DOI: https://doi.org/10.30525/978-9934-26-220-3-32

Iryna Murenets
PhD in Economic Sciences,
Lecturer at the Department of International Economic Relations
Simon Kuznets Kharkiv National University of Economics

MODERN STANDARDS FOR THE FORMATION AND DEVELOPMENT OF INTERNATIONAL BUSINESS

Summary
Corporate governance and corporate social responsibility are unconditional the key to effective domestic and international business and the development of an economy that is becoming increasingly global today. However, this process has both positive and negative sides. There are cases when companies, unfortunately, neglect the principles of corporate governance to the detriment of both shareholders, management and employees, and society as a whole. There is a need to pay more attention fight against corruption, the need to introduce corporate governance at all levels of the company, including the most basic. It came to the realization that the success of a business is directly related to sustainable development of local communities and environmental protection in the regions where the company operates. Concepts «corporate governance», «business standards» and «corporate social responsibility» have become popular among leaders of leading international companies. Contributed to this process of soul-searching and the development of new legislation, codes of corporate conduct, and active interest in the media.

Introduction

The application of proper business standards has a direct impact on increasing competitiveness. However, a good reputation is not built through a media campaign, but through continuous and systematic efforts to meet commitments and achieve visible results. Raising business standards in areas such as business ethics, transparency, health and safety, and environmental protection requires corporate leaders to act together in a number of areas. This is especially important in business communities where business and corporate practices have not yet matured enough and are often associated with misconduct and fraud.

Due to historical and transitional features, Ukraine faces serious challenges, and despite the fact that the process of change continues in the country, the experience of North America and Europe, along with the experience of other emerging economies, is quite applicable to the Ukrainian market.

CEOs who do not pay due attention to the issues of raising business standards risk missing out on business development opportunities, being excluded from the international business community, and discrediting themselves in the market.

If business does not take the lead in implementing business standards, then others will do it for them – the government, populist politicians, the media, NGOs or representatives of social movements. They will themselves try to regulate the process of doing business or demand that standards be set in this area.

International business standards are indirectly introduced into Ukrainian companies through personnel. Ukrainian companies invite foreign specialists to senior positions. Ukrainian young professionals are trained in Western business schools. Managers of the Big Four companies are moving to leading positions in Ukrainian companies. All of them are the conductors of an advanced business culture. They constitute a new class of managers who influence the leadership style of Ukrainian companies. They may be a minority today, but their number is gradually growing. They understand that professionalism, combined with a commitment to high standards of corporate governance, will outweigh the costs in the long run and deliver valuable results for the company to strive for. Of course, this takes time – now the process of introducing international business standards is at its initial stage.

Part 1. Key recommendations to implement corporate governance and improve business standards

The International Business Leaders Forum (IBLF) offers four key recommendations to executives and boards of directors explaining the need to implement corporate governance and improve business standards in areas such as occupational health and safety, labor relations, financial transparency, respect for the rights of minority shareholders and environmental protection [2; 6; 7; 10].

1. Despite the fact that leading companies take the issue of corporate governance seriously, implement standards and provide reports on the results achieved, the public and the media judge the entire business community, including leading companies, not by their achievements, but by their mistakes. Moreover, even the positive results achieved by leading companies are viewed with a grain of salt due to existing negative examples of corporate governance.

2. It is impossible to avoid it. NGOs and the media attack a company's reputation at every opportunity, focusing on the most obvious negative cases. Companies with low corporate standards are not of interest to foreign investors and partners operating in international financial markets.

3. Business practices affect competitive talent management. Given a choice, most potential employees, including top college graduates, will not be interested in working for companies that do not adhere to best corporate governance standards. In the process of choosing a job, given the interest from competitors and the lack of qualified specialists, they will choose a company with higher standards of work (our experience with young Ukrainian leaders testifies to this).

4. The application of proper business standards is the basis for the sustainable development of the company. Reputation, effective risk management, profitability, legal cleanliness of doing business, efficient use of resources are

key factors for business sustainability in the long term. In this regard, the question arises, what measures should be taken, and who should do it?

First, we must remember that the development of corporate values cannot be entrusted to employees. Corporate values must be formed and proposed by management from above, and then disseminated to all levels of the company. This is the essence of the leadership role of the company's management. According to research, 60% of a company's reputation depends on its CEO [10].

Secondly, the company should not treat the issue of business standards as an internal problem. Collaboration with other companies, regulators, shareholders and the media is needed. It is important to constantly share experience and monitor best corporate governance practices and involve suppliers, customers and partners in this process.

Thirdly, the idea of good corporate governance in a company cannot be achieved by conducting an information campaign in the media (although its elements are certainly present) – it is formed as a result of a real process that will lead to visible changes.

Fourth, business leaders must engage senior executives in a collaborative effort to improve the business environment. The IBLF Practice Guidelines call on company directors to take a leadership role:

To be a leader – to show leadership in the field of implementation of values, considered as expectations in the field of business conduct and business standards [2; 10; 11; 12]. Put this issue on the agenda of the board of directors of the company. Implement in business – in the workplace, in the market, in the region where the company operates.

Ensure that compliance with standards is included in contractual obligations so that company employees have the opportunity to discuss issues and problems they face at work. Support business standards in a broader context – as a core feature of doing business and national culture in collaboration with other companies, associations and organizations, including IBLF-Ukraine and the Ukrainian Responsible Business Partnership, to share experience, best practices and engage other participants in the production chain – both internal and external. Disclose information – inform about what and why you are doing, what standards you plan to achieve. This involves setting goals and evaluating results. It is these principles that are vital to ensure the competitiveness, stability and development of the nation.

International business standards are indirectly introduced into Ukrainian companies through personnel. Ukrainian companies invite foreign specialists to senior positions. Ukrainian young professionals are trained in Western business schools.

Managers of the Big Four companies are moving to leading positions in Ukrainian companies. All of them are the conductors of an advanced business culture. They constitute a new class of managers who influence the leadership style of Ukrainian companies. They may be a minority today, but their number is gradually growing. They understand that professionalism, combined with a commitment to high standards of corporate governance, will outweigh the costs in the long run and deliver valuable results for the company to strive for. Of course, this takes time – now the process of introducing international business standards is at its initial stage.

Leading companies, both Ukrainian and foreign, are interested in creating conditions for equal competition. Their leaders can contribute to this process by sharing international experiences and best practices through forums such as the IBLF. By managing a company in Ukraine to the highest standards, business leaders can lead by example and use their influence to ensure that employees, partners and customers are guided by the same principles.

If the largest Ukrainian companies comply with these rules, business leaders and opinion makers in the West will support their desire to integrate into the global economy in the process of listing on international exchanges or acquiring assets abroad, Ukrainian companies are unlikely to «export» Ukrainian corruption; on the contrary, they will more actively adopt international business standards. If this process continues successfully, provided that the government enforces the rule of law, then it can be cautiously optimistic that in ten years Ukrainian companies will be truly equal competitors in the global economy.

An effective corporate governance system clearly defines the method of transferring responsibility from the company's shareholders to the executive management, so that the company's management subsequently provides results that meet the expectations of shareholders [3; 7]. Such a system gives shareholders confidence that the company is being managed properly, not only in terms of understanding and fulfilling their expectations, but also in terms of compliance with applicable laws and regulations, as well as good business practices.

The shareholders' agreement and other founding documents of the company should describe the strategy and objectives of the company, as well as the organizational principles in accordance with which the companies are managed. These documents define what decisions must be made by shareholders and the board of directors, and what responsibilities are delegated to the company's executive management. The board of directors provides oversight of the company's activities, and its activities are often supported by one or more subcommittees composed of directors with relevant knowledge and experience. Typically, these are an audit committee, a compensation committee, and a strategy and planning committee. Proper record keeping of all meetings of the board of directors and its subcommittees should be arranged.

Responsibilities an effective corporate governance system should clearly and unambiguously define the responsibilities delegated by the board of directors to executive management. Responsibilities can be delegated to a sole executive body or a group of managers with the distribution of responsibilities between them. Responsibility goes hand in hand with responsibility. It is necessary to describe the mechanisms for holding managers accountable for their actions (or inaction).

Delegated powers must be clearly and unambiguously stated in writing; usually detailed job descriptions are used for this. «The goals and objectives of the activities of the structural divisions of the company must be accurately and unambiguously recorded in written regulations.»

Decisions in the company are made by persons who have been delegated the necessary authority for this. An effective corporate governance system requires decision makers to consult with other employees and act in the best interests of shareholders [12]. Collegial bodies, internal committees can be created to facilitate the decision-making process based on accurate input provided by all responsible parties. Examples of internal committees are Operations, Human Resources, Business Development, Investments, Reputation and Compliance.

Committees can be both decision-making bodies and advisory bodies under individual leaders. The role of the committee should be clearly defined in its written policy. The authority of an individual to represent the company in external relations must be expressly set out in an appropriate written document. If necessary, the company should extend such powers by issuing appropriate written powers of attorney.

An effective corporate governance system requires a written code that sets out the expectations of shareholders in relation to business standards (various names are used to refer to such documents – «Code of Business Practice», «Business Principles», «Code of Business Ethics», etc.)). The Code of Business Conduct should be a set of general principles that form the basis for the implementation of the company's policies and core values in the long term. The Code should contain unambiguous provisions on an unconditional prohibition and intolerance in the company to fraud and corruption, as well as descriptions of mechanisms for disclosing information about conflicts of interest and managing such conflicts. The Code must be communicated to all employees and relevant external stakeholders.

The role of the sole and collegiate executive bodies In order for business management to follow the principles of best practice, top management must set the appropriate «general tone», being an unconditional example of compliance with the standards of business conduct in the company. The tone is set by members of senior management with the approval and support of the board of directors and communicated to staff and external stakeholders. It is an essential component of an effective internal control system.

Many companies spend a huge amount of time defining their values and the image they want to create in the marketplace. The problem of creating a company's values and vision – or building a brand and building goodwill – is well known to companies implementing corporate governance principles. However, in order to successfully articulate the company's values and vision, it is necessary to realistically assess the environment and determine the company's reputation, which largely depends on factors outside the direct physical activities of the company.

It is easiest to characterize the direct activities of the company, since it is based on internal control mechanisms that reduce the risks of adverse situations. In fact, the greatest threat to a company's reputation is most often its partners, and this aspect, unfortunately, often does not receive due attention. It is the suppliers, contractors, lawyers, auditors and other partners that largely a priori determine the perception of the company in the market. «Examples of 'out of control' or 'unverified' business relationships are widely known, where leading companies were mentioned in news reports along with their business partners who were found to be involved in illegal or 'unethical' activities.»

There are widely known examples of «uncontrolled» or «unverified» business relationships, where leading companies are mentioned in news reports along with their business partners who have been found to be involved in illegal or «unethical» activities. The most widely known example is Nike, but many other large companies have made it to the sad list. In this matter, it is important to pay attention not to the problems that these companies faced in the past, but to the implementation of preventive measures that can already be applied today to identify, reduce and effectively manage these risks [6; 7].

1. Identifying and Assessing Risks – An increasing number of companies are implementing minimum ethical standards and establishing mechanisms to comply with company standards in the area of relations with business partners. As a rule, such standards include a wide range of issues, ranging from working conditions and remuneration to standards in the field of labor protection, industrial safety and environmental protection.

Today, the question of how a company can influence its suppliers, contractors and business partners is still a matter of controversy. However, many large organizations have been successful in this area, mainly focusing on those aspects that are within their control, in particular on financial and contractual obligations with partners. An example of such control is the inclusion in the contract of clauses providing for fines or penalties for the use of child labor, violation of labor protection standards, including the lack of heating or air conditioning in the workplace, and the risk of workers getting occupational diseases.

Suppliers, contractors and business partners who do not meet these requirements know that they bear full responsibility for the non-financial risks specified in the contract, and make their decision to cooperate with the company on such terms. Specifying the requirements of the company in all financial contracts is the first step in identifying potential risks in relationships with business partners.

2. Risk Reduction – Contractual obligations cannot fully protect a company's reputation. They are just a tool for identifying risks in relationships with business partners, when both parties understand the ensuing consequences. In order to manage and minimize negative impacts, a company must take a

proactive stance in managing relationships with suppliers, contractors and business partners.

Many companies achieve this by requiring their partners not only to agree to comply with contractual obligations, but also to sign a declaration that they comply with all company requirements and undertake to report any violations in a timely manner. On the basis of such a declaration, the company can conduct audits of its partners in order to independently verify that all standards are being met in accordance with the signed documents. It may seem unrealistic, but such checks are actually carried out. They built a system of relationships with suppliers at IKEA. As the world's largest retail chain, the company is not a manufacturer of its products. Its business is built on a network of thousands of suppliers around the world who must agree to comply with the company's requirements and certify that they comply with the IWAY standard (IKEA corporate standard, including environmental standards, labor protection, as well as issues related to the age of workers, working hours day, minimum wage, etc.).

3. Risk management – The biggest challenge is to mitigate negative impacts before they happen. This is virtually impossible without appropriate policies, structures and controls. These tasks, described in the Risk Identification and Risk Mitigation sections, are necessary to ensure that the company is aware of any risks associated with its suppliers, contractors and business partners [12]. Making decisions based on this information is a difficult step for a company, however, as experience shows, if open joint-stock companies do not promptly respond to negative media reviews about their suppliers, contractors or business partners, then they find themselves quickly and severely punished by the company's shareholders, and sometimes by government regulators. In the case of IKEA, if one of the company's suppliers fails to fulfill its obligations under the contract and does not pass the IKEA inspection, that supplier is given a warning and does not receive new orders from IKEA until the violations are corrected. Such a system may seem unnecessarily rigid, however, damage to the reputation of IKEA due to one supplier can rebound negatively on the work of all other partners of the company if this case leads to a boycott of stores by buyers.

Part 2. The human factor: the formation of a new corporate culture

Today, when the number of Ukrainian companies that develop corporate social responsibility and improve business standards is growing, the question arises about the role of the human factor and its proper use in this process. The company is faced with the task, on the one hand, of finding the right balance between the perception of corporate governance development initiatives as the prerogative of the board of directors and a widely discussed topic, and, on the other hand, between ensuring information and understanding of changes by all employees of the company. The combination of these approaches is the best tactic in the process of transition from the initial stage of corporate governance implementation to the formation of an integrated corporate culture shared by employees [3; 6].

Insufficient attention to the human factor threatens the company with serious consequences. An open discussion on corporate governance and ethical issues provides an opportunity for companies to build a stronger foundation for the benefit of business and company employees. Raising business standards is one of the few topics that requires discussion outside the board of directors at all levels of the company, while senior management and human resources alike are called upon to ensure that employees understand innovations and, therefore, ensure the successful achievement of set goals.

Although most of the time this task is considered the prerogative of the board of directors, an open discussion about corporate governance and ethical standards provides an opportunity for companies to lay a stronger foundation for the benefit of business and company employees. However, the task of developing a general tone and changes in corporate culture and ethical standards should not be left exclusively in the hands of personnel management, since the leading role in this process should belong to the company's management [1; 5; 12].

The Human Resources Department is intended to play a supporting, not a primary, role. Even if decision-makers place great responsibility on human resources management, it will not be able to implement corporate culture and corporate values on its own. The corporate culture and business standards are not a finished product, but are formed gradually with the support of the company's management.

The role of Human Resources in this process is to support and facilitate change, not be the sole initiator of it. What can Human Resources do to involve employees as widely as possible in the process of implementing business standards, ethics and good business practices? First of all, this requires understanding the expectations of employees – especially since the new generation of employees, the so-called Generation Y, has a different attitude to work: they do not aspire to work in one large company throughout their lives. Their idea of work has changed: now it is not «the path from beginning to end» that matters to them, but the answer to the question «what is my benefit here?» Under these conditions, it becomes more difficult for companies to ensure that all employees equally perceive or at least understand corporate values.

At the psychological level, each employee concludes a kind of individual contract with the employer, and, accordingly, can be motivated and involved to varying degrees, so it seems inappropriate to apply a single approach to everyone. A more effective approach is to identify universal principles and approaches that are shared by the majority of employees, and on their basis develop a strategy for organizing a discussion of business standards and company values.

«A code of conduct in and of itself does not affect behavior change – the way it is developed, communicated to employees, and implemented is an important factor.» Human Resources sets employee expectations (usually through surveys or focus groups) and then, based on these data, works with company management to develop a strategy and ways to inform employees about business standards. In the process of developing an effective code, it is necessary to take into account the conditions in which the company operates, the context and current issues [12]. At the same time, the code must resonate with employees. This is facilitated by an open discussion of the content and methods of implementing the policy and processes in the field of corporate ethics, understandable and accepted by all employees. Through the personal participation of employees in the development of new approaches and the knowledge that their input is welcomed and serves as a guide to action, loyalty, dedication and the degree of participation of employees in the internal processes of the company increases.

There is a risk that in the list of obligatory items for managing a company, corporate governance will become a formal requirement «for show». This happens if the company pays increased attention to the formal aspects of compliance with standards, forgetting about their essence and the need for employees to participate in their implementation. The adoption of a code does not automatically ensure the implementation of ethical standards. Managers and employees may treat it as a formality rather than a guide to action. In addition, if the code is seen as an additional burden that does not bring visible results, the implementation of the code may encounter open resistance from employees.

The concept of «ownership» implies the participation of employees in decision-making in the field of new beginnings and changes in the style of work, as well as the development of a sense of responsibility for the future of the organization in which they work. Those companies that take successful steps towards involving employees in solving these issues are more likely to ensure that employees perceive innovation as part of their job and see their role in the development of the company. Using the internal mechanisms available to them, they oppose the violations they observe. In today's business environment, there is a clear understanding that company management must establish and maintain procedures that allow employees to promptly report violations.

A well-designed whistleblowing process helps to avoid a number of significant risks, and appropriate internal procedures help prevent damage to the company or damage to reputation as a result of exposure to negative information. In conclusion, business ethics is now increasingly perceived as an important aspect of company management, capable of both strengthening and destroying its reputation, and the close attention of all stakeholders becomes a positive factor in this process.

Companies, especially those that aspire to become leaders in their field, successfully use the experience of North America and Europe. Many companies in the world lose money every day due to the lack of internal control systems. These problems are familiar to Ukrainian companies as well. In search of practical solutions, many Ukrainian companies come to the conclusion that the introduction of a comprehensive internal control system in a company is the most practical way to ensure proper corporate governance [7].

An internal control system is necessary for effective management – it ensures the achievement of company goals, increased productivity and overall business stability. It is not easy for Ukrainian companies to make the decision to invest in internal control, which is often not seen as a priority area, especially in a dynamic economy where companies are faced with efficiency and development challenges. Nevertheless, experts are well aware that the creation of an effective internal control system is possible only if there is an initiative from the company's management, ensuring the precise fulfillment of the tasks set and the support of managers of various levels. Implementing and maintaining an effective and sound system of internal controls is a costly and complex process. The creation of such systems in Ukrainian companies testifies to the high level of leadership and professionalism of the management.

Ukrainian companies strive to develop control systems in such a way that they do not have a negative impact on managers and do not interfere with the implementation of business tasks. An effective internal control system is part of effective management – it ensures the achievement of company goals, increased productivity and overall business stability. In many Ukrainian companies, the implementation of projects in the field of internal control is based on criteria formulated by the Commission's Committee of Sponsoring Organizations (COSO).

However, the way COSO standards are applied reflects the specifics of the Ukrainian business culture aimed at finding practical solutions. It is expressed in the fact that the main attention in Ukrainian companies, as a rule, is given to identifying and assessing risks, developing and implementing control and monitoring mechanisms by independent internal and external auditors. In most cases, the internal audit function reports to the audit committee of the company's board of directors and administratively reports to the CEO. Due to historical development, the structure of Ukrainian and Western companies differ from each other.

Part 3. Business internal control system

In many Ukrainian companies, there was a control and audit department, which was directly subordinate to the company's management, bypassing the board of directors. It monitored the implementation of internal rules, procedures and instructions, investigated cases of fraud and other violations, as a rule, already committed, being, in fact, part of the management control system. Today, it still exists in a number of Ukrainian companies along with the internal audit service, which is a tool for the company's board of directors to evaluate the work of management. In particular, the internal audit service evaluates the effectiveness of the management of such tasks as risk management and business process control. The tasks of the internal control service in Ukrainian companies are the same in all areas of business and do not differ from those accepted at the international level. The company's internal control service is designed to ensure [8]: efficiency and productivity. Ensuring the protection of company assets, optimizing their use, minimizing losses and abuses. Very often in Ukrainian companies this task is carried out with the help of special procedures for controlling costs and implementing investment programs. Reliability of financial statements and other financial information. This applies to financial information for both internal and external users. Compliance with legislation and internal procedures. Ensuring activities within the framework of the law and in accordance with the policy of the company's management.

Ukrainian companies understand that the implementation, support and operation of the internal control system is, first of all, the task of the company's management. At the same time, at the initial stage, the responsibility for the implementation of internal control procedures rests with the middle managers of the company. Along with this, many Ukrainian companies have a common practice of creating special internal control groups, whose task is to advise the company's management in the process of implementing an internal control system. As a rule, such groups exist in large Ukrainian companies [8]. They provide centralized processes, task completion, and company-wide consistency and compliance with control procedures.

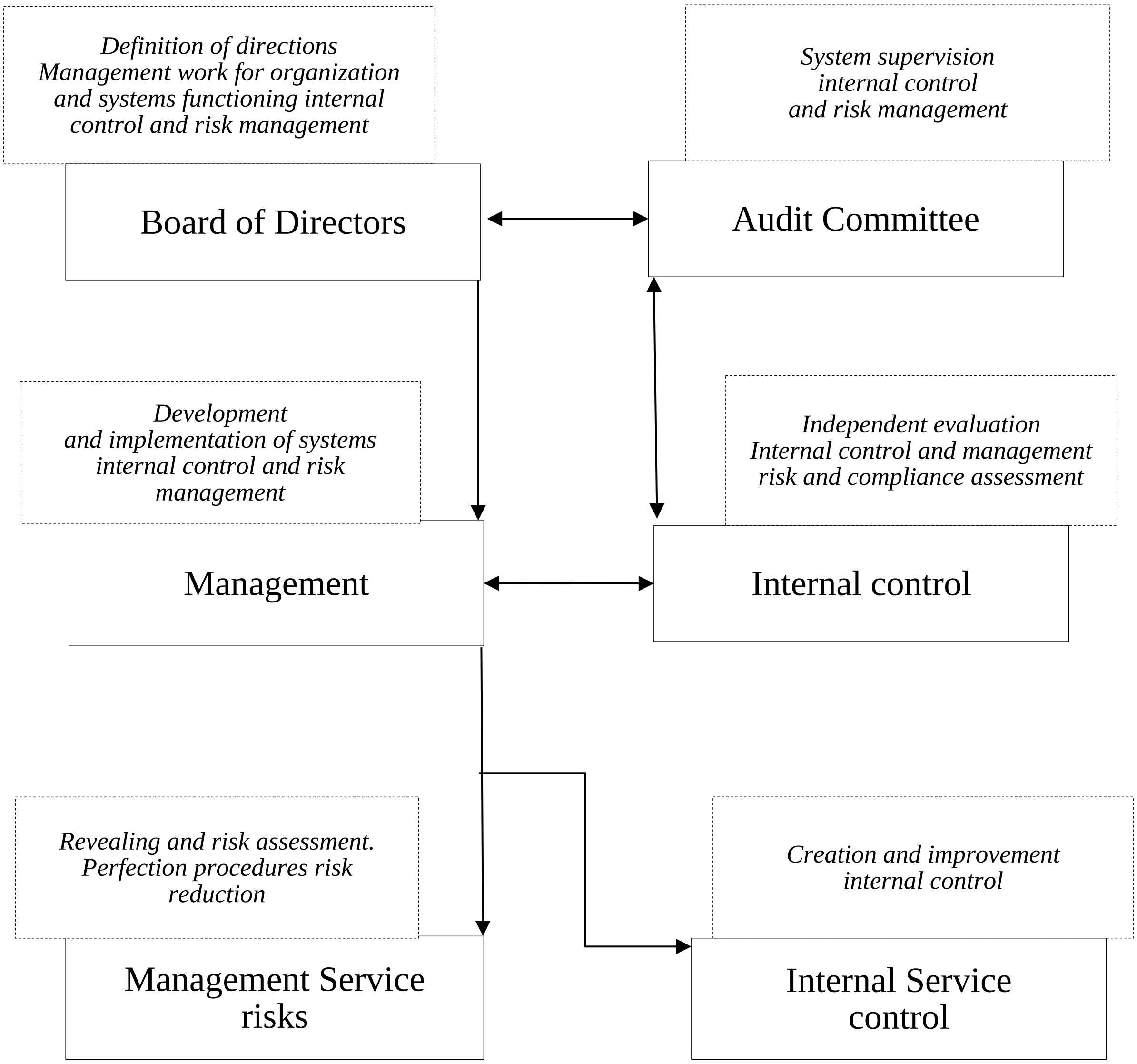

Figure 1. Internal control system

Figure 1 shows the responsibilities of various participants in the internal control systems that are currently being created in a number of leading Ukrainian companies: Summing up, we can say that among the largest Ukrainian companies there is a general tendency to introduce corporate governance practices. In addition, companies lack experience. But the more Ukrainian companies become interested in listing on international exchanges and acquiring assets abroad, the more actively they implement international corporate governance standards based on the experience of European and North American countries.

Part 4. Corporate governance standards: world practice and positive dynamics

Unlike the cost of implementing corporate governance and internal control procedures in a company, which can be calculated using financial programs, it is much more difficult to determine their impact on the company's operations in financial terms. As Albert Einstein said: «What can be appreciated is not always valuable; what is valuable is not always appreciable.» Good management practice is a necessary but not sufficient condition for successful business development. The company's products and services will not be in demand just because its management structure complies with international standards.

However, today in the global business community there is a unanimous opinion that the introduction of corporate governance creates added value for both management and shareholders of the company, and in the long term has a positive impact on business, especially during the economic downturn. A study conducted by KPMG International and CREATE based on a survey of 192 investment banks revealed interesting trends that can be seen as an example of what changes occur in companies when implementing corporate governance practices [8]. It examines a number of aspects of the implementation of corporate governance in the investment banking business and assesses the impact of new practices on the effectiveness and efficiency of companies in this area. This study showed how corporate governance is implemented in practice. Governance structures are located at three interrelated levels (Figure 2) [1–5; 11; 12].

There are systems to motivate employees to apply the rules and principles of corporate governance in their daily work and relationships with stakeholders. Thus, the behavior of employees and the current control system mutually reinforce each other and contribute to improving the efficiency of corporate governance. The third level, based on the previous two, refers to the culture of doing business and creates the so-called «corporate spirit» of compliance with the rules, a set of accepted norms and rules of conduct for the company. This established work practice provides the necessary moral checks on the basis of which the company maintains a balance of self-control and accountability, reinforced, if necessary, by formal mechanisms and control systems.

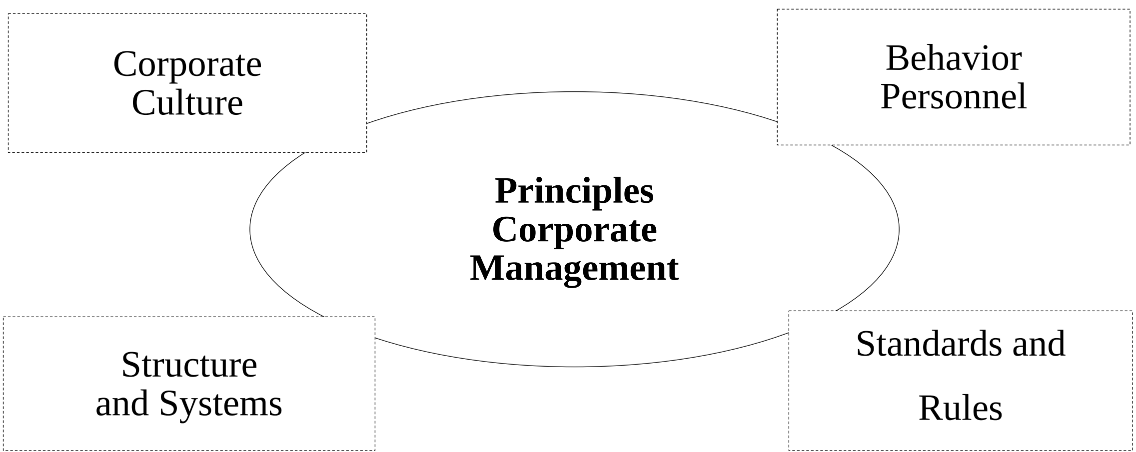

Figure 2. Corporate Governance Architecture

The study found that when it comes to company performance, performance and new product development, when implementing enterprise initiatives, many companies must be prepared to incur costs first and then get the expected results [3; 11]. Of course, when analyzing the costs and benefits of introducing corporate governance principles, one should not forget about a number of other factors that affect the efficiency of a company. However, there are several obvious positive aspects that can be identified and their value to the company:

1. At the business level, improving relations with regulators, improving customer service, developing the brand, but at the same time increasing the cost and, accordingly, the impact on the overall profitability.

2. At the level of production activities – improving the quality of decision-making, expanding opportunities for international cooperation, while increasing the working time spent by the company's management, and increasing the degree of bureaucratization of the organization.

3. At the level of product development – increasing transparency, sales growth, marketing development. At the same time, due to the growing demand for legal services and the growing number of disclaimers, a minority of companies noted a slowdown in the speed of bringing new products to the market. In order to achieve the best balance between the costs and benefits of implementing corporate standards, regulators should consult more with companies when developing new laws. The passage of new legislation, the growth of bureaucratic requirements and the implementation of internal corporate governance initiatives in the North American countries required a significant contribution of additional time from the top management of companies.

However, over time, especially in connection with the adoption of additions and clarifications to the Sarbanes-Oxley Act, the balance between costs and benefits is expected to improve [9; 10]. Another comprehensive analysis of the costs and benefits of corporate governance was conducted in the United States as part of a general study of the impact on companies of the Sarbanes-Oxley Act.

Conclusions

Ukrainian companies that comply with international business standards are expanding opportunities for cooperation with foreign partners and participation in international transactions, including the acquisition of assets abroad. Companies that understand that the value of corporate governance is higher than the costs of its implementation are more likely to become full participants in the global market.

International business standards are indirectly introduced into Ukrainian companies through personnel. Ukrainian companies invite foreign specialists to senior positions. Ukrainian young professionals are trained in Western business schools. Managers of the Big Four companies are moving to leading positions in Ukrainian companies. All of them are the conductors of an advanced business culture. They constitute a new class of managers who influence the leadership style of Ukrainian companies. They may be a minority today, but their number is gradually growing. They understand that professionalism, combined with a commitment to high standards of corporate governance, will outweigh the costs in the long run and deliver valuable results for the company to strive for. Of course, this takes time – now the process of introducing international business standards is at its initial stage.

Analyzed in detail in the section key recommendations to implement corporate governance and improve business standards, organization and responsibilities, the human factor: the formation of a new corporate culture, business internal control system, corporate governance standards: world practice and positive dynamics.

There is a need to pay more attention fight against corruption, the need to introduce corporate governance at all levels of the company, including the most basic. It came to the realization that the success of a business is directly related to sustainable development of local communities and environmental protection in the regions where the company operates. Concepts «corporate governance», «business standards» and «corporate social responsibility» have become popular among leaders of leading international companies. Contributed to this process of soul-searching and the development of new legislation, codes of corporate conduct, and active interest in the media.

We always should to remember that to be a leader – to show leadership in the field of implementation of values, considered as expectations in the field of business conduct and business standards. Put this issue on the agenda of the board of directors of the company. Implement in business – in the workplace, in the market, in the region where the company operates.

References:

1. Murenets I., Gontareva I., Kurmaiev P., Podzihun S., Dorokhov O. (2018) Functionality and Quality Management of Transformation of Capital Forms at an Enterprise. *TEM Journal*, vol. 7, no. 3, pp. 597–606.
2. Murenets I. (2021) International standards of business: syllabus of the educational discipline for students of all specialties of the second (Master's) degree. Kharkiv: KhNEU named after S. Kuznets, 12 p.
3. Otenko I. P., Chepeliuk M. I. (2018) Korporatyvna kultura: mizhnarodnyi ta transformatsiinyi aspekty: monohrafiia [Corporate culture: international and transformational aspects]. Kharkiv: KhNEU im. S. Kuznetsia, pp. 214–241.
4. Otenko V. I., Barkova K. O. (2020) Key differences between the terms «organizational culture» and «corporate culture» [Key differences between the terms «organizational culture» and «corporate culture»]. Proceedings of the *Ekonomichnyi rozvytok i spadshchyna Semena Kuznetsia : materialy V mizhnar. nauk. konf. : tezy dopov*, Kharkiv: «Helvetyka», pp. 110–111.
5. Essrig, Lee C. An International Management System Standard for Business Conduct. Available at: http://www.singerpubs.com/etikos/Essrig.htm
6. Business against Corruption – a framework for Action. International Business Leaders Forum, Transparency International. Available at: http://www.iblf.org/resources/general.jsp?id=123703

7. Kirk, Jordan S. & Murphy, Joseph E. Compliance Program: What the Government Really Wants. Available at: http://www.integrity-interactive.com/complaince/guidelines.pdf

8. KPMG, CREATE, Towards enhanced Business Governance Causes and Consequences in Global Investment. Available at: http://www.kpmg.co.uk/pubs/beforepdf.cfm?PubID=1876

9. The Lord & Benoit Report: Do the Benefits of 404 Exceed the Cost? Available at: http://www.section404.org/pdf/Lord%20&%20Benoit%20Report%20Do%20the%20Benefits%20of%20404%20Exceed%20the%20Cost.pdf

10. Willard B. The Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line.

11. International Standards of Corporate Security Available at: https://www.proquest.com/openview/a6a0da08523ccaee7e53d9a629cf8c76/1?pq-origsite=gscholar&cbl=2029173

12. Improving the Quality of Decision-Making Available at: https://opentextbc.ca/principlesofmanagementopenstax/chapter/improving-the-quality-of-decision-making