Methodical Approaches to Analysis of Corporate Efficiency

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The approaches to the effectiveness of joint-stock company management were systematized on the basis of targeted, systemic, internal organizational and competitive approaches. The effectiveness of enterprise management in the corporate governance system as a balance of interests of participants of corporate relations is determined and substantiated. An analysis of the application of corporate governance ratings to evaluate corporate performance has been conducted.

Performance criteria were a set of goals that ranged from 10 to 30 across different sources. The overall list of criteria was purely informative, since the criteria listed may not be equally important for all businesses, each setting its own strategic goals, which it evaluates to specific criterion efficiency. The most comprehensive list of criteria is summarized in tab. 1 [1; 2; 3].

Table 1

Enterprise Performance Criteria

General criteria	Organizational criteria	Market criteria
Productivity	Job satisfaction	Company growth
Profit	Motivation	Flexibility / adaptation
Production quality	Moral influence	Stability
Capital management	Control	Reaction to the market
Increase in turnover	Internal organizational development	Impact on the environment
Research and development	Personnel development management	Uncertainty reduction
Evaluation of successes and achievements	Information management	Business processes
Planning and meeting goals	Compliance with regulations and regulations	Market expansion

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Many of the criteria are in general competing and contradictory, so a comprehensive assessment of effectiveness becomes impossible. The ordering of criteria based on the most frequent mention by managers of effectively operating enterprises was done by B. Senor [4, 211] (tab. 2).

Table 2

The most common performance criteria

Evaluation criterion	Number of companies (out of 17), which named the criterion	Percentage of the total
Flexibility-adaptability	10	59
Performance (issue)	6	35
Job satisfaction	5	29
Profitability	3	18
Fighting for scarce resources	3	18
Lack of organizational tension	2	12
Control of the environment	2	12
Staff development	2	12
Productivity	2	12
Save staff	2	12
Growth	2	12
Integration of individual and organizational goals	2	12
Open communication	2	12
Survival	2	12
Other criteria	1	6

However, attempts to apply a purely statistical approach without taking into account the socio-economic conditions of the external environment and the organizational characteristics of the internal environment have produced results that are situational in nature and change with each new survey. In addition, this approach does not answer the question of how to evaluate performance, how to analyze the reasons for its increase or decrease, what factors contribute to, and which impede the effective operation of the corporation.

The current level of development of the theory of efficiency demonstrates the polymorphism of its definition and application for analytical evaluations and managerial decisions, and necessitates the definition of appropriate types of efficiency, each of which has some practical value. In agreement with this view, it is considered appropriate to summarize the diverse aspects of performance appraisal that are encountered both in theory and in business practice. The general classification of types of assessments by certain features is shown in fig. 1.

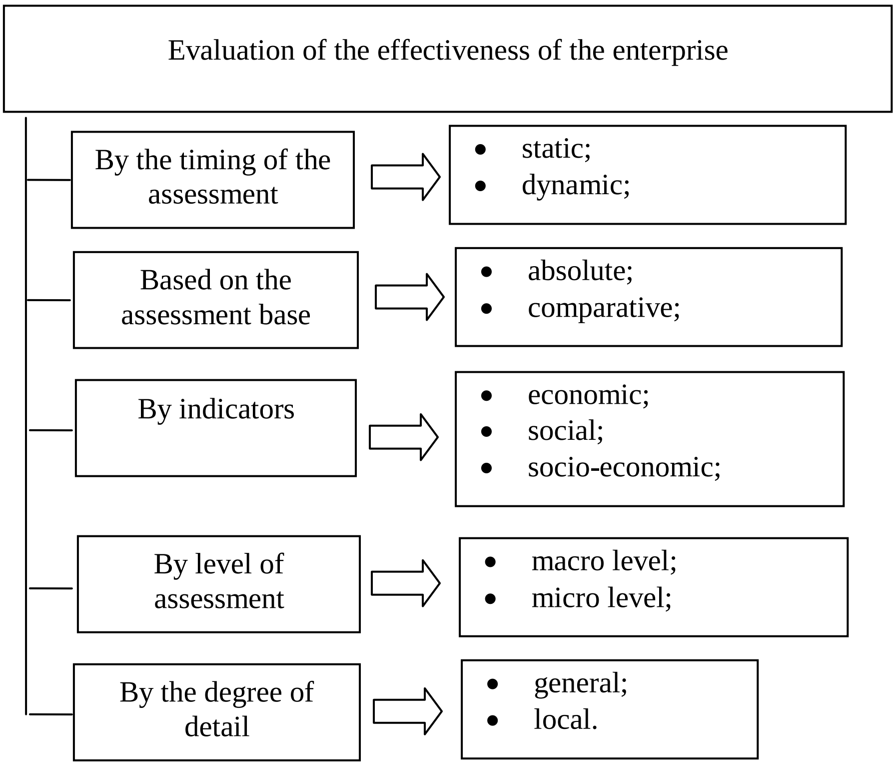

Fig. 1. General classification of types of performance appraisal enterprises

From the point of view of a systematic approach, any organization, and therefore its effectiveness, can be considered in static and dynamic aspects. Static performance criteria characterize the conditions, methods and results of maximizing the objective function, above all, profit [5]. Thus, within the classical economic model, it is assumed that any enterprise exists in order to maximize profit.

In a dynamic aspect, the organization is seen as an institute pragmatic in origin but organic in change and development. Many firms start their operations in a relatively stable environment and rely on static performance criteria. Changes in the external environment create conflicts between the set goals and the adopted market-oriented strategy. The concept of dynamic efficiency is closely linked to the life cycle of the organization. Corporations are created, developed, stabilized, aged, liquidated or reorganized. Moving from one phase to another is a continuous process that changes the goals and parameters that need to be taken into account when evaluating performance.

Another aspect to consider in approaches to determining efficiency is the choice between absolute and comparative efficiency. In the first case, the task of assessing the use of resources, the impact of organizational and economic changes, internal and external factors on the effectiveness of structures and processes is solved. In the second case, a comparison is made of different enterprises in order to determine the effectiveness of the activity of a certain enterprise in comparison with similar in the industry.

Micro-organizational performance in organizational theory is often called productivity and addresses the following assessment tasks:

internal rationality of the control apparatus (provision of controllers with information, cost of information processing, speed of decision making, level of control of execution, reliability of functioning);

system potential (adaptability, flexibility, growth capacity);

internal economic efficiency (rate of return on capital, productivity of labor, cost of production);

quality of organizational behavior (level of organizational culture, absence of conflicts, degree of motivation of employees, degree of satisfaction of employees, staff turnover).

The notion of efficiency in Western literature is relevant to the process of interaction with the external environment. In organizational theory, efficiency is the degree to which an organization achieves its strategic (external) goals. The typical tasks of such a macro-organization are: survival of the enterprise in competition; achieving long-term sustainable income; increase of growth rate of the enterprise; customer satisfaction; provision of resources; increasing the degree of control over the environment; performing social and political functions; stable financial position; increase in total sales, product quality; maintaining or increasing market share.

In the Interdisciplinary Dictionary of Management [6, 305,478], performance is defined as the desire of the organization to "do the right thing", more efficiently than following "really done actions".

Thus, if the external landmarks (goals) are set correctly, it is necessary to determine the optimal ways to achieve them. In different organizations, performance can lead, depend on, or concede to performance in the parametric evaluation of an enterprise.

In terms of coverage of the output of social production and the cost of social labor, efficiency can be considered as general and local. The first gives the ratio of the components of efficiency defined in full, in full, the second − describes the ratio of only individual elements that are included as components of the result of social production and costs of social work.

In the theory and practice of management today are discussed two concepts of performance evaluation: the first is based on financial (economic) indicators, the second − on the qualitative factors of success of the strategy and behavior of the corporation in the market, which include social, organizational and social indicators. In the first case, businesses are clearly focused on financial results. Of course, the universal indicator of processes that take place inside and outside the enterprise is profit. A. Blank reasonably attributes the profit to the criteria of efficiency of both a specific production activity and to the main internal source of formation of financial resources of the enterprise [7, 13]. But the use of this metric alone to measure cost effectiveness has some drawbacks. Among them is the ability to manipulate the amount of profit received through depreciation accounting, inventory valuation, cost accounting; focusing on temporary benefits through a long-term strategy and enhancing the enterprise's future potential; poor informative value about the corporation's prospects, not its past achievements.

The composition of financial performance indicators, both qualitative and quantitative, depends on the purpose of the study. For industrial enterprises of Ukraine it is proposed to use the following system of grouping of indicators:

indicators of financial stability, which characterize the degree of dependence of the company on the creditors;

indicators of liquidity and solvency, which characterize the ability of an enterprise to fulfill its financial obligations to counterparties and the state;

profitability indicators that allow you to compare profits with invested funds;

business activity indicators that show a measure of efficiency of use of fixed and working capital [8; 9].

On the basis of financial corporations for the estimation of the given groups of indicators the analysis is carried out: the structure of costs for production and sale of goods of profitability; asset liquidity (short-term liquidity, long-term liquidity); asset structures; receivables; structures of financial resources; debt structures; accounts payable (current debt, long-term debt); own funds; stock returns; cash flows; market conditions.

Cost-effectiveness assessment provides a clear focus on the financial result, but may also be limited. This assessment can be supplemented in terms of the concept of qualitative assessment of the functioning of the corporate sector, which is aimed at meeting the interests of stakeholders and includes both economic and social, organizational, ethical, social indicators. The system of international corporate governance standards, which is primarily based on the principles of corporate governance of the Organization for Economic Cooperation and Development, requires corporations to comply with such criteria as: honesty, transparency, accountability, and accountability.

It is in these areas that the corporate practice of international corporate governance provides a comprehensive assessment of the organization of corporate activities. Corporate governance ratings are the basis for assessing the legal basis for regulating corporate relations, the state of the current corporate governance system both in the corporation and in each country.

On the basis of all the considered spectrum of definitions of the effectiveness of corporate governance, we will summarize from a methodological point of view the main approaches to its evaluation, among which are the target, systemic, organizational, competitive [10].

Targeted approach is one of the modern tools of comprehensive and comprehensive assessment of organizational effectiveness, widely used in management practice. The basic idea is that the effectiveness of an organization is determined by its ability to achieve its goals. Traditionally, corporate goals include sustainability criteria, such as financial stability (solvency, liquidity and turnover), resource conservation (material, monetary, labor, information). The persistent interest of the enterprises towards the goals related to the internal organizational processes remains: development of the management system, planning of organizational changes, reforming the structure, improvement of the organizational culture.

The systems approach defines a corporate enterprise in evaluating performance as an open system. This view emphasizes the interaction between different parts of the corporation and the external environment because they jointly affect efficiency. Maximizing the criteria dictated to the enterprise by the external environment ensures its survival in a market space.

In the system aspect, there are four main categories that affect performance: 1) organizational characteristics (structure and technology); 2) environmental characteristics (economic and market conditions); 3) peculiarities of organizational behavior (level of executive discipline and organizational culture); 4) features of management style and methods of administration. These four groups of variables need to be interrelated in order to achieve the overall effectiveness of the organization.

The systematic approach to solving the problem of performance evaluation is expressed in the following:

considering the enterprise as an open system and sharing the characteristics of its external and internal efficiency (in terms of environment and resources);

performance evaluation covering all major systems components (outputs, inputs, transformations and feedback);

the transition from single-criteria to multi-criteria effect-evaluation;

use of system-wide and special characteristics: indicators of achievement of results and indicators of system status, search of ways of agreement of criteria.

The systematic approach to organizational performance evaluation is more comprehensible to managers because it focuses on the means of achieving the goal rather than the evaluation of the goal itself. Managers are more likely to plan processes, rather than expecting fast and accurate results from their operations. They are concerned with the sustainability and survival of the enterprise over the long term, rather than achieving concrete results for the given period. The greatest advantage of the system approach is when the goal is not precisely defined and can be altered in the course of more or less successful actions of managers or changes in the external environment. In other words, when "the game is more important than the result".

The intra-organizational approach defines efficiency as internal co-ordination, stability, coordination of all processes in which set-tasks will be performed in an optimal way at minimal cost. At the heart of the organizational approach is the type of enterprise, control and coordination system, the degree of centralization and regulation adopted by the organization.

In corporations of the bureaucratic type, the common criteria of organizational effectiveness, defined by J. Ober-Krye [11], are: unity of management, unity of subordination, limitation of the number of subordinates in one manager, division of labor, definition and consolidation of functions, optimizing the number of management levels, division responsibilities, powers and responsibilities, optimal balance between centralization and decentralization, quality and speed of information support, reduction of errors in management decisions, reducing the time of solving management problems, reducing costs.

Adaptive-type corporations achieve competitive advantage through the following criteria:

creating a strong corporate culture and a positive organizational climate;

adherence to group spirit, group loyalty and group work;

ensuring confidentiality, trust and effective communication between employees and managers;

making decisions based on information from sources located at any level of the organizational structure;

blurring of horizontal and vertical connections;

opportunity for business growth and development, creation of effective working groups;

interaction between the corporation and its parts in order to develop unified design solutions for the benefit of the organization;

management flexibility, quick response to internal and external changes.

An intra-organizational approach is an effective tool for ensuring and evaluating the harmonious functioning of a corporation at the level of interpersonal and intergroup relations, where the human factor is a source of competitive advantage.

The competitive approach depends on the criterion of effectiveness on whose interests that criterion meets. Not surprisingly, shareholders, suppliers, customers, managers, staff of different divisions view the corporation from different angles. It is difficult to call the "best" criterion for evaluating the effectiveness of the corporation, because there is no single agreed purpose with various economic agents whose goals are subjective.

An economic agent (participant in corporate relations) can be referred to as a group within or outside corporations, which is related to their operation and, as a rule, has part of the capital (in the form of shares, loans, salaries). According to the competitive approach, the effectiveness of the corporation can be evaluated as the degree of satisfaction of the interests of the stakeholders. However, each participant has its own performance criterion, which corresponds to its different interest in the corporation's activities. In general, the activities of a corporation can be seen as the result of a small number of economic agents directly interested in its results.

Table 4 provides a list of performance criteria from the point of view of different groups of participants in corporate relationships.

Table 4

Performance criteria for different stakeholder groups

Stakeholders	Performance criteria
1. Owners	Financial results (profit, dividends), increase in income
2. Employees	Job satisfaction, salary, social programs
3. Customers	Price, quality of goods and services, service
4. Lenders	Creditworthiness, liquidity
5. Society	Contribution to public affairs, charity
6. Suppliers	Benefits of transactions, terms of payment
7. State	Observance of the law, payment of taxes

The modern use of a competitive approach to organizational effectiveness is based on the choice of strategic partners in the external environment, which most depend on the existence of the corporation. In this approach, the focus is not on meeting the requirements of all stakeholders, but only strategic ones that can threaten the survival of the enterprise. The effectiveness of a corporation in the context of a competitive approach is determined by the availability of sufficient capacity to meet the requirements and expectations of partners, including strategic ones.

If a targeted approach views corporations as rational and purposeful objects, then a competitive approach will orient the corporation to meet the requirements of those critical strategic partners on whom its survival depends. A corporation can have many strategic partners with different requirements and degrees of influence, each of them also having a unique set of values and goals that can hardly be reconciled. The first steps of managers using a competitive approach to organizational performance should be focused on identifying strategic partners. This list should then be streamlined and each partner assigned a weighting factor for organizational performance. The goals and expectations of the partners themselves for the organization under consideration are then defined. These goals should be defined both qualitatively and quantitatively. The effectiveness of the organization in the context of a competitive approach is determined by the availability of sufficient capacity to meet the requirements of partners, including strategic ones.

Each of the presented approaches to performance evaluation has its own advantages and disadvantages and can be useful in a certain management situation under the current conditions. Comparison of different approaches by the criterion of their application is given in tab. 5.

Table 5

Comparison of approaches to assessing organizational performance

Approach	Essence	Application
Target	Achievement of goals organization	Goals are defined, limited and measurable
System	Resource efficiency	Resource connection is established (input) and output (output)
Intra-organizational	Management structure of the organization	Weak dependence of the organization on the external environment, emphasis on internal processes
Competitive	Protection of interests stakeholders	Strong dependence on economic agents, participants in the process of functioning of the corporation

Improving the efficiency of the corporation and creating a stakeholder interest balance stimulates the well-being and development of society, creates and maintains a business environment, maximizes profit and return on investment, ensures long-term productivity growth. Achieving corporate governance effectiveness ensures that the interests of corporations, investors, and society are aligned, limiting abuse of power, transferring assets, financial and moral risks, wasting corporate resources, which may be the result of beneficial behavior of corporate insiders to the detriment of investors and society.

Assessment of the quality of corporate governance with the use of consideration of those targeted, systemic and internal organizational approaches has its advantages, but it is complicated by the divergence of interests of different groups of participants in corporate relations. Therefore, it is considered appropriate to use a competitive approach to identify the goals of participants in corporate relationships, which is a poorly researched problem, and then to evaluate the effectiveness of achieving strategic goals by known and widely used methods in the literature.

The groups of participants in corporate relations that are most influential in the strategy and development of the corporation include business owners (shareholders) and senior executives who form the basis of government structures. Real corporate governance is carried out by the structures of property management (general meeting of shareholders and the supervisory board) and the executive body of a joint-stock company (sole or collegiate board). Assessment of corporate governance effectiveness is made precisely on the results of the activity of governmental structures, but such assessment is difficult to formally, quantitatively or logically describe. The competitive approach enables to assess at a meaningful level the effectiveness of the corporation from the point of view of stakeholder groups (participants of corporate relations) and the effectiveness of the activity of governmental structures by means of corporate governance ratings [12].

Among the participants in corporate relations, we identify groups of financial and non-financial investors. In the group of financial investors shareholders and creditors acquire the most importance in the corporate governance system both in Ukraine and abroad. Lenders are more cautious about valuing risky investment projects because they incur most of the losses if the investment is ineffective. If, on the contrary, the project is successful, the owners will enjoy high profits. The requirements for administrative control by different groups of financial investors also differ, which sometimes makes a difference in the quality of corporate governance.

Another stakeholder group may be referred to as non-financial investors, including employees investing their work; suppliers that invest material resources; a society that invests public trust by waiving tax revenue for the benefit of corporations. Their assessment will also be different, because sometimes positive processes in a company's development lead to negative consequences for people and the environment.

The control and evaluation of the corporation's activities are related to a rather complicated procedure for defining quality criteria, which is agreed by most specialists in the field of corporate governance [2; 13; 14; 15]. Classification of participants in corporate relations V. Grinova and O. Popova defines the differentiated structure of goals by financial, internal organizational and social characteristics, which proves the diversification of interests of stakeholders [3].

First of all, the criteria for successful activity are the main indicators of the financial condition of the company. For financial investors, an objective evaluation of a joint-stock company is its financial performance, which is analyzed in the annual report, including: maximizing the market value of the firm; increase in sales; profit maximization; cost minimization; ensuring profitable activities; increase of liquidity of assets; increase of own funds of joint-stock company; maximizing stock returns.

With almost different representatives of the financial investor group, different views on the effectiveness of the corporation and therefore the criteria for economic efficiency. The information that is of most interest to the various groups of participants in corporate relations, and hence their view on effectiveness, are presented in tab. 6.

Table 6

The most important information for stakeholders in Corporate governance system

Stakeholders	Performance criteria
Shareholders	Return on equity
Managers	Resource efficiency, profitability of the enterprise
Suppliers	Solvency and financial stability of the enterprise
Credit institutions	Timely and full repayment of the loan, liquidity and solvency of the company
Investors	Payback, long-term contracts
Public administration	Financial stability, profitability, implementation of investment projects

The achievement of the goals of the participants of corporate relations depends on their close cooperation with the governing bodies of the joint-stock company, especially concerning participation in the work of the supervisory board, whose activity should be aimed at: the survival of the corporation in the conditions of competition; the prevention of bankruptcy and large financial losses; leadership in the fight against competitors; maximizing the market value of the corporation; increase in sales; profit maximization; cost minimization; ensuring profitable activities. A look at performance criteria is determined not only by belonging to a particular stakeholder group, but also by the existing corporate governance model in the country.

According to the Anglo-American Corporate Governance Model, performance is the shareholder income, which is the goal of business activity, not a criterion for allocating resources as in the Western European model. In the Western European model, boards of directors should ensure the long-term prosperity of the company. This task requires a focus on organizing strategic control over the company's operations and putting into action measures that open the long-term perspective to its development. The role of the stock exchange in assessing the quality of corporate governance is negligible [2]. The Japanese model is focused on completely different indicators; it is a positive image of companies, stability of existence, influence on the government, social status of employees.

Non-financial investors view the stability and effectiveness of corporate governance as a factor that is no less important, and often even more important than financial performance. Shares of corporations are more valuable, in which the practice of supervisory boards and boards is based on the principles of international standards, which gives investors the opportunity to control the activities of executives and influence the most important decisions.

The composition and nature of the non-financial performance criteria is a matter that is purely subjective, depending on the purpose of the individual or entity making the assessment. The evaluation of the corporation's activities should aim at identifying the factors that contribute to the success of the company in the market, as well as the indicators that limit the chances of success.

To obtain an integrated evaluation of the performance of a corporation in terms of competitive approach, it is proposed to use the method of constructing multidimensional diagrams. However, in this case, a survey of experts representing different stakeholder groups will lead to different configurations of the multifactor profile. The diagram (fig. 2) shows the valuation of a generalized corporation in terms of financial and non-financial investors. The intersection of the outlined planes gives many goals that will satisfy both groups of investors and determine the area of coincidence of their interests.

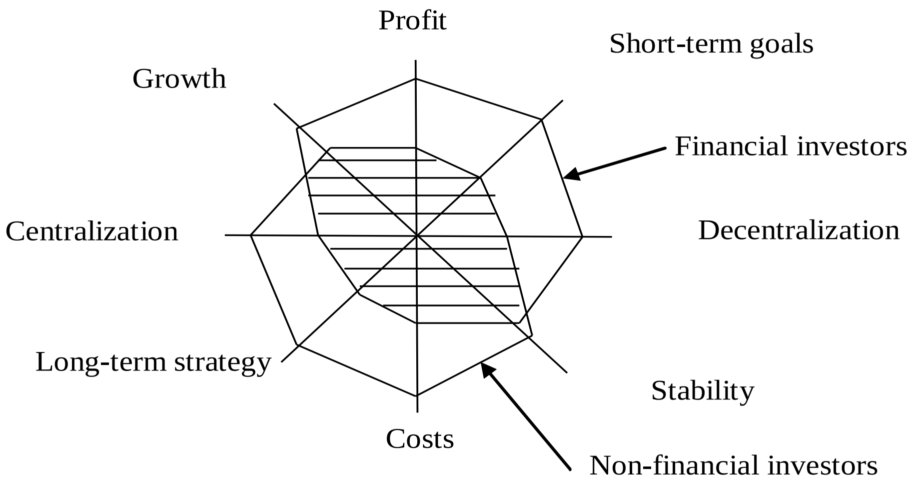

Fig. 2. Multifactor Corporate Performance Assessment Profile for Financial and Non-Financial Investors

If a corporation can identify its strategic partner (s), then the statement and achievement of the goals of the corporation must be consistent with the requirements, goals and values of that particular partner, on which the survival of the firm depends. The list of other partners should be outlined with the weighting of the impact on the corporation. The goals and expectations of the partners with the maximum coefficients in the resulting list can be represented by the intersection area in the multidimensional diagram.

A particular problem for the corporation is the selection of strategic partners in the external environment. The market environment is changing rapidly and today's strategic partner tomorrow has little impact on the corporation. Another problem is obtaining and analyzing reliable information regarding the true goals and expectations of strategic partners.

When establishing the criteria for the effectiveness of joint stock management, there is a different approach of representatives of owners in management (non-executive directors) and representatives of management (executive directors). In the Ukrainian corporate governance model, these groups are represented in the supervisory board. The members of the supervisory board are less experienced in the affairs of the company, they are not specialists in production, marketing, management, technology, do not have a certain level of knowledge in accounting and finance. But key decisions about a firm's development strategy are endorsed by them, and at times it leads to conflicts in capital management.

To resolve conflicts and resolve conflicts, both members of the board and board members should pay particular attention to the performance criteria that may depend on the survival of the corporation. The Supervisory Board, as a shareholder representative, must closely monitor the cash flow of the company; to evaluate the work of managers and the promotion of initiatives aimed at the future development of the company [12]. Although survival issues may be a matter of major concern, the board should nevertheless direct the company's management to develop and justify a decisive shift in its operations to achieve long-term stability and development.

The proposed methodology can be used to evaluate one group of stakeholders (creditors, shareholders, suppliers, state, society, management) of different corporations [16]. According to the results of the survey, the rating of corporate governance effectiveness in companies both in Ukraine and in international business is compiled. Corporate governance ratings are the basis for assessing the legal basis for regulating corporate relations, the status of the current corporate governance system both in the corporation and in each country.

One of the first developments in the field of corporate governance evaluation was the rating of the international agency "Standard & Poor's" [17]. Standard & Poor's Corporate Governance and Rating Services offered an analysis of the interaction between a company executive, board of directors, shareholders and other stakeholders.

Corporate governance analysis should be conducted in the following areas:

1. The state of corporate governance in the internal environment of the company that is an analysis of the effectiveness of interaction between the manager, board of directors, shareholders, managers and employees of the company. The main object of study is the internal structure and methods of corporate governance in the company, the relationship with the best examples of world practice. However, outside this analysis, external stakeholders remain: the public, local government, the state, consumers and suppliers.

2. The state of corporate governance in terms of external environment-higher that is an analysis of the effectiveness of legal, regulatory and information infrastructure of a particular country. The object of study is the degree of possible influence of external factors of the macroeconomic level on the quality of corporate governance in a particular company.

The quality of corporate governance at the heart of the rating should be based on the main components that help to create a balance of interests of stakeholders, namely:

1 Ownership structure (transparency of ownership structure, concentration of ownership and ownership influence).

2. Relations with financially interested parties (regularity of holding shareholders 'meetings, possibility of taking part in them and receiving relevant information; voting procedures and regulations for holding shareholders' meetings; ownership rights − registration and transfer, equality of ownership rights).

3. Financial transparency and disclosure (accepted disclosure standards; timeliness and availability of disclosed information; auditor's independence, status).

4. Structure and methods of work of the board of directors and the head of the company (structure and composition of the supervisory board, its role and effectiveness; policy on remuneration, evaluation of the results of work and positions of directors and managers).

In addition to general ratings, it is advisable to draw sub-ratings on various aspects of corporate governance (disclosure of information; shareholder structure; board of directors and executive management bodies; basic shareholder rights; no risk; history of corporate governance).

The basic principle of corporate governance is the disclosure of information, which is a tool for measuring the transparency of a company. This group should consider issues related to the Company's compliance with the requirements of the securities market disclosure legislation and the provision of additional information on a voluntary basis in order to better inform its stakeholders. The information provided by the issuer should be sufficient for stakeholders to be able to understand the activities of the company.

In determining ratings, it is necessary to investigate issues related to the disclosure of additional information on a voluntary basis in order to better inform stakeholders about their activities. The first is to determine whether the company provides shareholders with any additional information beyond the statutory requirements, any clarifications regarding its activities, or discloses information about the strategic areas of its activities, etc. It is assessed whether the shareholders have the opportunity to ask the company questions and receive answers.

Assessment of the capital structure allows determining the extent to which the shareholder has the ability to navigate the structure of the company's share capital, to assess the risks associated with the ability to make decisions in the interests of certain identified groups of shareholders. In order to evaluate the structure of the share capital, it is necessary to analyze the information provided by the company, determine whether the information disclosed by the issuer allows making a conclusion about the composition of the shareholders, as well as the concentration of a controlling interest in the ownership of one person or group of related parties.

In the corporate governance system, the supervisory board is given an important role as a mechanism that ensures the management of the company in the interests of shareholders. It is assumed that the board of directors is responsible for the strategy of company development, controls the activities of managers, supports the operation of the internal regulation of the company to ensure the reliability of investments of its shareholders, as well as the assets of the company. The assessment of the board of directors and management can be carried out on the basis of an analysis of the charter and internal regulations of the company governing the activities of its governing bodies. In particular, the compliance with the procedure of election and termination of powers of management bodies to the requirements of the legislation is examined.

In addition, the role of the supervisory board in managing the company should be evaluated; to consider issues related to the division of powers between the board and the executive body of the corporation; to keep track of the periodicity of meetings of the council, participation in the voting of all members of the council, issues discussed at the meetings. On the basis of the charter and other documents governing the activities of executive bodies, issues that are within their competence are analyzed.

Corporate governance should ensure the protection of shareholder rights and equal treatment of all shareholders, including small and foreign ones. In determining the ratings, it is necessary to evaluate how the company protects the fundamental rights of shareholders as defined in the OECD Core Principles of Corporate Governance, the Principles of Corporate Governance in Ukraine, in particular voting rights (participation in general shareholders' meetings) and the right to receive dividends.

The risks of "erosion" of the shareholders' share in the authorized capital, transfer pricing, withdrawal of assets, bankruptcy, reorganization, the possibility of changing the corporate structure of the company, as well as the risks associated with participation in state-owned joint stock companies as a shareholder should be separately assessed. In order to eliminate the possibility of "erosion" of the shareholder share as a result of the issue, it should be established to which competence the issues of increase of the authorized capital are assigned, whether there is a ban on payment of the placed shares by non-monetary means, or there are other provisions that prevent the "erosion".

Corporate governance should provide investors with sound methods of registering property rights. The protection of the shareholder's property rights is ensured by the transfer of record keeping to an independent specialized registrar. As the issue activity of joint-stock companies directly affects the rights of shareholders, during the evaluation of the company it should be clarified whether there were cases of refusal in state registration of issue of shares; whether inspections were conducted on complaints of shareholder rights violations.

Many corporations create their own ratings of their corporate partners, tracking not only the financial position of enterprises, but also the state of corporate governance in them. The analysis of such information has become a necessary part of a business partnership, because in the process of ownership and management of the main criteria of the company are not so much financial indicators, as the structure of management of the company and the structure of its external environment, including the influence of the public, state and local administrations.

In Ukraine, the first step towards the creation of a corporate governance appraisal system was the adoption of "Best Practices for Corporate Governance for Joint Stock Companies of Ukraine" and "Principles of Corporate Governance of Ukraine" developed by the State Commission on Securities and Stock Market [18; 19].

Assessment of the quality and efficiency of corporate governance in Ukraine can be done by a system of comparing the practice of a particular company with the best practice in the following areas outlined in the mentioned documents.

1. Shareholders' rights and their proper protection (free disposal of shares, profit sharing, participation in the management of the company, timely and regular receipt of information, requesting an audit, equal treatment of shareholders and protection of minority interests).

2. Disclosure of information (timely and complete disclosure by a joint stock company of regular and special information (financial status, results of operations, significant transactions, reorganization, owners and management).

3. General meeting of shareholders (shareholders' rights regarding general meeting, competence of general meeting, information materials, agenda, registration, terms and place of holding, vote count, etc.).

4. The Supervisory Board and its role (powers and exclusive competence, rights and responsibilities of the members of the board, the order of work, regulation of issues of activity in internal regulations, membership, composition, internal rules).

5. Company agreements (approval of significant general meeting agreements, interrelated agreements, interest in the agreements and acquisition by the company on its own initiative of shares from shareholders).

The analysis of corporate governance effectiveness by means of ratings helps to assess the real state of affairs in the field of corporate governance, both in companies and in countries with market and transition economies. Identifying the positives and negatives, financial and non-financial risks will allow investors to make informed investment decisions and to improve the existing corporate governance system for company executives.

An important place in corporate governance is to evaluate the effectiveness of corporate governance. The paper defines and theoretically substantiates the notion of effective management of a joint-stock company. It offers targeted, systematic, internal and competitive approaches to its analysis, which consider the corporation as a rational purposeful object, which has a certain potential to meet the requirements of strategic partners, resolve corporate conflicts and achieve a balance of interests of stakeholders in the corporate governance system.

Improving the efficiency of the corporation and creating a stakeholder interests stimulates the well-being and development of society, creates and maintains a business environment, maximizes profit and return on investment, ensures long-term productivity growth. Therefore, in a competitive approach, we propose to evaluate the performance of financial and non-financial investor groups.

The method of assessing the state of the current corporate governance system both in the corporation and in the country should be considered corporate governance ratings, for which according to the systematic approach the main components of the analysis of the activities of joint-stock companies (ownership structure, relations with stakeholders, financial transparency and disclosure, structure and management practices).

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