate financial resources (creating a reserve of the company), but also to regulate financial relations between all participants (managers, owners and stakeholders) coordinating various goals ensuring the effective functioning of the corporation as a whole.

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## **THEORETICAL FUNDAMENTALS OF FORMATION AND IMPLEMENTATION OF THE CORPORATE FINANCIAL STABILITY STRATEGY**

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Ensuring financial stability is one of the key activities of every corporation. Change of consumer demands, expanding business opportunities, development of communication and its means, the widespread use of modern technologies, change of the role of human resources and other factors increase the importance of forming a strategy of financial stability.

Each corporation needs to form its own strategy of financial stability, which determines the current state of financial resources and the directions of their distribution and use in the future. Therefore, the enterprise must determine the direction of the financial stability strategy depending on the level of financial stability formed at the time of strategy formation. This direction can be associated with either increasing or maintaining the former level of financial stability.

Summarizing the theoretical approaches of researchers and based on the practice of organizations, we formulate the following definition of financial stability strategy [1-3]: it is a program of step-by-step actions and measures, aimed at improving and maintaining the certain level of financial stability. General idea of the financial stability strategy is to build a potentially flexible position for the corporation, which allows it to achieve its goals, despite the negative impact of internal and external factors.

Stages of formation of the strategy of financial stability of the corporation: 1) analysis of the internal and external environmental factors that affect the financial stability; 2) analysis of the financial stability of the corporation; 3) assessment of the strategic financial position of the corporation; 4) implementation of the strategy of financial stability of the corporation.

Ensuring financial stability requires a constant flow of reliable, complete and timely data (internal reports, marketing research data, etc.), which allows timely decision making and accumulation of data on the external environment. Internal information is formed as a result of business activity and is constantly changing under the influence of the transformation of key indicators and aimed at fully reflecting the current activities of the organization, including production, marketing, financial, sales, human resources and other opportunities.

The study of the external environment of the enterprise is carried out in three areas: assessment of changes in the external environment that affects various aspects of the financial stability strategy; study of factors that negatively affect the implementation of the strategy of financial stability of the corporation. Monitoring the activities of competing entities allows it to take measures to neutralize potential

threats; identification of factors that provide more opportunities for achieving strategic goals of the corporation by adjusting the plan of financial stability strategy.

In strategic financial analysis, opportunities and threats that hinder the development of the corporation are grouped by the system of PEST-analysis: P - political and legislative environment; E - economic environment; S - social and cultural environment; T - technological environment.

When developing a financial stability strategy, the next stage of sound operational decision making is the financial stability analysis, which allows to determine the possibility of improving the use of financial resources and to justify the directions of development of the company.

Strategic financial position assessment of the corporation is the next step in shaping the strategy of financial stability. It results in identification of the main parameters that determine the opportunities and limitations of sustainable development of its financial activities (the effectiveness of financial planning, analysis and control systems, etc.). The effectiveness of the financial stability strategy is determined by the principles, methodics and methods of management used by enterprise, and also by functions, competencies and skills of staff, the formation and use of mechanisms and tools that meet market conditions.

At the next stages of formation of financial stability strategy of the enterprise the choice of directions of realization of strategy is carried out. If the company is developing steadily and has a fairly high level of financial stability, then its main strategic direction is maintaining financial stability at the same level. When operating at the expense of borrowed sources of financing, non-compliance of financial stability indicators with regulatory values and lack of financial strength, it is advisable to identify areas related to increasing the level of financial stability of the corporation.

The assessment of the developed directions of the corporation's financial stability strategy should be carried out according to the following parameters: compliance with the corporation's financial policy; consistency with the financial and corporate strategy, anticipated changes in the external financial environment and the internal potential of the corporation; internal balance of indicators that determine the effectiveness of the financial stability strategy; implementation of the strategy of financial stability.

During the implementation of the strategy of financial stability of the corporation, along with previously developed strategic measures, new management decisions are formed and adopted due to unforeseen changes in the external economic environment. Moreover, at this stage, the formation of the necessary prerequisites that allow the business entity to achieve the ultimate strategic goals of its financial development (carrying out the necessary organizational changes, training of personnel in the field of financial management, providing the necessary resources, etc.).

The final stage in the formation of a financial stability strategy is monitoring of financial stability indicators. Without the use of modern tools, which are the monitoring of indicators of financial stability, it is impossible to ensure the stable



development of the corporation in a rapidly changing environment. In order to monitor and control indicators in the process of implementation of the financial stability strategy and making appropriate management decisions, monitoring of financial stability indicators provides a process of continuous collection, study and evaluation of financial information at every stage of the corporation's life cycle.

The main purpose of monitoring financial stability indicators is creation of conditions and opportunities for the implementation of the corporation's financial stability strategy. The role of monitoring financial stability indicators is to conduct early analysis in order to prevent negative trends in the activities of the enterprise, which affects the implementation of the strategy of its financial stability.

Monitoring of financial stability indicators of the enterprise should be carried out according to a certain algorithm: development of a rate system or monitoring of financial stability indicators; monitoring and control of financial indicators; comparison and evaluation of actual indicators with normative ones; identification and study of the reasons that caused the deviation of the actual indicators from the normative ones; development of measures to reduce the impact of negative factors.

In addition to monitoring, at the final stage the procedure of control over the implementation of the strategy of financial stability of the corporation on the basis of financial controlling, which determines the implementation of the main strategic target parameters of its financial activities. Financial control should primarily be aimed at the external and internal environment with a focus on identifying opportunities and threats in the implementation of financial stability strategy.

Thus, financial control is a tool in monitoring the strategy of financial stability, which provides development and implementation of strategic decisions in a number of areas in a constantly changing environment: coordination of financial decisions to achieve strategic goals; control over changes in the external environment; formation of strategic approaches adapted to the conditions in which the corporation operates; effective use of the existing advantages of the corporation and the creation of new opportunities for sustainable development in the future.

Therefore, the formation of a strategy of financial stability is of great importance in ensuring effective corporate governance. The process of developing a financial stability strategy includes identifying the most effective ways to address the goals, it is accompanied by the search for and evaluation of alternatives to possible strategic financial decisions on the basis of increasing the level of financial stability. The strategy of financial stability takes into account changes in the external and internal environment during the development of the financial activities of the corporation and responds in a timely manner to these influences.

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## **PROBLEM ASPECTS OF VAT REPORTING FOR INTERNATIONAL SUPPLY OF SERVICES BY CORPORATIONS IN UKRAINE**

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Over the last 20 years, the services and intangibles distribution scheme has undergone a revolution. Today, the source of supplying services and intangibles, such as Netflix streaming media and video-on-demand service, Adobe or Google software etc., to the final consumer is the Internet and as the consequence the usual tax mechanisms that used to work have lost their effectiveness.

Unlike the supply of goods, the determination of the place of supply of services is crucial because this determines in which country the VAT is due. It is important to understand that not only is the place of supply in the customer's country but the supply itself is deemed to be by the customer, not the actual supplier [1].

Technology companies are no longer burdened with cooperating with the tax authorities of all countries where they provide services, as they deliver them directly to electronic devices worldwide. In practice, this leads to large VAT losses for the state budgets for the countries where national VAT rules don't require suppliers of such services to register and report as a VAT payer.

For the first time, the problem of VAT on electronic services was addressed in the European Union by changing the rules for determining the place of supply of such services. Thus, until 2015, the place of supply of electronic services was determined by the place of registration of the supplier, which allowed some suppliers to minimize the tax by registering in countries with low VAT rates or where such services were exempt from taxation. That is why rules have been developed that would allow VAT on electronic services at the place of their consumption.

In addition, a special Mini One Stop Shop (MOSS) concept was introduced in the EU to implement its plan, which allowed businesses to declare and pay VAT in the country of consumption of the service without having to register as a VAT payer in the general order. The model of VAT of electronic services proposed by the European Union became the basis for other states in the development of similar tax regimes, allowing to increase the number of tax revenues to the budget of the state by taxing services directly in the country of consumption [2].

The main problem aspect, in this case, is compliance of VAT dues with the "destination principle". According to the Oxford Dictionary of Economics, the destination principle is "a regime of international taxation according to which consumption taxes are levied where products are consumed". This means that the rates of VAT or/and excise applied are those of the country of final consumption, and the entire revenue accrues to that country's budget. This principle ensures production neutrality, since indirect taxes do not discriminate between foreign and domestic producers, and exports are exempt from domestic taxation.

However, this principle may put countries that targeted to collect direct taxes than indirect one, for budget funding at a disadvantage in the international or cross-border field, because direct taxes, usually, cannot be refunded under the national tax law and, thus, increase the cost price of the product, goods or services.

Although there is widespread acceptance of the destination principle among most of the world's countries, practical means of implementing may be different across countries. National tax law of Ukraine (hereinafter - Tax Code of Ukraine), de-jure implements “destination principle” for VAT. According to Section 5 of Tax Code of Ukraine the place of supply of services is a:

- Article 186.2.1: place of actual supply of services related to movable property [3];
- Article 186.2.2: actual location of real estate, including under construction, for those services that are related to real estate [3];
- Article 186.2.3: place of actual provision of services in the field of culture, arts, education, science, sports, entertainment or other similar services, including the services of organizers of activities in these areas and services provided for paid exhibitions, conferences, training seminars and other similar events [3];
- Article 186.3: place where the recipient of services is registered as a business entity or - in the absence of such a place - his place of permanent or primary residence for the services (telecommunications, broadcasting services, etc.) [3];
- Article 186.4: place of supplier registration if the services that are not mentioned in articles 186.2.2 and 186.2.3 [3].

Tax Code of Ukraine in article 180.2. determines that person who is responsible for charging and paying tax, in our case –VAT, to the budget in the case of a supply of services by non-residents, including their permanent establishments, not registered as taxpayers, if the place of supply of services is located in the customs territory of Ukraine, is the recipient of services [3]. In practice, in some cases, provisions of services by the non-resident, charging and paying tax by the consumer is ignored and this allows non-resident to avoid VAT due in Ukraine.

For, example, “Apple Music” distribution service, that cost 4.99\$ (or around 142 UAH according to official exchange rates of National Bank of Ukraine [4] ) for an individual subscription, doesn’t count Ukrainian VAT in its price, because de-facto and de-jure Apple Inc. due its VAT in the territory of Ireland, where European office of Apple situated, instead of territory of Ukraine where the consumer of such service is located. Such a situation doesn’t comply with article 186.3 of the Tax Code of Ukraine and Ukraine de-facto lose additional VAT income in its budget. In our opinion, such a situation when international corporations ignore a country national tax law may be caused by the next factors:

- Flaws of national tax law that allows such behavior;
- political and economic instability of the country where suppliers of such services are required to register and report as a VAT payer;
- using “tax heaven” countries to optimize its VAT dues and maximize net income;
- excessive complexity of VAT administration by the taxpayer.

However, at the beginning of 2020, Ukrainian lawmakers proposed to make amendments to the Tax Code that will require international suppliers of services to

register itself as a VAT payer in Ukraine. Under the Draft law №2634 “On amendments to the Tax Code of Ukraine on VAT taxation of electronic services provided by non-residents to individuals whose place of supply is located in the customs territory of Ukraine” lawmakers propose to:

- determine the list of electronic services;
- establish rules for determining the place of supply of electronic services (B2C);
- include non-residents in the list of persons registered as VAT taxpayers;
- determine the rules of tax accounting for VAT for non-residents who provide electronic services to individuals, the place of supply of which is located in the territory of Ukraine;
- exemption from the obligation of a non-resident to register tax invoices ;
- provide for the payment of tax liability for a non-resident in foreign currency;
- use 20% VAT rate for tax accounting [5].

As we can see, de-facto such proposal will fully comply with Ukrainian national tax law with destination principle and force international corporation that provides electronic services pay VAT in Ukraine. However, in our opinion, there are few crucial moments that must be taking an account, before implementing such amendments.

First of all, Ukrainian consumers of such services don't have the same purchasing power as their European counterparts, and adding an additional 20% to the cost of service may make them stop using them.

Second, as a consequence of the first point, it may turn that legal consumers will start using side, often illegal, services to consume content. In “Special 301” Report prepared annually by the Office of the United States Trade Representative (USTR) identifies trade barriers to United States companies and products due to the intellectual property laws, such as copyright, patents, and trademarks, in other countries, Ukraine is located in «Priority Watch List». This means that Ukraine is one of the few, enormous intellectual property consumers of the US-based corporations alongside Algeria, Argentina, Chile, China, India, Indonesia, Russia, Saudi Arabia, and Venezuela [6].

So as an addition to already mentioned Draft Law, we propose next changes:

- use 7% VAT rate, instead of 20% rate, for tax accounting in the 5-year period till 2025, and rise it to 15% after. This will not hit hard on Ukrainian consumer and the State budget potentially will get additional revenue;
- develop and implement a national strategy on suppressing illegal content consumption. This will make Ukraine more attractive for international corporations and guarantee that their losses on producing and delivering content or/and services will be minimized;
- creating statistics on the number of non-residents who will be registered as taxpayers, the number of individuals to whom such taxpayers will provide electronic services, and their value, cost of tax administration for non-residents.

During making this research we achieved the next results. As a result of globalization, a corporation that provides services and distribution of intangibles are no longer burdened directly by national VAT tax law. Using “tax heavens” is

becoming common practice to minimize VAT dues, which leads that countries that don't require to pay VAT by "destination principle" losing it.

However, the EU fix this issue with the introduction of the MOSS (Mini One Stop Shop) concept. Such a concept allowed businesses to declare and pay VAT in the country of consumption of the service without adding excessive complexity such as registration or providing reports to the national tax services. The concept became a basic model for other countries in implementing a similar way to collect VAT from international business.

Current Ukrainian tax law de-jure fully fulfills the "destination principle", but de-facto international companies may not follow it, that causes massive losses to the State budget of Ukraine. For fixing this issue, Ukrainian lawmakers propose to partly implement the MOSS concept in Ukraine, but with additional complexity such as obligatory registration as a taxpayer and establish additional rules for determining the place of supply of electronic services.

In our opinion, such an initiative must be implemented, but taking into account a few crucial moments such as, purchasing power in the country and that using standard VAT rate may cause an increase in consuming illegal content.

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## **INTRODUCING EFFECTIVE CORPORATE GOVERNANCE - A WAY TO ATTRACT AN INVESTOR**

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One of the key factors in the success of the business structure is effective corporate governance.

Corporate governance is an activity aimed at achieving an optimal balance of interests of all parties: shareholders, management, customers, suppliers, creditors, the state and society [1].

Given the fact that the list of areas of coverage includes a set of areas and industries, it is important to ensure control of all processes without exception, namely: planning, organization of the enterprise; the procedure and completeness of information disclosure and at the same time protection of this information from misuse; formation and efficiency of using the potential of the enterprise, in particular human capital (formation of the motivational mechanism); system of relationships with suppliers, customers and business partners (including government institutions and investors), etc.

All this requires a certain resource that will ensure the performance of corporate governance functions.

Today, most Ukrainian enterprises choose a joint-stock organizational and legal form - this to some extent facilitates the process of attracting investors, both domestic and foreign.

The formation of the corporate governance system of joint stock companies in Ukraine is carried out in accordance with the Law of Ukraine "On Joint Stock Companies" and other legal, methodological recommendations and documents in this area, adopted by the National Commission on Securities and Stock Market [1]. In addition, joint-stock companies that aim to attract a foreign investor in the future, when forming a corporate governance system should take into account the main provisions set out in the Principles of Corporate Governance of the Organization for Economic Development and Cooperation.

Given the rapid socio-economic changes that occur under the influence of macro- and micro-factors, in the business environment of Ukraine in the implementation of corporate governance formed certain expectations. Increases interest in this issue and the fact that due to a number of amendments to the Law of Ukraine "On Joint Stock Companies" (in addition, it should be set out in a new version) [3]. Thus, among the main expectations that can positively affect the investment climate and investment attractiveness of Ukrainian business, the following [2]:

1. Introduction of a one-tier corporate governance system. The new bill proposes to allow the majority of joint stock companies to choose a system of corporate governance - one or two levels. In addition, most companies will be able to



independently choose a system of corporate governance (except for banks, state-owned companies - only a two-tier system).

2. Changing the algorithm for determining the market value of shares. In particular, it is proposed to change the approaches to determining the market value, namely by setting a lower level of value - the value of net assets. This means that the value of 100% of the shares cannot be less than the equity. Again, this will make it easier for the investor to find more attractive places to invest. Since to determine the investment attractiveness will not need to make a number of calculations to determine the real value of the business.

3. Change in the value of shares in the event of a squeeze-out. In our opinion, the introduction of the concept of "competing requirement" in Ukraine will be a stimulating factor.

4. Providing the opportunity to hold an electronic general meeting of shareholders. This normative legal act proposes to introduce the possibility to choose the method of voting - face-to-face or electronic [2].

According to the observations of experts, this is a common practice in international practice. But, as always, it is necessary to take into account the peculiarities of Ukrainian realities, namely the availability of both technical means and, above all, high-quality Internet coverage.

5. Strengthening the level of liability of officials for damages. The main content - the officials of the JSC must reimburse the company for damages caused to it, in the event that these losses arose as a result of actions not in the interests of the company.

6. Introduction of the position of corporate secretary This practice is inherent in Ukrainian enterprises over the past 10 years - from the understanding of these specialists as a corporate secretary, to the concept of professional corporate lawyers.

7. Reorganization of joint stock companies with additional restrictions. In particular, only a joint-stock company will be able to join a joint-stock company.

8. Reducing the threshold of ownership of shares (shares) - from 10% to 5%, as well as providing the opportunity to file derivative claims by participants (shareholders) who collectively own 5% of the shares. In our opinion, this will stimulate the involvement of the private sector in the investment process.

9. Empowerment of corporate agreements, which is traditional for international practice. However, Ukrainian business is still cautious about this tool. But the spread of globalization processes and the internationalization of business are increasingly contributing to the spread of the practice of concluding corporate agreements, including with foreign investors. Thus, with such a document, the investor will feel more secure and will have an incentive to invest resources for a longer period.

10. Electronic accounting of shares of LLC - this will allow the owners of LLC (TDV) to transfer the accounting of all their corporate rights (shares) to the National Depository of Ukraine. To some extent, this will be an additional mechanism to protect the share from raider actions. For the investor, this is a positive signal in terms of transparency of investments and, as a result, some protection.

Thus, the introduction of an effective corporate governance system with effective and fair regulatory support, in our opinion, will contribute to: increasing the level of investment attractiveness not only of a particular enterprise and industry, but also the country as a whole; will encourage investors to invest in the medium and long term; increasing the level of confidence of foreign investors.

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## **FEATURES FOR PROVIDING FINANCIAL SECURITY OF THE UKRAINE'S DEFENSE INDUSTRY COMPANIES**

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Defense industry companies that produce military products cannot exist in a sustainable manner and grow without certainty in the prospects for the demand in these products at both domestic and foreign arms markets. This is a necessary condition for the rational of a state military-technical policy, directly related to the development of the armament system of the armed forces, and other state military formations, scientific, technical, production-technological base of the defense industry, as well as improvement of military-technical cooperation with foreign states.

In the context of the continuation of the armed conflict in the Eastern Ukraine and the transformation of the state policy of development of the defense-industrial complex due to foreign policy factors, the model of a defense industry management is undergoing significant changes. The need to adapt to radical changes in the definition of domestic production and export-import policy has led to the use of – since 2014 – tools of crisis management of the defense industry and situational settlement of problematic issues related to its development and functioning.

In today's conditions, Ukraine demonstrates positive dynamics in the development of the defense industry. From 2015 to 2019, funding for the development, production, repair and modernization of armaments and military equipment was significantly increased, international cooperation was established through defense institutions, and sustainable development of the defense industry was identified in the state strategic and program documents as one of the priority areas. The documents aim at systematic transformation of the Ukrainian defense industry.

Though, there is a main (primary) objective contradiction between the development strategy of enterprises, including their operational activities, and the possibilities to financially support their development. The effect of this contradiction is the engine for financial security of the enterprise.

Certain features of the defense industry enterprises activity and, accordingly, risks and threats to their financial security, affect the nature of their financial activities.

The modern structure of the defense industry of Ukraine consists of state-owned concern "UkrOboronProm" and other state defense enterprises, a special exporter "UkrSpetsExport", as well as private sector companies of the defense industry.

The analysis of the defense sector enterprises' financial activities results of in Ukraine allowed to determine the specifics of ensuring the financial security of the enterprises and organizations, which is manifested in the following:

- continue keeping a significant share of state ownership in the defense industry enterprises due to their strategic importance for the national security of the country with the gradual process of their corporatization;

- rapid development of the private sector of the defense industry, which currently fulfills up to 60% of the state defense consumption, which increases the competition among governmental producers of defense products;

- maintaining the monopoly role of the government as a key customer of defense products in the country, due to the fact that the state defense order (hereinafter referred to as – SDO) for the development and production of weapons and military equipment has an advantage over chaotic supply initiatives of enterprises and organizations;

- high export potential of products created by defense industry enterprises of Ukraine in terms of liberalization of their foreign economic activity while maintaining the order of coordination of their marketing policy with the state in the face of state middle-man company "UkrSpetsExport";

- special requirements for the quality of production, its know-how and manufacturability, long-term perspectives and capital intensity of the majority of investment projects implemented by enterprises of the defense industry;

- long-lasting, mostly closed production cycle of defense products, the rupture of production ties with Russia, which requires increased import substitution of the components and spare parts;

- high level of specialization and monopolization of producers, which determines the nature of pricing for manufactured products;

- the main source of financial resources of defense industry enterprises comes from budget funding for the development and production of armaments and military equipment within the SDO, which has increased in recent years to 20-25% of the country's defense budget in accordance with NATO standards;

- in Ukraine there is a practice of specific state advance payment (up to 80% of the cost of future products for up to 1.5 years) for the production of defense products within the SDO; while practicing non-advance financing of enterprises for the production of defense products for export;

- special information conditions for the operation of defense enterprises, due to the requirements of secrecy, limiting cooperation and technology transfer;

- lower, compared to civil production, speed of updating samples of products, the presence of a complex process of adopting the latest samples of products "in service" and putting it into serial production;

- a significant level of depreciation of fixed assets of the government-owned defense industry enterprises (up to 80%), which requires a significant amount of investment resources for their technical rehabilitation;

need for significant amount of funding for fundamental and applied research and development of new perspective models of defense products with the actual limitation of their public funding within SDO;

presence of problems in the field of maintaining human resources at defense enterprises due to non-competitive wages, aging of highly qualified workers with experience, lack of vocational training programs and labor migration processes, etc.

These features provide a basis for clarifying the conceptual apparatus of the financial security of defense industry enterprises.

The authors offer a clarified meaning of the concept of "*financial security of defense industry enterprises*", which is as follows: this is such a financial condition, which forms resistance to internal, external, real and potential threats, as well as the ability to implement short-, medium- and long-term financial goals in accordance with the requirements of national security in the defense sphere on the basis of active promotion of the company's own economic interests, taking into account the interests of related subjects (stakeholders) of the external environment through a set of available resources, effective diagnostic tools and mechanisms, technologies for developing a set of preventive measures.

## **INTERNAL AUDIT FUNCTIONS: INFLUENCE OF THE COMPANY'S ORGANIZATIONAL DEVELOPMENT**

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In international practice, internal control is understood as an integral part of the modern system of managing economic entities of any organizational and legal forms. The purpose of internal control is to ensure that all employees of the enterprise comply with their duties in accordance with the goals of the organization. Internal control, depending on the tasks being solved, is administrative.

Internal control, as a rule, is carried out:

- Economic entity management bodies;
- Audit Commission (Auditor) of an economic entity;
- Chief accountant or other official of an economic entity responsible for maintaining accounting records (an individual or legal entity with whom the economic entity has concluded an agreement on providing accounting services);
- Internal Auditor (Internal Audit Service) of an economic entity;
- Special officials, a special unit of an economic entity responsible for compliance with the rules of internal control provided for by other laws;
- Other personnel and divisions of the economic entity.

Internal audit is the most developed form of internal control.

Organization of internal control in the form of internal audit is present to large and some medium-sized organizations, which are characterized by:

- Complex organizational structure;
- Multiple branches and subsidiaries;
- Variety of activities and the possibility of their cooperation;
- Desire of management bodies to obtain a sufficiently objective and independent assessment of the actions of managers at all levels of management.

Internal audit – activities that contribute to increasing the value of business, consisting in systematic and sequential assessment of efficiency and development of recommendations for improving systems:

- Internal control;
- Risk management,
- Corporate governance.

An internal audit, by definition, is designed to help the organization maintain an effective and adequate internal control system, but it should not replace other "linear" functions of internal control. The functionality of the Internal Audit Service depends on the company and the stage of its organizational development.

In general the functions of the Internal Audit Service include:



- Control panel;
- Information and analytical center;
- Methodological support;
- Consulting room.

The control function includes:

- Study, assessment and monitoring of the adequacy and effectiveness of the internal control system, including in the field of application of control tools and procedures and analysis of the effectiveness of Applied tools and control procedures;
- Checking compliance with the legal framework and internal regulations of the organization;
- Implementation of subsequent control over the elimination of identified shortcomings;
- Checking the availability and safety of assets, working with obligations;
- Identification and implementation of reserves for improving the efficiency of financial and economic activities;
- Interaction with external control.

As part of performing this function, internal auditors assess the effectiveness of the internal control system and risk management system, as well as check the completeness and reliability of accounting (financial) reports, the correctness of accounting and tax accounting, financial and economic operations, safety and efficiency the use of assets, the work of the organization, its branches and structural divisions, the course of eliminating identified shortcomings, etc. The control function is performed taking into account the significance of the risks inherent in the corresponding verification objects.

The information and analytical function can be successfully performed by the Internal Audit Service only if there are properly formed databases and a sufficient level of qualification of internal auditors.

It includes:

- Informing the organization's owner and top management about identified circumstances and trends;
- Expertise of developed management decisions;
- Analysis of the rationality of internal material flows;
- Analysis of the implementation of plans and measures.

Databases provide for obtaining information in the context necessary for conducting information and analytical work using electronic computing tools.

Methodological and consulting functions are performed effectively only if there are highly qualified personnel in the Internal Audit Service, who regularly improve their qualifications. When implementing the methodological function internal audiences take part in the development:

- modern methods of accounting and tax accounting and analysis of their application practices,
- improving the management accounting system and analyzing the practice of its application;
- projects to improve the internal control system.

The consulting function assumes that internal audiences take part in the accounting of an economic entity, consultations of management system employees on various financial and economic operations, on various aspects of the regulatory framework, on the development and implementation of programs to improve the qualification of personnel, and many other problems, arising as a result of the functioning of any economic entity.

For organizations that are at a developing stage, management does not monitor and does not independently evaluate the system of internal control and risk management in the organization, but takes actions to correct internal control deficiencies identified by independent divisions / organizations. In the presence of an internal audit, both violations are identified and individual control procedures are evaluated in key areas, and shortcomings of the internal control system are identified, including significant ones.

In companies with a well-established level of development, monitoring and evaluation of the internal control system is periodically carried out by the management, but is not documented. Internal audit uses a risk-based approach, tests control procedures, and provides recommendations for improving the internal control system. In this case, an external audit may rely on control procedures performed by internal auditors in certain areas of accounting, and this may reveal individual shortcomings in the internal control and risk management system.

The above functions are fixed in the regulations on the activities of the Internal Audit Service. The Internal Audit Service has good opportunities to provide consulting services to the board of directors due to its high professional standards, knowledge of the organization and its operations. Thus, the Internal Audit Service brings additional benefits to the organization when it performs both the functions of providing guarantees and consulting.

## **APPLICATION OF BLOCKCHAIN TECHNOLOGIES IN CORPORATE MANAGEMENT**

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The relevance of research on the use of blockchain technology is due to the institutional problems faced by society in the development of the information economy. These are, first of all, the problems of trust, high costs of maintaining registers and managing large amounts of information, the risks of information attacks and the possibility of damage or loss of data of these registers due to various circumstances.

The introduction of blockchain technologies in business structures, public administration, corporate governance are widely discussed among politicians, lawyers, other specialists in the field of information and telecommunication technologies, and scientists as well. Blockchain issues have been developed in the works of: M.Atzori [1], M. Swan [2], D. & A. Tapscott [3], O. Danilchenko [4], P. Kravchenko [5] and others .

Today in Ukraine blockchain technologies are not widely used both in the field of public administration and in corporate management,. Thus, the purpose of this work is to analyze the prospects for the use of blockchain technologies in the field of corporate management, in particular when making decisions at a general meeting of shareholders.

The peculiarity of the blockchain is the possibility of decentralized storage and processing of user and other data: this universal principle can be used in any voting process. The technology is able to guarantee a qualitatively higher degree of security, including effective protection against hacker attacks and misuse of personal data.

The architecture of blockchain technology is based on the principle of decentralized management of data. Blockchain can be applied to any database and provide reliable storage of information. Within this system, there is no "management" center (single server), which makes falsifying voting results not possible.

Among the advantages of blockchain the ability of the technology to more effectively preserve the privacy of users, the ability to individually control their personal data should also be noted.

Internet voting has been used worldwide since 2000. However, the advantages of blockchain voting during the general meeting of shareholders are obvious. This is transparency and the impossibility of falsification. In addition, the world is facing a pandemic, and the use of blockchain voting allows not to visit the venues of the general meeting of shareholders. The only need is to install the necessary software.

The right to hold general meetings remotely during quarantine is provided by the Law of Ukraine № 540-IX of March 30, 2020 “On Amendments to Certain Legislative Acts of Ukraine Aimed at Providing Additional Social and Economic Guarantees in Connection with the Spread of Coronavirus (COVID-19)”. To

implement the provisions of Law № 540-IX, the National Securities and Stock Market Commission (NSSMC) approved the Temporary Procedure for convening and remote holding of general meetings of shareholders and general meetings of corporate investment fund participants.

The decision of the NSSMC № 196 of April 16, 2020, which approved this procedure, states that the body convening the general meeting must enter into an agreement with the Central Depository on the provision of services for remote general meeting.

In turn, shareholders, for registration at the general meeting, submit ballot papers to the depository institution that maintains the securities account of such shareholders. If a shareholder has security accounts in several depository institutions where the company's shares are accounted for, each of the depository institutions accepts a ballot paper for voting at the general meeting. Thus, according to the NSSMC, issuers will interact with the Central Depository, and shareholders - with depository institutions, with which they have a contract for servicing a securities account. Through the depository system, the information will reach the issuer from the shareholders, and in reverse order, the issuer will receive the results of the shareholders' voting.

The weakness of such a voting system is its vulnerability to hacker attacks and the possibility of data loss due to fraud, theft or unauthorized use of data from these registers.

Blockchain technology allows to solve the above problems in an optimal way, to minimize the costs of participants in electronic interaction, opens new opportunities in the creation and management of electronic registers and their promotion in a network economy. Blockchain technology can be implemented to solve the problems of information management, in particular for maintaining public registers of shareholders and members of the corporate investment fund.

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## **SOME ASPECTS OF CRYPTOCURRENCY INTRODUCTION TO THE AUTHORIZED CAPITAL OF BUSINESS ENTITIES**

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For the first time in the world, the cryptocurrency of 45 bitcoins was contributed to the authorized capital of Oracle Srl by Italian entrepreneur Thomas Bertani in 2015. It was governed by Article 2464 of the Italian Civil Code, according to which any assets with an economic value may be considered capital. In Ukraine the authorized capital of a legal entity with the help of cryptocurrency Bitcoin firstly was formed in 2016. The law firm Axon Partners was the pioneer in this matter was the law firm Axon Partners [1].

The question of legal regulation of the possibility of introducing cryptocurrency to the authorized capital of a legal entity and reflecting it on the company's balance sheet remains unsolved.

According to Article 13 of the Law of Ukraine "On Limited and Additional Liability Companies", the contribution of a member of the company may be money, securities, other property, unless otherwise is provided by law. The non-monetary contribution must have a monetary value, which is approved by a unanimous decision of the general meeting of participants, which was attended by all members of the company. When creating a company, such an assessment is determined by the decision of the founders of a company [2].

Therefore, the requirements of the Law of Ukraine "On Limited and Additional Liability Companies" do not prohibit such an operation.

In order to determine the legal status of cryptocurrency and the possibility of adding cryptocurrencies to the authorized capital of companies, it is necessary to answer the question of whether cryptocurrency, in particular Bitcoin, is an object of civil law.

Article 177 of the Civil Code [3] contains a list of objects of civil rights, according to which these are: things, including money and securities (according to Article 179 of the Civil Code, a thing is the subject of the material world, regarding which civil rights and obligations may arise); other property (according to Article 190 of the Civil Code); results of works (chapters 61, 63 of the Civil Code); services (Chapter 63 of the Civil Code); the results of intellectual, creative activity (in accordance with Article 199 of the Civil Code, the results of intellectual, creative activity and other objects of intellectual property rights create civil rights and obligations in accordance with Book IV of the Civil Code (intellectual property rights)); information (according to Part 1 of Article 200 of the Civil Code, information is any information and / or data that can be stored on physical media or displayed electronically. The legal status of information is determined by the Law of Ukraine "On Information" [4]; other tangible and intangible benefits (among the latter personal intangible assets protected by civil law can be identified. In particular,

in accordance with Part 1 of Article 201 of the Civil Code, such are life and health, honor, dignity and business reputation, name (title), authorship, freedom of literary, artistic, scientific and technical creativity, as well as other goods protected by civil law).

As it can be seen from the above, it is difficult to attribute cryptocurrency to any type of objects of civil law, and therefore, this situation means a gap in the law: to legal relations with cryptocurrency can not be directly applied to any rule of law. Therefore, the only option for applying the analogy of law is as follows: if civil relations are not regulated by this Code, other acts of civil law or contract, they are governed by the legal norms of this Code, other acts of civil law governing similar civil relations. If it is impossible to use the analogy of law to regulate civil relations, they are regulated in accordance with the general principles of civil law (Article 8 of the Civil Code). However, the question remains, what kind of legal relationship can be applied by analogy to cryptocurrencies?

The legislator took an attempt to define cryptocurrency as an object of property rights, a means of exchange and a financial asset. These are the bills on cryptocurrency circulation registered in the Verkhovna Rada of Ukraine: the draft Law of Ukraine №7183 “On cryptocurrency circulation in Ukraine” [5] and the alternative draft Law of Ukraine № 7183-1 “On stimulating the market of cryptocurrencies and their derivatives in Ukraine” [6].

These bills were withdrawn, and the problems of normative definition and legislative consolidation of cryptocurrencies remained unsolved.

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## **FISCAL CORPORATION ACTIVITY SECURITY PROVISION MECHANISMS IN NATURAL-RESOURCE SECTOR**

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Among economists, quite popular is a point of view, according to which the availability of rich natural resources is a hindrance to development. There is a "resource curse" braking the economies developing in the segment of industries with low value-added and low growth rates.

There was an opinion, according to which a great dependence on resource tax payments, especially, from activities of foreign transnational companies weakens ties between the national state and broad public electorate, weakening, thus, state institutes as well [3].

A discussion around financial policy on resource sectors often ignores a matter of the optimal ratio between tax receipts and the competitiveness of the extractive industry. There is no doubt that high tax rates can decline and even bring investments in extraction to naught. In the Canada's province of Alberta, after increasing in royalty amounts by the local government investments in extraction declined by 41 % [6].

A tax policy, by which the state assesses an amount of the obtained resource rent, is an important mechanism effecting the competitiveness of resource sectors. Taxation of resource extraction fundamentally differs from taxation of ordinary entrepreneurial activity. In addition to standard return on capital taxation, the resource taxation system must include an exemption of the resource rent (i.e., a difference between the price, for which a volume of extracted resources can be sold, and respective production expenses) including operator's adequate profit (subject to risks).

There are three most widely spread methods of countries' obtaining revenues from resource extraction and exploitation [5]. First, royalties and taxes are paid in consideration of obtaining concessions based on ordinary taxation or through special taxes for the extractive industry. The latter are laid on gross production volume, income (royalty), on profit or as a bonus paid after signing a contract or concession. Second, the state may enter into a production-sharing contract stipulating a partial state ownership and obtaining a portion of income or profit. The state sometimes compensates an investor for their project share or obtains a so called free-carry (income obtained from possessing any asset), when such compensation is not paid. For example, Ghana National Petroleum Corporation has a 10-percent free-carry-share of all oil assets of Ghana as well as an option on purchase of additional 20% at the reasonable market price. Third, in some countries, the state reserves full control

of assets obtaining whole income from selling resources and offers only service contracts, in which a service provider receives a fixed payment – for example, Iran and Mexico use such model in developing their oil-and-gas fields).

Some financial systems increase state's propensity to price volatility. For example, a royalty charged for a profit allows the state to obtain a benefit from rising prices but reduces in income when they fall. Negotiations within any resource contract must account for a volatility risk and the parties must be aware that rising prices can generate excessive expectations for the extractive industry's contribution to economic growth. A state choosing such option of financial policy and income maximization under the price rise conditions must be armed with efficient stabilizing mechanisms.

Some financial systems are able to distort market investment incentives. For example, in gold extraction, a rock quality cutoff level (minimum gold to rock waste ratio, at which extraction remains profitable) will be higher when income taxes are used that declines in investments and production. A profit royalty collection system minimizes such distortions and maximizes the extractive industry's revenues.

Any financial system provides the availability of overhead expenses of the state and extractive companies. Minimizing such expenses increases the competitiveness. For example, a production sharing model in the oil industry usually requires establishing a national oil company and selling, by the state, its oil portion in the international market that leads to a considerable increase in administrative expenses compared with alternative financial mechanisms such as ordinary corporate tax.

The state requires a broader view on the competitiveness including production expenses associated with geology, infrastructure and regulation but also the risks associated with the eventual expropriation, limitation of capital flows, arbitrary modification of contracts and concessions.

A bright example is the experience of Chile that used a financial policy that promotes investment raising. The country had refused to collect a royalty up to the mid-2000s and decreased in tax on profit invested within the country. Later, Chile started to increase in taxes when the country's production efficiency grew and the risk declined, as the result of which Chile managed to raise direct foreign investments in the amount of USD 12 B, and the extraction industry has become a driving force of the economy of the country.

As for our state, Ukraine has now a global problem of illegal amber mining, which has started way back at the beginning of the 1990s, however, after 2014, has become mass and threatening in nature. A rapid development of illegal mining of "black gold" has caused a rise in the amber price. The most attractive for mining of "black gold" have become three oblasts – Zhytomyr, Volyn and Rivne oblasts.

A problem with illegal amber mining has been multiply attempted to be solved. On 4 February 2020, the Verkhovna Rada adopted a draft Law On Introduction of the Amendment to Article 252 of the Tax Code of Ukraine on Regulation of the Subsoil Use Rent Payment Rate for Amber Mining (registration No 2241). The document provides a significant decline in this rent already by the end of the current year [2]. Today, amber mining rent rate is 25 %. This is one of the highest rent payment rates,

only that for gas extraction is higher. Draft Law No 2241 significantly decreases in the rent rate: by 31 December 2020 inclusive it will be 5 %, by 31 December 2021 – 8 %, thereafter – 10 % [2]. Despite the fact that decreasing in the rates is the only amendment provided by the draft law, it is not worth to belittle the significance of such decision.

However, the draft law does not account for the other base norm of the Tax Code. Indeed, amendments to any elements of taxes and levies may not be introduced later than six months before the beginning of the new budgetary period, in which the will be effective. Further, rent payment rates may not be changed during a budgetary year. If the law is followed, then the 10%-rate may not be applied earlier than in 2021. But for 2021, the rate of 8 % has already been provided. So, there is a risk that additional charges from the tax service may arise, should an entrepreneur pay not 25 % but 5 %. And this is a totally different situation, as those entrepreneurs can get under blow, who even without that paid such a high rent payment.

The draft law also states that the Cabinet of Ministers shall harmonize its regulatory legal acts, subject to the rate decline, and adopt regulatory legal acts needed so that reduced rates could still be applied [2]. Such legal framework is not very successful, where to, in particular, the attention was paid by the Main Legal Department. It is stated in the remarks on the draft law that implementing the norms of this law is made dependent on the adoption of subordinated acts by the government in the future. So, it is too early to speak that the 5%-rate for amber mining will start operating even tomorrow. As a minimum, it is necessary to wait until the Law is signed by the President and what position is taken by the State Tax Service.

An important factor of the success of the mining project is the ability of the state and mining companies to manage social expectations after discovering new natural resource deposits. As practice of the Klondike Gold Rush and California Gold Rush as well as that of the amber rush in Ukraine showed, many citizens have a keen sense of local identity that is often expressed in claims to obtain a personally larger share of the rent payment. Ghana is one of many countries, which experienced a fierce debate after the state started a policy of allocation of land plots for extraction of mineral resources without involving a local community in the decision-making process.

It is important for investors to impress on local communities that they also are beneficiaries of extractions of mineral resources and natural resources. A characteristic example can be the South-African Broad-Based Black Economic Empowerment Act obligating mining companies to allot a certain share of the joint-stock property to the local population [1]. Stimulation to establish joint ventures between foreign companies and local firms is also an effective mechanism of reduction in the country's risks in the resource sector.

We consider that the factor of the utmost importance is regular consultations of the state with corporations – representatives of the extraction industry. Such discussions must be aimed not only at debating taxation matters but also at broader problems of value maximization for both parties, cost and risk minimization. For example, the government of the state of Queensland (Australia) held negotiations

with mining representatives for solving an infrastructure gap problem that helped build an additional railway network, which increased in the throughput capacity by 70 million tons and allowed to carry by 2015 up to 300 million tons of hard coal per annum [4].

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## «GREEN» FINANCE IN THE SUSTAINABLE DEVELOPMENT OF THE AGRICULTURAL SECTOR

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Climate change (0.85 °C – the average temperature of the Earth has increased over the last 100 years), the COVID-19 pandemic, resource depletion – have no limits and force all countries to be more responsible for the environment. In 2015, 195 states discussed how to end the environmental crisis and signed the Paris Agreements. The plan is that the average temperature on the planet should not rise by more than 2 °C. Although the ratification of the agreements does not provide for responsibility, the developed countries take the climate crisis seriously [1].

The consumer approach is being replaced by a conscious one, which aims to save money, reduce damage to nature and be willing to invest in «green» initiatives.

The implementation of environmentally friendly projects requires considerable investment, but due to lack of domestic financial resources, imperfect banking activities do not allow to implement these projects. Changing the world towards sustainable development draws the attention of most governments to the need to mobilize «green» finances, which in turn will allow the transition to a «green» economy, promote the growth of «green» industries and the introduction of clean technologies, and create new workplaces.

«Green» finance includes the following financial instruments: «green» investments, «green» loans, «green» bonds, grants, technical assistance, etc.

According to the Organization for Economic Co-operation and Development (OECD), «green» (in a broader sense: «low-carbon» and «climate-resilient») treats investments as investments in enterprises, projects and financial instruments, mainly in the renewable energy sector, which contribute to reducing carbon emissions, climate change mitigation and the spread of environmental technologies [2].

Some investors believe that the acquisition of shares in a company that conducts business with concern for the environment in the traditionally «dirty» industry, «green» investment. For example, an oil company takes maximum measures to prevent environmental damage during operations, and the acquisition of its shares as a «green» investment may be controversial, as burning fossil fuels makes the largest (negative) contribution to global warming. This blur created the problem of «green camouflage» [3].

Green loans are a tool used by financial institutions in most countries of the world to finance environmentally friendly projects. In most cases, these loans are soft or «flexible» and can thus be repaid at a lower than market interest rate. However, this tool has certain risks for the lending institution, it is necessary to conduct a thorough examination of the financial «viability» of the project and the creditworthiness of the borrower, which increases administrative costs.



Another tool is grants, which provide «no cost» funding for the project developer. However, the use of this tool is the most risky for the investor: they often limit control over the use of capital and there is no possibility of its return [4, p. 92].

An alternative is technical assistance, which is expressed in the transfer of funds, property, equipment, as well as in the provision of services and information, performance of work, training and internship of personnel, transfer of intellectual property. Technical assistance may be provided for a specific project or financial intermediaries-partners implementing a credit line. Non-profitability of technological assistance means that it must be attributed to foreign investment, which aims to achieve a social effect.

The advantage of this tool is that its implementation can contribute to the creation of a successful experience of financing or implementation of «green» projects. Technical assistance is useful for projects and banks and is often an important complement to other financial instruments. The obvious disadvantages of the tool are the high transaction costs due to the need for their individual design in each case.

One of the most effective financial instruments in the capital market used for climate change projects is green bonds.

«Green» bonds are an instrument of raising capital, a type of debt securities that certifies the loan relationship between the issuer and the bondholder and confirms the issuer's obligation to return to the bondholder its face value within the prescribed period and pay income on the bond, unless otherwise provided. Most green bonds are medium-term instruments (7–8 years). The main source of redemption of these bonds is cash receipts from assets. Technically, these bonds are no different from any other debt securities. Investors buy them, like other bonds, and the issuer receives money to implement their project. The main difference is only that such funds are targeted and can be spent only on projects with a positive impact on the environment. Such initiatives are: projects of alternative energy sources, «clean» transport, projects of creating «smart» buildings and developing systems for efficient waste disposal. Funds can be used not only for new projects, but also for refinancing existing ones [5].

Today, the agricultural sector of Ukraine is the most attractive for investment for both domestic and foreign investors. This is facilitated by natural conditions, fertile land, cheap resources, the availability of developed infrastructure and agricultural machinery, the proximity to consumer markets.

Every year, the domestic agricultural sector produces 120 million tons of waste, including green mass, organic animal waste, spoiled food and used water, estimated at the UN. As a rule, these resources are found in the landfill, which harms the environment and provokes conflicts between farmers and agricultural producers or takes it to the landfill, or simply bury it in the fields, saving on fertilizer. But this problem generator can be turned into an additional source of income for farmers – straw can be processed into fuel pellets. The Bioenergy Association of Ukraine (next – BAU) estimates that pellets from agricultural biomass in Ukraine can replace 27 million tons of conventional fuel annually with a total demand of 180 million tons. So



far, Ukraine produces only 1.5 million pellets a year, of which half a million are exported to the EU.

EU countries also show another example of the utilization of agricultural waste – 75% of biomass and organic waste are processed by European farmers into biogas. This energy resource has its benefits – one cubic meter of «green» gas is enough to cook lunch for 7 people. The main problem for the conversion of agricultural raw materials into biogas is the expensive construction of such complexes. UAB details: to run one biopower plant you need to spend \$ 1 thousand per 1 kW of power. That is, a 5 mW plant costs \$ 5 million. Issuing green bonds is the best way to get farmers interested in investing in biogas [6].

As of the third quarter of 2019, the share of energy received from renewable sources is 8.6%. This is not much, but given the rapid growth rates and plans set out in Ukraine's energy strategy, by 2020 this percentage of renewables in final consumption should be 11%. Reaching such a percentage is part of Ukraine's commitments to the European Energy Society and is enshrined in the National Renewable Energy Action Plan until 2020. According to the same strategy, in 2035 the share of green energy in the total primary energy supply should be 25%.

«Green energy» is a promising direction for development in order to achieve energy independence. This requires appropriate legislation, material and technical base and, of course, funds for the implementation of these projects. The implementation of energy-saving solutions is not only cost-effective, but also helps to increase the efficiency and specificity of production without harming the environment.

Thus, the need to take action in the face of growing climate, environmental and social challenges is beyond doubt, and the financial sector plays a key role in the global economy, and without its participation, environmental projects will not be fully implemented. It is important to create a domestic market for «green» finance, which will direct investment to finance environmental projects and will be a catalyst for sustainable development.

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## **THE INFORMATION SOURCES FOR DETECTING FINANCIAL FRAUD IN THE CONSTRUCTION INDUSTRY ENTERPRISES**

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Detection is an important concept in fraud investigation because the speed with which fraud is detected—as well as the way it is detected—can have a significant impact on the size of the fraud. It is also key to fraud prevention because organizations can take steps to improve how they detect fraud, which in turn increases the staff's perception that fraud will be detected and might help deter future misconduct. Our data revealed several notable trends relating to how fraud is initially detected, when it is detected, and who detects it, all of which can help fraud examiners improve the effectiveness of fraud detection and prevention at their organizations.

The foundation to effective detection of occupational fraud is knowing the most common methods by which fraud is discovered. Despite the increasingly sophisticated fraud detection techniques available to organizations, tips were the most common way occupational frauds were discovered in our study by a wide margin, as they have been in every one of our previous reports. As shown in Figure 9, more than 40% of cases in our study were uncovered by tips, which is almost three times as many cases as the next-most-common detection method. Therefore, processes to cultivate and thoroughly evaluate tips should be a priority for fraud examiners.

Typically, there are the following sources of information to detect financial fraud:

- Internal audit;
- Management review;
- By accident;
- Account reconciliation;
- External audit;
- Document examination;
- Surveillance/monitoring;
- Notified by law enforcement;
- IT controls;
- Confession;
- Other.

Half of all tips came from employees, while a substantial number of tips came from outside parties, including customers, vendors, and competitors. These findings demonstrate that anti-fraud education and the communication of designated reporting mechanisms should target not only internal staff, but external parties as well.

In approximately 33% of cases where a tip was made, the whistleblowers did not use a formal reporting mechanism. Instead, they reported their suspicions directly to supervisors, investigators, or other interested persons. Identifying how often

whistleblowers tend to report fraud to various parties can help organizations answer several important questions. Who should be trained to handle a complaint if they receive one?

How likely are whistleblowers to report outside of the organization? How should complaints lodged outside a formal reporting mechanism be recorded and escalated? Whistleblowers are most likely to report fraud to their direct supervisors, yet many will go to other parties, such as fraud investigation teams, human resources, or their coworkers. Therefore, it is important to provide all staff with guidance on how fraud allegations should be responded to and escalated.

It is also noteworthy that 7% of reports were made directly to law enforcement or regulators, instead of internally, which is something most organizations would hope to avoid. This illustrates the importance of training staff on how and why they should report fraud internally.

# **SECTION 3**

## **Corporate governance**

### **VS**

## **corporation`s value**

## FEATURES OF CORPORATE STRATEGY FORMATION

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The starting point of our study is the corporation. When researching a corporation and corporate strategy, it is necessary to consistently solve the following tasks: to define the corporation; determine the conditions in which this socio-economic phenomenon develops; identify the place of the management system in the corporate structure; to define corporate strategy; analyze the stages of formation and the main content of the socially integrated strategy of the corporation. The term "corporation" comes from the Latin corporation - association. According to I. Ansoff, "a corporation is a widespread form of business organization in market economies, which provides for partial ownership, legal status and concentration of management functions in the hands of the upper echelon of professional managers working for hire" [1].

By definition, S.P. Kukury, "a corporation is one of the large-scale forms of companies integration by combining joint stock companies and other firms in different fields of activity in order to coordinate a policy of multidisciplinary activities" [2].

Both definitions are limited in nature, expressing the internal connections of enterprises that are part of the corporation, and do not reflect the goals of their creation and social significance. According to V.N. Arkhangelsky and D.V. Fedorov, corporation - financial and economic system of production and non-production facilities, based on: the desire to maximize profits in corporate interests; share capital and professional management; monopolization of markets for manufactured goods and services allowed by society [3].

In general, agreeing with this definition, we note that the corporation as a socio-economic system should be considered from two sides; on the part of its resource provision and on the part of its socio-economic form: the resource content characterizes the resources of the corporation; human, material, financial and informational; socio-economic form is a system of relations within the corporation, between the corporation and the state, between the corporations themselves, between corporations, on the one hand, and small and medium capital - on the other, between corporations and households.

The corporate governance system is, on the one hand, a certain organizational and economic structure, and on the other hand, a multilevel system of relations between the management of the corporation and its structural units. The role of the management system, in our opinion, is to form a single vector of corporate development. Thus, the system of corporate governance is a certain organizational

and economic structure that synchronizes the flow of corporate resources; harmonizes the socio-economic interests of the state, corporation, its employees and business partners; uniting members of the corporation in some unity on the basis of corporate values and traditions, i.e. corporate culture.

An acute issue of the corporate governance system is its strategy. Let's define the essence and content of this concept. It should be noted that in domestic and foreign economics there is no single definition of corporate strategy.

In our opinion, in determining the development strategy of the board in the first place should be afraid to use ready-made and well-known models. This may disrupt the configuration of interacting institutions that already exist in the economy. Moreover, the failure of the practice of copying Anglo-Saxon institutions raises serious doubts about their universalism. Finally, the development of public and private institutions was influenced more by the German and French experience than by the experience of the Anglo-Saxon world.

According to R. Greminger, corporate strategy - "is a set of decisions on the basis of which the Communist Party identifies and determines its intentions and goals, develops basic policies and plans to achieve these goals, establishes the economic activity scope, the type of economic and non-economic compensation it has intention to provide to its shareholders, employees, clients and public organizations" [4].

According to N. Tulenkov, "strategy acts not only as a tool to justify, develop and implement long-term goals and objectives of production, scientific, technical, economic, organizational and social nature, not only as a factor governing the activities of the organization as long as planned goals and objectives will not be achieved, but at the same time as a means of communication between the enterprise and the external market environment" [5].

The content of strategy as a management tool is fully reflected in the definition of V. Dufa: "The strategy of an organization is presented in the form of a program of action developed by management for the successful operation of the organization. In fact, the strategy is a managerial game plan for doing business ... Outside of the strategy, the existence of a well-thought-out route, leadership, internal coordination of actions to achieve the planned results are inconceivable" [6].

In our opinion, the strategy is a system of actions, a document that reflects economically and scientifically sound directions of development, goals and long-term objectives of the corporation, ways of their effective implementation, developed on the basis of analysis and forecasting of future development of the corporation. . Measures to implement the strategy is called strategic management.

It should be noted that corporate strategy, like corporations themselves, is in the process of constant development. The current stage of improving the corporation's strategy is a socially integrated corporate strategy.

In its development, the corporate economy, and hence corporate strategy, has gone through a number of stages. The first stage covers the period from the XIX century. To the 1930s, that is, to the beginning of the Second World War. This stage was marked by the emergence of monopolies in all developed countries (cartels,



syndicates and trusts). By monopolizing the production and sale of basic products, the monopolies of the United States, Europe and Japan unleashed two world wars for the redistribution of world resources. Phase II lasted from August. 1940s to Ser. In the 1990s, the main form of corporation in this period became a diversified concern, which surpassed the pre-war monopolies in terms of concentration of production and capital.

Since ser. In the 1990s, the third stage in the formation of corporate structures began - the stage of integration. The formation of integrated corporate structures is in one of the following main areas; vertical integration "back"; vertical integration "forward"; horizontal integration within the main specialization; diversification. The end result of the third stage is the formation of socially integrated structures, which can simultaneously have the features of both vertically and horizontally integrated, features of diversified structures. Their main difference is the inviolable observance of social partnership by all members of the corporation, as well as a pronounced social orientation of development.

There is another translation, the use of which, in our opinion, can radically change the content of each of the seven elements of the logistics mix; socially necessary, i.e. necessary to society. Putting it in the studied formula, we obtain: ensuring the availability of socially necessary product in socially necessary quantity, socially necessary quality, in the appropriate place, at the appropriate time and with socially necessary costs of living and materialized labor. Due to the fact that the word "public" is synonymous with the word "social", the social orientation of the integrated corporate structure is obvious. Based on the above, socially integrated corporate strategy should be considered as a logistics strategy to optimize the flow of human, material, financial and information resources within a socially integrated corporate structure;

Thus, the logic of modern socio-economic development has determined, first, the socialization of modern integrated corporate structures, their organic inclusion in the solution of not only narrow corporate but also national problems that reflect the fundamental interests of the nation; secondly, the formation of a socially integrated corporate strategy, involves the formation of a system of social partnership within the corporation, and also represents an organic component of the national socio-economic strategy.

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## BENEFITS OF USING AGILE-MANAGEMENT FOR CORPORATIONS

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### Benefits of Using Agile-Management for Corporations:

1. *Rapid identification of wrong approaches.* There is a lot of documentary evidence that in technology, the later the wrong path is discovered, the more difficult it is to fix it. By tracking work progress on a daily basis, Agile can quickly spot errors.

2. *Fast decision making.* Most decisions are made by partners working in the same premises. When any questions arise, it is common practice to gather workers in one place to discuss them. It is rarely necessary to hold formal meetings, which may take several days to agree on.

3. *Cooperation translates into many benefits.* Given that technical and business teams have the same responsibilities, they are equally motivated to succeed. Technical staff understand the challenges that business units face with the current environment, while business people understand the technical challenges of developing a new application. If any problems arise, they become known to all members of the group, and very often the solution is found by people working on completely different problems.

4. *Changes are considered inevitable and welcomed.* It is clear that at the very beginning of the project, no one can imagine exactly how the system should work. Many cascading projects face “analytic paralysis” due to the pressure to develop specifications before they can get started. With a flexible model, system development is carried out in several cycles and corrections are made on the fly.

5. *The final product contains the most useful features.* Because business people are directly involved in product development, they effectively identify features that add value. Conversely, defining all requirements early in a project can lead to the development of useless or limited useful features.

6. *A more attractive environment for Generation Y.* Talk about the involvement of the generation born in the late 20th century is very popular today. Agile is ideal for this because young employees enjoy a collaborative, dynamic work environment.

7. *Higher quality of finished product code.*

8. *The business group is more satisfied with the bottom line.* The above seven-year analysis also showed that agile projects scored significantly more points than waterfall projects in the customer satisfaction survey. In fact, it is very rare for agile projects to score less than five points on a five-point scale.

9. *Preparation of technical documentation takes less time and contains fewer errors.* Given that the documentation is limited to the work products needed to accomplish the assigned tasks (user wishes, test scenarios, etc.), it reflects what has been implemented, not what could have been planned. The traceability of the audit process is much broader, as all discrete functions are negotiated, as opposed to

approving several hundred pages of documentation once. Traditional development approaches spend a huge amount of time writing documentation that is often not updated or used. In a waterfall model, intermediate steps are often associated with documentation rather than actual working code.

10. *Easier application maintenance*. We've all heard the horror stories of a single point of failure in code, where only one person knows the code well enough to make changes to it. This never happens in an agile model, because several developers work on each part of the system at once [1].

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## **MODELS OF HOTEL CORPORATIONS MANAGEMENT UNDER PRESENT BUSINESS CONDITIONS**

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Hotel business is a part of the tourist and at the same time social infrastructure and sometimes a budget-forming element of the economy of regions, countries and the world. In recent years, the global hotel stock has increased by 3-5% per year, developed countries such as Spain, Greece, France have received 70% of gross national income from the services of the hospitality industry and provided 75% of employment (Lytvynchuk, Kliatska, & Terzov, 2017). Unfortunately, the escalation of the coronavirus pandemic (COVID-19) has had a negative impact on the continuing tourism business and can be compared to the effect of an "avalanche" for all elements of the tourism infrastructure, including hotel business and its individual hotel corporations.

According to the United Nations World Tourism Organization (UNWTO): in 2020 the number of tourists will be reduced by almost a third, compared to 2019, which could lead to a reduction of 50 million jobs and as a result will negatively affect the hotel business. This trend is also true for Ukraine in hospitality sector. Despite the fact that hotel business has a fairly high profitability — 40-60% with a significant payback period — 7-15 years, the biggest losses are 5-star facilities (3-8 million UAH), including hotels, which “worked for business travel”, as well as located in small towns and regional centers “outside the flow of business traffic”, as an exception — the suburban format of hotels, in particular “cottage locations” (Bereshchak, 2020).

In the modern world, there are three models of hotel business organization (Halasiuk, 2012):

- Ritz model — their feature is keeping European traditions of sophistication and aristocracy, however, it should be noted that this model is currently in crisis;

- Holiday Inn hotel chain — significant flexibility in meeting customer needs combined with high standards of service. Its features are: unity of style (architecture, interior); symbols and external information; spacious and functional hall; speed of customer registration; numbers provided for regular customers; buffet breakfast; availability of a conference hall; flexible tariff system; unified management, marketing and communication service. More than 50% of hotel rooms in the world are controlled by hotel chains built on this model;

- “independent” hotel chains, such as Best Western — a single brand combines hotels on the basis of uniform characteristics that meet certain standards and sets of services, regardless of location. Hotels-members of the chain pay contributions to a

single fund, and they are spent on joint advertising and marketing activities, product promotion, fully preserving their financial, economic and managerial independence.

Quite often in modern conditions there is a combination of the second model with the third, an example of which is the Accor hotel chain, which offers hotels of different classes and acts under different brands — Pulman, Sofitel, Novotel (high class hotels), Mercure (medium), and Ibis, Etap, Formule 1, Motel 6 (economy hotels respectively) (Halasiuk, 2012).

According to the classification of the International Hotel Association, hotel chains are divided into categories: corporate chains (hotel corporations that own numerous enterprises); chains of independent companies (combined to use the general booking system, the concept of marketing, advertising and other expensive services for a particular company); chains providing management services. According to research, when hotels are grouped together, the profitability of one room is 7 times higher than in independent hotels. The main reasons for the success of hotel chains are: consistency of product quality, identity of services at different enterprises, as well as affordability (Halasiuk, 2012). From the point of view of investing in hotel business and given the fact that effective management requires specific knowledge, as well as because the operational performance of the hotel depends on many factors that are difficult to predict, the expected return on the hotel is always 1-1.5 % higher than from the best office or shopping centers (Lytvynchuk, Kliatska, & Terzov, 2017).

Currently in the global hotel services market, the most popular advanced professional developments for automated control systems are Fidelio, Libra Hospitality, Lodging Touch, which are installed in more than 120 countries and in 90 major international networks covering more than 27 thousand hotels. Micros-Fidelio systems are used in the enterprises of more than 100 largest international hotel chains, including Sheraton, Radisson, Hilton, Marriott, Kempinski, Hyatt, etc. In hotels, it is important to use the capabilities of international computer systems for booking tour services — GDS (Global Distribution Systems): “Amadeus”, “Galileo”, “Saber” and “Worldspan” - all these systems solve one problem — provide the consumer with the necessary information about the tourism product and are a convenient ordering mechanism.

The most common forms of hotel business management in international practice include: contract management, through a franchise agreement, rent. Hotel chains owe franchising to international recognition and widespread use (Munin, Kariahin, Artemenko, & Koshyl, 2008). For example, in the United States, the hospitality industry is the most developed in terms of franchising, in particular, there is a large hotel corporation “Hospitality Franchising System”, which does not have its own hotels, but combines them under a franchise system. The reasons for the success of franchising include: the real estate crisis, lack of qualified personnel, expanding the sphere of influence of powerful hotel corporations. At the same time in Europe, in contrast to the United States, the practice of signing contracts for the management of hotel enterprises has been widely successful. The main disadvantage of this type of contract is the transfer of all costs and risks associated with commercial activities to



the owner.

In modern conditions (increasing coronavirus pandemic) for Ukraine to preserve the hotel business and its development it is advisable to use a management model based on a combination of the second and third models of hotel business using the form of hotel business management — franchising (despite obvious shortcomings such as: the need for making payments to the franchisor, the need to comply with the standards set by the franchisor, the possibility of acquiring a negative image in case of unsatisfactory performance of the franchisor). According to the research, the closure of franchisees in the first five years of their operation was 4%, among members of the International Organization of Franchise Organizations the number of bankruptcies is less than 1% (Shatailo, & Chernomaziuk, 2014). The use of the proposed model will contribute to the basic management tasks in the hotel business (because the form of hotel management through a franchise agreement is one of the most promising and will contribute to management tasks, including the following (Putsenteilo, 2007): obtaining reliable management information about the entire hotel complex and each its division, optimization of business processes, improving the efficiency of control over the activities of hotel services and staff, optimization of operating costs.

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## **PROBLEMS OF ENSURING THE PERSONNEL SECURITY OF ENTERPRISES IN THE PROCESS OF USING REMOTE COMMANDS IN PROJECT MANAGEMENT**

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The change of management paradigms due to the need to maintain the distance between the subject and the object of management in the epidemiological situation in Ukraine and the world in 2020, intensified by the introduction of quarantine restrictions, reflected in the interest of Ukrainian companies' top-management to more active use of project management technologies. Despite the widespread popularity of this management area around the world, in Ukraine its capabilities remained underestimated from an economic point of view. The advantages of dividing the tasks of modern economic entities into separate independent projects in conditions of uncertainty and a constant increase in the number of economic, financial and political risks are obvious. At the same time, the use of project management requires the formation of a project team, i.e. a group of people who will carry out all kinds of work necessary to successfully achieve the goal of the project and its completion. In the presence of quarantine restrictions for the implementation of economic activities, such teams can and should be formed on the basis of remote work, i.e. be the so-called remote teams. Despite the advantages of this form of organization of the work process – savings on premises, equipment; saving time and minimum transport costs, – the work of separate teams, especially at the stage of their formation and the beginning of tasks, – can pose significant threats to the state of personnel security of the company, and ultimately – for the level of its financial and economic security. This circumstance necessitates the provision of a number of offers to ensure the personnel security of Ukrainian companies in the situation when their management makes a decision to work using a project approach and remote teams.

At first, it is advisable to conduct online interviews with all potential team members. The stage of forming a group of co-performers is very important and risky, especially if such performers were not previously acquainted with each other. Secondly, it is important to establish the technical capabilities of project participants to be constantly in touch (in one form or another), as this aspect in the absence of personal contact with the employee and his or her absence in a predetermined workplace is crucial in cases of force majeure, urgent tasks to which performers must respond immediately. In addition, remote communication channels, Internet networks, computers and other gadgets, which are inevitably used in the process of remote commands, are also service as a sources of threats to the security of the company, in particular, in cases of cyber attacks on company resources and content

owned by an individual employee; through personal accounts, attackers may attempt to access an entity's databases. And in fact, the employee himself can pose a threat to personnel security, because in the process of distance work, he often has access to corporate information necessary for project implementation, without proper supervision of this process.

Third, the process of monitoring the effectiveness of each stage of the project and the quality of work requires close attention. In the conditions of remote work it is necessary to understand that meetings of members of a team, their negotiations will be carried out remotely, without personal presence. Given this into account, you can expect disruptions of meetings due to technical failures in equipment, or ignoring the need to connect to online meetings by some members, which can significantly increase the time limits of the project, lead to overuse of company resources, increase project cost and make it unprofitable. Project managers need to have at least three possible channels to communicate with project team members. It is also important to timely identify trends in delays in the implementation of certain stages of the project, to make adjustments to the schedules to prevent significant loss of resources.

Fourth, remote teams are a source of reputational risks for the company. When working at home or other convenient place, people tend to communicate with others as long as no one is watching their actions and there are no strangers, as is usually the case in the workplace. Thus, they are not only distracted from the project, which can reduce the quality of work, but also disclose information with limited access or simply comment on certain aspects of the company that will not benefit its business reputation and image among potential customers, the public, etc. Therefore, participants of remote teams should be acquainted with the company's personnel policy, with all the rules of corporate ethics and warned about the consequences of violating the rules.

Thus, let's outline the main threats to the personnel security of companies in the process of project management using remote commands. Among them: the difficulty of selecting a team without personal communication and the possibility of erroneous judgments about a potential employee; difficulties in the organization of communication, low level of discipline of the project executors, the probability of neglecting deadlines; the complexity of monitoring the work of project team members, reputational risks, the likelihood of additional costs due to loss of time resources. An effective tool to prevent the risks of using remote project teams is an effective personnel policy, which should include the vision of the company's management on the organization and control of staff, as well as individual contracts with project team members, which will specify the administrative consequences of all their wrongdoing and fraud regarding the company's assets.

## EVALUATION OF INTELLECTUAL CAPITAL OF ENTERPRISES OF THE REGION

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In modern conditions, ensuring the economic stability of business structures is possible if the concept of their development is directly based on the use of intellectual resources. It is the intellectual potential acts as a strategic resource for the formation and implementation of competitive advantages of the enterprise, in conditions of continuous change and globalization.

In economics, along with physical and financial capital, intellectual capital is considered as the main factor of production that generates additional income. Moreover, the amount of intellectual capital increases significantly as a result of the accumulation of human, structural and consumer capital.

From this point of view, it is obvious that without clarifying the basic laws of intellectual capital management (IC) it is impossible to choose the right innovation strategy of the enterprise, the implementation of strategic planning of the innovation process in which intellectual potential can be used to the maximum.

This suggests that the management of intellectual capital is a subsystem of knowledge management, and knowledge management is associated with a specific category - organizational knowledge, ie knowledge available to the business structure.

In order to effectively manage intellectual capital, to observe the dynamics of its development, it is necessary to have organizational, methodological or diagnostic tools that allow its evaluation.

From this point of view, the assessment of the intellectual capital of the company is a very important indicator of economic development and strategic stability of the organization.

It should be noted that the assessment of the company's intellectual capital is a rather complex and ambiguous process, which is directly related to rethinking the possibilities and limitations of using traditional economic assessments, which use mainly financial indicators and are based on accounting principles.

From a theoretical point of view, the assessment of intellectual capital determines the cost and quality approaches.

In essence, the valuation of the intellectual capital of the enterprise is complicated due to certain circumstances. Among the main reasons are the lack of effective diagnostic tools to determine the real market value of intellectual resources, the presence of a large number of unique products for which there are no ways to estimate value, as well as the imperfection of the accounting policy.

Qualitative assessment of intellectual capital is very important and can be used to analyze the competitive advantages and strategic stability of the organization in the market of goods and services. When analyzing the level of intellectual capital, it is necessary to take into account the amount of resources, their value, intensity of resource use, with the possibility of securing resources for the business structure.

Currently, business structures evaluate their intellectual capital not so much from the standpoint of valuation, but from the qualitative point of view, because this approach provides a more accurate assessment of the most important structural components of the company's intellectual capital.

This circumstance is caused by the fact that intellectual capital in the value definition expresses only its current value, which can be significantly influenced by various risk factors.

From the standpoint of a qualitative approach, intellectual capital is presented as an integrated assessment of the structural components of intellectual capital, which are formed over a long period of time, and reflect the competitiveness and strategic stability of the organization. In their economic essence, these approaches do not contradict the content of intellectual capital. Moreover, the conclusion arises about the simultaneous use of these indicators in the system to analyze the operational and strategic stability of the enterprise.

In general, the analysis of approaches to the assessment of intellectual capital shows that financial and economic indicators reflect the assessment of the effectiveness of already perfect activities and do not show the prospects associated with the strategic development of business. A qualitative approach to the assessment of knowledge and intellectual capital is aimed at identifying the innovative potential of the company, its capabilities and sustainability in the future.

It should be noted that the traditional balance sheet approach does not take into account the intangible resources available in the company, and therefore does not ensure the reliability of the real value of the firm. Practice also shows that intangible assets are on average several times higher than tangible assets. Therefore, the strategic stability of the enterprise is determined not by the available tangible but by intangible resources that provide the organization with competitive advantages.

It should be noted that one of the generally accepted and popular measures of intellectual capital is the Tobin coefficient. This indicator has clear advantages over others due to its good interpretation and accessibility for understanding by managers of practices. The Tobin ratio is calculated as the ratio of the market value of the organization to its book value, which includes the value of financial assets. This ratio reflects all elements of the value of the organization, which are absent in the financial statements, ie it indirectly takes into account intangible assets, which are elements of intellectual capital. In addition, it reflects to some extent the future income, estimates of brokers, the results of examinations and more.

In fact, the Tobin ratio is an approximate estimate of the value of intellectual capital, as its value reflects the influence of many other parameters of the organization, such as the perception of potential investors about its value. And the weight of this indicator at least approximately reflects the relative value of the

intellectual capital of the organization. According to its size, it is possible to make a decision on accounting for intangible assets of the organization and assessing the value of intellectual capital invested in them.

In general, it can be stated that the use of these methods does not allow to obtain a valuation of the intellectual capital of the organization, and therefore this diagnostic tool is essentially informative. It should also be borne in mind that the complexity of intellectual capital valuation is associated with the transition from abstract intangible elements of intellectual capital to financial valuations. In addition, almost every method of assessing intellectual capital has its drawbacks.

Assessment of intellectual capital of the organization allows you to make the most effective economic and managerial decisions that allow the company to ensure a high level of development and strategic stability in an unstable business environment.

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## **AGRICULTURAL NATURAL RESOURCE MANAGEMENT RATIONALIZATION WITHIN THE FRAMEWORK OF DECENTRALIZATION AND PUBLIC FINANCE REFORM**

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The agrarian production, land resource exploitation, centralization of productive forces, food capacities, territories, growing and primary processing of agricultural raw stuff along with decentralization of regulation of development and functioning of agriculture and rural areas have changed the face of the Earth. Matters of the preservation and efficient use of land resources in agriculture named as agricultural natural resource management rationalization must be addressed on the basis of scientifically grounded farming systems (rationalization of the cropping structure, soil treatment methods, artificial irrigation, chemical and agro-biological melioration, differentiated fertilizer application, agromeliorative measures) with the supporting framework of the local self-government system and the processes arising therefrom as well as structuring the priorities in state and local finances.

Scientific foundations for agricultural natural resource management rationalization were laid way back by V. V. Dokuchaev [1]. The most ancient and survived, until recently, farming system was shifting farming characterized by constant movement of cultivated lands and population. The crop was grown on a plot cleared from natural vegetation, in several years, natural soil fertility and yields dropped, this plot was left, a new one was cleared and cultivated. With the population size and density moving higher, cultivated lands were moved on the limited area, stationary dwellings were built and a shifting system was transformed into a fallow system. This system distinguishes by higher intensity, considerable volumes of production of commercial crops. At the beginning of the 19th century, a fallow system was of the greatest importance in agriculture. Later on, the foundations are formed for a landscape farming system [2], aimed at searching opportunities for application of all morphological parts of the landscape.

Modern agriculture is characterized by a high mechanization level that has a positive impact on the productivity but a destructive impact on the state of the environment. Such setting of a problem had been denied for a long time, however, the Food and Agriculture Organization of the UN (FAO), within the framework of implementation of the Global [3] and National [4] Millennium Development Goals, managed to pay attention to the formation of stable ecological threats from existing agricultural practice, the absence of coordination between financial transformations and the formation of incentives for local authorities to rationalize agricultural natural resource management.



A chain of factors of degradation of the environment resulted from agricultural activity looks as follows:

the first one is loss of biodiversity (agriculture has become the major factor of loss of many varieties of plants and animals even in Germany, not to speak of less developed countries, in which losses of biodiversity turned to be even more considerable);

the second one is progressing eutrophication of underground and surface waters resulting from washing fertilizers from agricultural fields (for example, in Holland, agriculture is considered to be the major cause of acid rains);

the third one, deforestation – provides stagnation of accumulation of biological resources, biodiversity, provides with a source of genetic material for biotechnical products.

Developed countries intensively develop a direction relating to creation of new farming forms intended to minimize adverse effects on the environment subject to social-economic aspects. In literature, this direction became a name of “alternative agriculture” [5]. At the initial stage, the alternative agriculture system based on a wide use of organic fertilizers, crop rotation optimization, use of biological plant and animal protection means with concurrent minimization of using chemization means, nonrenewable energy resources and with wider application of nontraditional energy sources. Such direction has become known in literature under the name of “organic agriculture” [6].

At initial stages of development of the organic agriculture systems, the results were achieved in enhancing the ecological efficiency of agricultural products. But such systems, in general, are characterized by higher labor effort indicators and lower productivity indicators. At the same time, a comparative value analysis of alternative agriculture systems with traditional systems demonstrates the differences by individual crops. Such analysis was conducted in the USA and Western Europe in the 80s of the 20th century. And many results of the analysis speak in favor of alternative farming systems. So, for example, variable costs per grain ton in the alternative agriculture systems are twice as low as those in the traditional systems [7].

The crop yield is a fundamental indicator preventing from the wide spread of the alternative systems of agrarian production as well as from the formation of the support system (at the national or local level) for transition of agricultural goods producers to its new framework [8]. In this connection, the so called concepts of “dynamic equilibrium” or “sustainable agriculture” [9] have become popular. In the first turn, dynamic equilibrium agriculture must provide an ecological equilibrium of the environment with the concurrent rational use of material-technical resources and adaptability to variable instruments of regulation and budgetary stimulation under the fiscal decentralization conditions. Its basis must become a new financial policy of the state on its own agriculture, radical changes both in structure and parameters of state financial revenue regulation instruments, implementation of the financial mechanism oriented on financial recovery of agricultural enterprises, in general, and depressed areas, in particular.

Implementation of the above provisions is based on the following imperatives:

1) on the need for increasing in state protectionism as a determinant of increasing in financial stability of rural goods producers on the basis of rationalization of parameters and structure of subsidies as an element within the system of state regulatives ensuring, at the end, indicative return on and stability of the financing of agricultural natural resource management rationalization;

2) on the creation of the conditions enabling the priority use of loans from the banks (first of all, state banks) in the capital structural orientation as the most predictable counterparty proving real monetary capital and being in the orbit of state regulation and architectonics of the system of the financing of agricultural natural resource management rationalization;

3) on the strengthening of the role of local authorities as a key provider of local development goals of the industries of the agrarian sector of the economy, on the provision of the balance between the performance of agricultural goods producers and programmed ecological parameters of the specific location.

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## **CORPORATE GOVERNANCE: NEW TIME REQUIREMENTS**

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In the current conditions of development of the state and society in Ukraine, a new model of public policy is being formed, which requires further improvement of the quality of public administration in the field of culture, its formation, style, methods and legal forms based on modern research. In these conditions, the main task is the functioning of public authorities and management of culture. Management in the field of culture should be carried out in cooperation with government agencies, cultural intelligentsia and prominent cultural figures. Public policy, which is of great strategic importance for developing and modernizing countries, should improve the principles and directions of culture.

Currently, the processes taking place in Ukraine can not be considered in disunity, because, over time, they coincide with the global transformation of the cultural phenomenon itself. This opens for Ukraine the opportunity to synchronize its development in the field of culture, its views on the means and forms of influence of the state, the cultural process with the international community [1].

The main trends in the development of culture in Ukrainian society are often called:

- deepening the integration of national culture with the European and world cultural space;
- limiting the participation of the state in supporting the cultural sphere in the new market and economic conditions;
- widening the gap in the level of cultural development between individual regions of the state [2].

The main disadvantage is often called residual funding, lack of awareness of the importance of culture at the level of strategic management, declarative legal framework. Among the main problems:

- conceptual and program ambiguity of cultural policy at different levels of government;
- protection of national and cultural space in the context of globalization;
- low level of logistics and staffing, etc. [3].

There are two main approaches to the implementation of state cultural policy:

- traditional structural-institutional (it is also called systemic or resource), in which cultural policy is considered through the prism of power, which is carried out by public authorities, local authorities, and sometimes public organizations;
- functional and managerial, which are related to the newer concept of the cultural and political process.

There are two types of public policy in the world, called "paternalistic" and "partnership", but usually neither of them exists in its pure form, and their components remain in constant interaction. In fact, it is only a matter of rethinking a specific model in the process of choosing specific areas and instruments of state regulation in the field of culture, as well as in the implementation of cultural and political decisions.

Among the main models of state funding of culture in the field of foreign researchers have identified the following, well-known names:

- state-architect
- state engineer.
- the State of inspiration,
- the patron state,

It is also important that the same country can use additional models at the same time, so this classification is not unique.

The management of the state cultural policy of modern Ukraine can be described as a policy of a transitional type, in which the state is the main subject. The President's annual address to the Verkhovna Rada of Ukraine emphasizes the importance of developing the sphere of culture and effective state policy in the field of modernization of Ukraine and consolidation of the whole society. All management methods are formed according to its basic conceptual principles.

The Public Humanitarian Council chaired by the President of Ukraine is an effective mechanism that unites the efforts of the government and society in solving problems of humanitarian and cultural development. This advisory body provides access to participation in the process of developing a strategy for the humanitarian development of Ukraine, as well as addresses tactical issues of cultural policy.

The Verkhovna Rada of Ukraine establishes the main legal framework and priorities of the state policy on the development of the cultural sphere and establishes the budget of this sector every year [4; 5].

The Cabinet of Ministers of Ukraine ensures the implementation of this policy through the relevant Deputy Prime Minister, who is the main body in the system of central executive bodies in terms of its creation, provision and implementation and distribution of budget money [6].

Corporate governance in the field of culture has a number of serious obstacles that hinder the development of a favorable climate for Ukraine's integration into the world market.

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