

## THE DEVELOPING OF CORPORATE MANAGEMENT AS A FACTOR OF INVESTMENT CLIMATE IMPROVEMENT

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In the conditions of progressive economy, a vital question is the question about business culture and correct corporate management as the necessity for achievement of the desired results in firm activity. Dissociating management and ownership of a joint-stock company requires a creation of the new monitoring system of enterprise activity. This is the exact duty of supervisory board.

A corporate management is a policy and practical activity of enterprises supervisory board which is an instrument to defend shareholders rights as proprietors of enterprise. Many of investors are sure that good corporate management brings higher profits to shareholders. So, often the criterion of investing in an enterprise is its full and honest using of key principles of corporate management. Consequently, the question of culture in an economy becomes more important every year.

Not only the governments of the biggest world countries take part in the forming of general points and principles of corporate management, but also different organizations and business groups.

When the government efforts are directed on the improvement of legislation, the activity of business groups is directed on forming of rules and procedures of corporate management, based on international practice, national features and own experience.

The result of such work is appearing in different countries codes of corporate management or the best practice. They are the collections of voluntarily norms of business practice and standards, which set and regulate the order of corporate relations. Business circles accept them to the use for subsequent development of business, built of trust and observance the norms of business culture. The best known among them are Code of Cadbury (Great Britain, 1991), Code of the best practice for the German corporate management (2000), Basic directions and problems of corporate management of General Motors (1994). The similar code was developed in Ukraine by Stock Market State Commission in June, 2002. It's called Recommendation of the best corporate management practice for the joint-stock companies of Ukraine. It is based on the principles of international standards of joint-stock companies management.

It is fixed in Recommendations that nowadays Ukraine is in the conditions of constantly growing international competition for a capital. That's why Ukrainian enterprises will become more attractive for investors if only they will show the high standards of corporate management, business ethics and pay more attention to providing the interests of shareholders. Stock Market State Commission suggests to include such norms in statutes or internal documents of companies. The Ukrainian code includes five substantive points with concrete steps for joint-stock companies on the way to introduce the best practice of supervisory board work and observance of corporate culture standards.

The first of them is shareholders rights and their proper defence. This point foresees the rights of shareholders to dispose their shares, to receive the part of income, to participate in management, rights to receive all necessary information about a company in time and regularly, rights to have equal attitude to every shareholder and requirements to defend the rights of small shareholders. To open the information regularly is the way to make a positive image of enterprise and earn investors confidence. Therefore the best practice of corporate management foresees its timely and complete opening, and also providing free of charge access to information. One more point of the best corporate culture is good providing of the general meetings of shareholders', the possibility to take part in them for all shareholders personally or through a representative, and also taking to jurisdiction of general meetings to make a decision (but not simply assertion) about considerable agreements. The important moment of high-quality corporate management is clear determination of supervisory board authorities. But supervisory board must always act in behalf of proprietors.

The observance of such corporate management standards would accelerate growth of enterprises and improvement of investment climate in Ukraine. Such codes of conduct assume that market forces will provide effective introduction and change of ethics standards and activity of joint-stock companies.