

CORPORATE RELATIONS IN THE ASPECT OF CIVIL LAW

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Abstract: *The article analyses the place of corporate relations in the system of civil law. The relevance of the problem under study is determined by the lack of a clear definition of the concept and essence of the corporation in the legislations of the countries of the post-Soviet space, in contrast to the laws of foreign countries. The task is to determine the main criteria for assessing modern corporate relations from the point of view of existing civil law. A comparative analysis of the essence of corporate relations in Ukraine and abroad was conducted, their place in the system of civil law relations was determined. An objective assessment of the results obtained during the study is given, the prospects for research in this area are indicated. The relevance of the topic is due to the lack of a clear definition of the concept of corporation and corporate relations in existing regulations of civil law. In this regard, there is uncertainty in the interpretation of the concept of corporate relations from the point of view of the current legislation. In this paper, the task is to conduct a study of corporate relations in the aspect of the current civil law of Ukraine, as well as the countries of Europe, Central Asia and the United States, with the aim of determining the main criteria for designating these relations in relation to current regulatory legal acts. The method of comparative analysis of the work of domestic and foreign researchers in this field was selected in order to identify general trends in assessing the topic under study. The current legislation in the field of civil law governing the activities of corporations and corporate relations was evaluated. The applied value of this material is to identify the main criteria for the compliance of corporate relations with civil law with a view to the subsequent application of the results in a practical aspect. Also, of practical legal value is the comparison of existing laws governing civil law in Ukraine and countries taken for comparison.*

Keywords: legal entity, normative act, form of ownership, society, union, public relations.

The history of the emergence and development of corporations is rooted in antiquity. The first forms of entrepreneurial activity were defined back in ancient Rome and, according to Roman legal tradition, the corporation had the legal form of *corpus habere* or *universitas*. This means the rights of a legal entity. It should be noted that Roman law did not define the concept of a legal entity, as a result of which these entities could not be endowed with a legal personality equivalent to individuals¹. In the modern objective realities of the domestic and foreign legal field, the corporation acts as a generally accepted form of structural identification of a legal entity.² However, the type of legal system existing in the country and its application for the subjective expression of the form of civil law relations fills the concept of a corporation and the

¹ V.V. Vitryansky, "Binding Law. Volume 4", in E.A. Sukhanov ed., *Civil law: In 4 volumes*, Valters Cluver, Moscow, 2006.

² M. Rojszczak, "Surveillance, legal restraints and dismantling democracy: Lessons from Poland", in *Democracy and Security*, 2021, vol. 17, no. 1, p. 1-29.

relations adopted in it with different meanings³. An Anglo-Saxon legal tradition, particularly in the United States, identifies a corporation as a legal entity. In particular, V.V. Rudenko, exploring the nature and distinguishing features of corporations in Ukraine and abroad, notes that in the United States the name “corporation” means a wide range of legal entities⁴.

In Russia, in comparison with foreign experience, the history of the development of corporations and the formation of corporate relations over time is relatively insignificant. The corporate form of establishing legal relations, characteristic of a corporate one, appeared in the country only after the unification of Russian legislation with European legislation at the turn of the 17th-18th centuries. It is precisely at this time period that the emergence of the first forms of entrepreneurial activity (partnerships, artels, companies, etc.) occurs. Legal literature offers various approaches to corporate relations issues. They are perceived differently by researchers who put a wide meaning into this concept. Some researchers interpret corporate relations as public relations, having the task of organising and conducting activities to jointly achieve common goals — corporate (union) activities, including family relations, peasant farming, joint ownership entities, participants in associations, partnerships, societies, etc. Other legal experts understand corporate relations not only as internal relations, due to the activities of founders, but also external relations arising in connection with educational activities, the emergence, development and termination of corporations, their functioning as business entities, legal entities, by issues of civil regulation of their activities^{5,6}.

In particular, V.A. Belov expressed the opinion that the civil law form of corporate relations is not determined by corporate legal relations. He believes that the only civil law (legal) form of actual membership in the organisation is corporate legal capacity. From his point of view, the corporate relationship does not contain subjective rights that oppose legal obligations: the right to membership in a corporation implies only the right to own actions and it cannot be considered a prerequisite for the emergence of classic intra-corporate civil relations. Corporate relations are endowed with the scientist

³ N.S. Kuznietsova, O.V. Petryshyn, D.S. Pylypenko, “The civil code of Ukraine - A reliable regulator of civil relations in civil society”, in *Global Journal of Comparative Law*, 2021, vol. 10, no. 1-2, p. 5-15; H.B. Pohrishchuk, R.Ye. Voloshchuk, “Content and functional purpose of the duty in modern conditions”, in *Scientific Bulletin of Mukachevo State University. Series “Economics”*, 2021, vol. 8, no. 3, p. 123-133.

⁴ V.V. Rudenko, “Corporations in Ukraine and abroad: essence and characteristic features”, in *Scientific Bulletin of Uzhhorod National University, Series: International Economic Relations and the World Economy*, 2015, vol. 4, p. 48-53.

⁵ Zh.V. Zavalna, M.V. Starynskyi, “Innovations in the legal regulation of contracts for the provision of financial services”, in *Legal Horizons*, 2021, vol. 14, no. 1, p. 72-77.

⁶ V. Asipi, B. Duraković, “Performance Analysis of B2B and B2C companies in Northern Macedonia and Serbia”, in *Heritage and Sustainable Development*, 2020, vol. 2, no. 2, p. 89-99.

theses about “common interests, goals”, “unity of views on the means of achieving goals” and are characterised by their very blurred content, shaky in time and unsuitable for use⁷. Domestic civil law doctrine has developed a common position, according to which the corporation is a legal entity based on membership. This understanding is dictated by the initial idea of the essence of the corporation, formed in the works of the classics of social sciences. A similar concept was developed by German public analysts. It implied the legal construction of the corporation as a legal entity, the principle of functioning of which is based on membership, participation⁸. Corporate relations are governed by civil laws and constituent corporate documents. These relations remain relevant only for the period of the existence of corporations and their membership in them. It can be said that corporate relations are an integral part of the subject of civil law and are one of its constituent parts. In addition, corporate rights are civil rights and all accepted provisions of civil law apply to them. In particular, this concerns issues of the emergence, implementation and protection of civil rights⁹.

Corporate relations are an integral part of legal relations that arise in the course of legal regulation of property relations. The relevance of assessing corporate relations from the perspective of legal science is emphasised by many researchers. It should be noted that for civil legal science corporate relations are of great importance. The development of the concept of civil legal relations, a clear designation of their structure, and the characterisation of individual constituent elements is a prerequisite for understanding the nature of corporate relations.

Literature review

Theoretical and practical studies of the assessment of corporate relations from the standpoint of existing civil law have been conducted for a long time. In post-Soviet civil legislation, this problem has been actively discussed since the emergence and development of the institution of legal entities. Researchers are offering various options for determining corporate relations in the aspect of civil law. So D.V. Lomakin defines corporate legal relations as a collective category, which includes two types of legal relations: participation (membership) of corporation members in its activities and derivatives of these

⁷ V.V. Knysh, I.M. Klochkov, S.I. Motrunich, A.G. Poklyatskyi, “Influence of irregular cyclic load on fatigue resistance of thin-sheet welded joints of heat-strengthened aluminium alloys”, in *Paton Welding Journal*, 2021, no. 1, p. 7-11.

⁸ A.V. Doygan, D. Piskareva, “History of the development of legal regulation of corporate relations”, in *Social and humanitarian knowledge: history and modernity, materials of an international practical conference*, MSTU, Murmansk, 2015, p. 65-68.

⁹ V.A. Shatrova, M.V. Rukavishnikova, “Corporate relations in civil law”, in *Modern High Technology*, 2013, vol. 6, p. 123-127.

relations (dependent legal relations)¹⁰. Legal relations of membership are interpreted by Lomakin as “unified, complex, intra-organisational property relations established by civil law rules that arose between a legal entity that was based on membership rights (a corporation) and its participants, at the time they received participation rights ...”¹¹. F.K. Savigny represented legal capacity that coincided with the concept of an individual. He also considered it as extending to artificial entities called by them legal entities. The researcher believed that along with an individual, the carrier of legal relations should also be considered in it¹². He also believed that among the legal relations of legal entities should be highlighted: obligations, property, acquisition through inheritance. He defined the concept of a legal entity as “... an artificially assumed subject capable of property rights”¹³. The essence of legal entities is expressed here exclusively as a property of private law – the ability to property rights.

The idea of corporate pluralisation of organisational and legal forms of a legal entity is upheld in the works of E.I. Zozulyak. So, the researcher insists on the sign of corporation membership as the main difference between a non-entrepreneurial corporation and a non-entrepreneurial legal entity. The scientist believes that the legal relations of legal entities are established on the principle of separation into: corporate and unitary¹⁴.

P.V. Stepanov expresses the view that the rights and obligations of members of corporations are the main content of corporate relations¹⁵. An analysis of the scientific literature shows that issues of evaluating corporate relations from the point of view of civil law have always been controversial. In particular, V.V. Dolinskaya is talking not so much about corporate as about joint-stock relations, dividing them into two varieties: joint-stock legal relations, implying the organisation and activities of joint-stock companies; external joint-stock relations, implying the activities of joint stock companies and the shareholders themselves¹⁶.

¹⁰ D.V. Lomakin, *Corporate legal relations as an integral part of the system of civil law relations: the example of business companies*, Lomonosov Moscow State University, Moscow, 2009.

¹¹ *Ibidem*.

¹² F.K. Savigny, *The system of modern Roman law*, Law Research Centre named after Savigny, Odessa, 2012.

¹³ *Ibidem*.

¹⁴ O.I. Zozulyak, *Non-entrepreneurial legal entities as subjects of civil law: theoretical and practical aspects*, Pidruchnyky i Posibnyky, Ternopil, 2017; V. Mykytyuk, “Regularities and trends of the of the livestock industry current state in the Zhytomyr region”, in *Scientific Horizons*, 2021, vol. 24, no. 1, p. 36-4

¹⁵ P.V. Stepanov, “Corporate relations in civil law”, in *Legislation*, Nauka, 2002, vol. 6, p. 57-64; P.V. Stepanov, *Corporate relations in non-profit organisations*, Lomonosov Moscow State University, Moscow, 1999.

¹⁶ V.V. Dolinskaya, “The concept and classification of joint-stock relations”, in *Civilist*, 2005, vol. 4, p. 88-92.

The thoughts of this author on the problems of joint stock relations in a number of situations can be extended to any corporate relations, as the joint-stock company “most consistently embodies the general principles of corporate relations, and therefore allows the most complete disclosure and study of the whole variety of corporate legal relations”¹⁷. T.V. Kashanina believes that corporate relations are “diverse relations within a corporation as a single entity, where diverse categories of participants are united: owners, managers and employees”¹⁸.

Thus, it can be concluded that, on issues of corporate relations and their place in the civil law system, researchers have expressed many conflicting opinions. It is very difficult to establish the true place of corporate relations within the framework of the concept of public law. In assessing the problem under study, one should take into account the difference in views on the concept of corporation, corporate culture and corporate relations in the works of various researchers. Also, one cannot ignore differences in the legislatively established norms of civil law of Ukraine, in comparison with similar regulatory documents of the countries of Europe, Central Asia, and the United States of America.

Materials and methods

The study sets the task of revealing the essence of corporate relations in the context of legislatively established civil law. Issues investigated:

1. The concepts and essence of the corporation.
2. Features of corporate culture, its manifestations and differences in the countries of Europe, Asia, America, as well as in Ukraine.
3. The place of corporate relations in the system of existing civil law.

The main methodological problem of studying the current stage in the development of the theory of a corporation as a legal entity and the study of the legal status of corporate relations associated with this aspect is the isolation of general theoretical and industry studies of the nature of legal entities. On the one hand, it is not possible to determine the complex of shortcomings of the general design, as well as the degree of its compliance with the problems of today. On the other hand, there is no abstracting from the specifics of law application and the subsequent transition to a higher level of information generalisation. As a result, there is some isolation in understanding the nature of the corporation as a legal entity, and, consequently, the nature of internal corporate ties and relations. Most modern studies emphasise the lack of

¹⁷ *Ibidem*, A.B. Babaev, S.A. Babkin, R.S. Bevzenko, *Civil law: relevant problems of theory and practice*, Yurayt, Moscow, 2008.

¹⁸ T.V. Kashanina, *Corporate (intercompany) law*, Nauka, Moscow, 2003.

regulation based on outdated legal structures, which causes the deformation of economic realities by legal regulation.

The research methodology of this work is based on the principle of combining a qualitative and quantitative approach to studying the problems of corporate relations and their place in the civil law system. A study of legislative acts of Ukraine, countries of Europe, Asia, the United States of America. Existing regulatory documents governing the wording of corporate relations and their place in the civil law system at the current time was studied. A comparative analysis of the corporate culture and the principles of the formation of corporate relations in Ukraine, Europe, Central Asia and the USA was conducted.

A comparative study of the works of domestic and foreign authors is carried out within the framework of this topic, the similarity in their views on the issues of building corporate ties and their compliance with current civil law standards is determined. Particular attention is paid to the study and evaluation of the system of views on issues of the nature of corporations and the resulting definition of corporate relations adopted in the laws of countries studied. The similarities and differences of the existing legal acts regulating corporate relations were clarified and ascertained.

Based on a quantitative study and comparison of the information received, an objective data analysis was performed. The general assessments of the concept of corporation and the place of corporate relations in the system of existing civil law of the above countries were determined. The fundamental legislative definitions regarding the wording of the corporation, corporate relations and their place in the civil law system were identified and ascertained. Based on the foregoing, conclusions were drawn about the nature and essence of corporations, the concepts of corporate culture and the resulting corporate relations¹⁹. The actual place of corporate relations, which they occupy in the system of existing civil law norms, was determined.

Results

The corporation is the most important institution of modern economic relations²⁰. However, there is no unambiguous interpretation of the concept of corporation and corporate relations in the laws of Europe, America and Central Asia. This problem is complex and is at the intersection of the planes

¹⁹ A. Kolosovich, "Organizational (corporate) culture as a factor of professional interaction", in *Social and Legal Studies*, 2021, no. 3, p. 189-197.

²⁰ V.V. Kukharyk, T. Nübling, "The role of economic diplomacy in the system of modern international economic relations", in *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 2021, vol. 8, no. 2, p. 35-44.

of law, politics and economics²¹. Researchers on the concepts of corporation and corporate relations differ significantly. Some believe that corporate relations should be viewed from the perspective of assessing the status of a corporation as a legal entity, while others believe that since the corporation does not have to be considered a legal entity, the relations within it should not be evaluated in terms of accepted civil law norms. In the civil legislation of Ukraine, the concept of a corporation is absent, but it is present in the economic legislation. According to the existing provisions of the current Commercial Code of Ukraine: “A corporation refers to a contractual association created on the basis of a combination of production, scientific and commercial interests of the combined enterprises, with the delegation of certain powers of centralised regulation of the activities of each of the participants to the corporate governance bodies”²². Thus, several aspects that are relevant in the light of the issue under study are immediately established by law:

1. The right of corporate governance bodies to regulate the activities of their members is approved.
2. The legal basis of corporate relations is determined, based on the mandatory membership of corporations.

In other words, the fact of mandatory membership in a corporation to determine corporate relations between its participants is ascertained.

According to O. Hirke, there are three options for the legal relationship of the corporation with its members:

1. Non-corporate relations involving the relationship of the corporation with its participants as entities that are in no way connected with the corporation. These relations are regulated by legal norms adopted in relations between individuals.
2. Corporate relations based on the current Charter of the corporation. They are regulated by adopted social law, which in public organisations is elevated to the rank of public law.²³ Within the corporation, the designated legal relations are corporate power relations; from the outside, they appear as participation in the corporate legal form. In case of violation, these rights are legally protected in a lawsuit.
3. Legal relations, partially developing within, and partially from outside the corporate sphere. Hirke formulates these rights and obligations as inalienable corporate rights. They reflect the opposition of social and individual

²¹ O. Skasko, I. Manchur, “Theoretical fundamentals of accounting and reporting information construction in the digital economy environment”, in *Economics, Entrepreneurship, Management*, 2021, vol. 8, no. 1, p. 14-19.

²² “The Commercial Code of Ukraine dated 16.0.2003. No. 436-IV”. Available at <https://zakon.rada.gov.ua/laws/show/436-15>

²³ O. Chernenko, “Main Directions of Development of Local Self-Government in Ukraine”, in *Law Journal of the National Academy of Internal Affairs*, 2020, vol. 20, no. 2, p. 97-102.

law. In particular, this applies in equal voting rights or using corporate property.

In Germany, corporate relations are characterised by pronounced independence of the participants. All members of corporations have their own rights, are well aware of them and, if necessary, can legally uphold them with arguments. Also, participants in German corporations are legally liable to each other and to the corporation as a whole. It was in Germany for the first time that such a form of legal entity appeared as a limited liability company, which soon spread throughout the world and became an integral part of the legal corporate culture of different countries.²⁴

French law does not have the concept of corporation and corporate relations, but there is the concept of a partnership. The subject and form of any partnership determine its commercial nature. Commercial are such partnerships as: limited liability companies, limited partnerships, as well as joint-stock companies.²⁵ Legal relations within these companies of various ownership are determined by the Charter of the organisation and a current legislation of a country²⁶.

In the UK, the term corporation refers to any legal entity. Legislation has been adopted to divide corporations into sole corporations and associates or associations of entities. The term “company” is applicable in the UK to corporations that set the task of making a profit, they are divided into private and public joint-stock companies²⁷. Typical characteristics of corporate relations in the UK are: limiting the liability of corporation members for decisions regarding their obligations, centralised management of individuals isolated about corporation members, a high degree of information transparency²⁸, legal distancing of the activities of corporation members from

²⁴ O. Boskovic, “The civil liability of giant companies on the internet: Aspects of private international law from the perspective of French and European Union law”, in *Revista De Direito, Estado e Telecomunicacoes*, 2020, vol. 12, no. 1, p. 159-186.

²⁵ Z. Sokolovska, O. Klepikova, T. Cherkasova, “An insurance company as an element of sustainable development of the state socio-economic system: Ukraine insurance companies case study”, in *Rivista Di Studi Sulla Sostenibilita*, 2019, no. 2, p. 53-72.

²⁶ A.B. Hryniak, O.B. Hryniak, “Contractual grounds for the emergence of housing ownership”, in *Journal of the National Academy of Legal Sciences of Ukraine*, 2021, vol. 28, no. 1, p. 115-127.

²⁷ V.V. Rudenko, “Corporations in Ukraine and abroad: essence and characteristic features”, in *Scientific Bulletin of Uzhhorod National University, Series: International Economic Relations and the World Economy*, 2015, vol. 4, p. 48-53; S.V. Bobyr, “Development and application of a simple model for calculating the quantum diffusion parameters of rubidium, hydrogen, and deuterium atoms”, in *Scientific Herald of Uzhhorod University. Series “Physics”*, 2021, vol. 49, p. 19-25; V.O. Timashov, N.Ye. Kyrlyenko, “Development of e-government in Ukraine”, in *Legal Horizons*, 2021, vol. 14, no. 2, p. 38-43.

²⁸ M.V. Shulga, G.S. Korniyenko, I.V. Yakoviyk, “Legal support for the activities of agricultural transnational corporations in Ukraine”, in *Journal of the National Academy of Legal Sciences of Ukraine*, 2021, vol. 28, no. 2, p. 234-242.

newly arrived members²⁹. The Companies Act legally interprets the concept of a company that sets itself the task of making material profit as a “corporation”. Legally, they are distinguished as: companies whose liability is limited by the Charter and companies having unlimited liability³⁰.

In other countries of the continental part of Europe (Norway, Sweden, the Netherlands, Austria), the concept of a corporation means a certain organised group of people and material resources, characterised by clearly expressed social, group interests, pursuing the goal of carrying out any kind of socially useful activity and having the status of a legal entity. Corporate relations in countries of continental Europe are determined by applicable law, which historically enshrines the concepts of business partnership, labour, government and capital³¹. From the point of view of existing civil law, corporate relations in these countries have a high degree of freedom and equality. Legally, corporate relations involve participation in the management of the corporation and a high degree of responsibility for the results achieved³². European countries legally define a corporation as a legal entity and legally restrict corporate relations within the framework of applicable civil law norms.

In the United States there is a wide range of legal entities that fall under the concept of corporation. Public corporations in the United States accept local and state authorities; semi-public corporations have the task of satisfying the needs of society in the supply of gas, water, electricity and heat; entrepreneurial corporations pursue the task of making a profit as a result of their activities; non-entrepreneurial corporations satisfy the needs of society in such areas as culture, education, social protection, etc. In addition, in the United States there are also public and religious organisations.³³ Among the general features of corporate legal relations in the United States, it is worth to highlight the limited liability of corporation members for its debts, the ability

²⁹ A.O. Monaienko, “Italian experience of the administrative justice functioning”, in *Journal of the National Academy of Legal Sciences of Ukraine*, 2020, vol. 27, no. 2, p. 27-48.

³⁰ “Companies Act 2006”. Available at <http://www.legislation.gov.uk/ukpga/2006/46/contents>.

³¹ I. Dunayev, Y. Kuts, N. Stativka, O. Ziuz, V. Kralia, “An analysis of the mechanisms for establishing cooperation between public authorities, the private sector, and the public in domestic waste management in Ukraine [Valdžios institucijų, privačiojo sektoriaus ir gyventojų sąveikos mechanizmų analizė kietųjų atliekų tvarkymo srityje Ukrainoje]”, in *Public Policy and Administration*, 2020, vol. 19, no. 2, p. 314-328.

³² B.V. Derevyanko, O.V. Rozhenko, T.V. Khailova, V.M. Hrudnytskyi, O.S. Podskrebko, “Strategic enterprise management based on the modeling of its economic security”, in *Naukovyi Visnyk Natsionalnogo Hirnychoboho Universytetu*, no. 1, p. 171-176; J. Chen, B. Xu, Y. Xiao, C. Sun, “The impacts and decision of community-friendly corporate social responsibility based on the duopoly model”, in *Revista De Cercetare Si Interventie Sociala*, 2021, vol. 73, p. 215-237.

³³ B. Kalynovskyi, “Constitutional and Legal Principles of Creation and Functioning of Public Authorities and Administration of Ukraine: Historical and Legal Research”, in *Scientific Journal of the National Academy of Internal Affairs*, 2021, vol. 118, no. 1, p. 148-149.

of corporation members to alienate their own corporate rights at their own request, and centrally manage the corporation's activities by officially separated bodies.³⁴

The countries of Central Asia adopted the American model of corporate governance, according to which their legal basis is made up of shareholders. However, the strong national traditions of Asian countries have created a special nature of corporate legal relations. The principle of the existence of corporations and building corporate legal relations in the countries of Central Asia is as follows: a state allows to create all the strategically important corporations for it, at the initial stage gives the opportunity to develop and encourages their activities in every way. Moreover, corporate legal relations are controlled by a state³⁵. After corporations have achieved some success in their activities, a state makes it possible to privatise them³⁶. Corporate relations in the countries of Central Asia are based on the provisions of the current Charter and the corporations themselves are an independent part of public life. In Japan, corporate relations have non-standard tasks and motivational incentives. In particular, Japanese corporations do not set themselves the task of maximising profits, but strive to strengthen the position of their leadership. The peculiarities of the internal corporate culture of Japan are also interesting. According to the observations of M. Halloran, who worked six years in Japan, the Japanese never leave work at the appointed time, even if there is a corresponding order from the leadership³⁷. The sphere of formation of corporate relations is the sphere of joint activity of a group of entities united to achieve joint goals in the form permitted by applicable law. The result of such a union is the formation of stable relations between the members of the corporation, the nature of which is determined by the specific civil law form adopted in this corporation. Legal relations are formed directly within the corporation and in the narrow sense are corporate relations.

It seems possible to highlight certain rights of participants in corporate relations:

1. The right to participate in the management of the corporation.
2. The right to receive complete information about the course of managing the corporation.
3. The right to own part of the property allocated in the event of liquidation of the corporation.

³⁴ Ya. Pushak, A. Zaverbnyj, "Corporate reputation as a key vector for improving the economic security level", in *Social and Legal Studies*, 2021, no. 2, p. 130-136.

³⁵ V. Chupyra, "Regional alliances between states: historical review and future projections for Ukraine", in *Foreign Affairs*, 2021, no. 3-4, p. 9-14.

³⁶ N.M. Onishchenko, T.I. Tarakhonych, O.L. Bohinich, "The state as a party to private law relations", in *Global Journal of Comparative Law*, 2021, vol. 10, no. 1-2, p. 47-60.

³⁷ M. Galloran, "The truth about working at a japanese company". Available at <http://rubyronin.com/the-truth-about-working-at-a-japanese-company/>

4. The right to receive an agreed part of the profit received as a result of the corporation's activity.

Corporate relations are formed as private law, due to which their specificity determines their public law nature. This is due to the involvement in corporate disputes and discussions of a large number of corporation members. In virtue of this, the correct designation of the nature of corporate relations is important both theoretically and practically in order to solve the problem of the relationship between public law and private law principles in civil law. Due to the fact that corporate law is not a separate legal industry, corporate relations can be considered civil relations. They are governed by the framework of civil law using the civil law method, the essence of which is the equality of parties involved in legal relations. Civil legal relationship is based on equality, autonomous expression of will, organisational and property isolation of management entities.³⁸

Discussion

To date, legislation and theory have not developed a consensus on issues of corporation and corporate relations. The Soviet Encyclopaedic Dictionary defines the concept of corporation (from lat. Corporation) as:

1. Society, union, partnership.

2. A set of entities uniting to solve a joint problem, achieve common goals, referred to as a legal entity.

Federal Law dated January 12, 1996, No. 7-FZ "On Non-Profit Organisations" enshrines the concept of a corporation as applied to the position of such a form of non-profit organisation as a state corporation³⁹.

Corporate relations – a complex of relationships that are formed between the organisation members (shareholders) on the one hand and the legally administrative apparatus separated from them, as well as other interested entities of this organisation. By such are meant government bodies, partners and other employees of corporations. Thus, corporate relations are the result of a compromise reached between all participants in this association.

In the aspect of ownership, corporate relations are property relations. They reinforce specific options for the appropriation of property goods, characterised by the needs of the composition of the corporation subjects. At the same time, the property side of corporate relations cannot be realised as isolated from organisational relations. This leads to the conclusion that

³⁸ O.Yu. Piddubnyi, L.D. Rudenko, L.V. Hbur, V.V. Nezhevelo, V.P. Oleksiuk, "Legislative support for expanding the land powers of local self-government bodies in Ukraine", in *International Journal of Agricultural Extension*, 2021, vol. 9, no. Special Issue, p. 55–63.

³⁹ "Federal Law of 12.-1.1996, No. 7-FZ "On Non-Profit Organisations". Available at http://www.consultant.ru/document/cons_doc_LAW_8824/

corporate relations should be perceived in a complex – as a sub-unit of property and non-property (organisational) relations. Also, it is possible to interpret corporate relations as a mixed relationship – organisational and property.

Corporate relations are regulated in accordance with the regulations of the civil law currently in force, as well as the statutory documents of the corporations themselves. Moreover, the constituent documents governing various aspects of corporate relations have legal force exclusively between members of the corporation and itself, only for the period of membership of entities in the corporation. In other words, corporate relations are an integral part of the civil law system. Corporate rights – the essence of civil rights, which includes all regulatory acts and provisions of civil law related to the formation, implementation and protection of civil rights.

According to A.M. Khimchenko, the opinions of researchers regarding the assessment of the concept of a corporation in the aspect of civil law and current legislation differ significantly. The scientist notes that some researchers believe that the concept of a corporation corresponds to the status of a legal entity, while others believe that it is not necessary to interpret the concept of a corporation as a subject of legal law, but it should definitely be identified as a team⁴⁰. This significantly complicates the definition of the concept of corporate relations and the identification of their place in the system of existing civil law. In the United States, a corporation is the most common form of legal entity. Also, US law includes in the subjects of legal law: partnerships, limited liability companies, individual private enterprises⁴¹.

With such a variety of legal forms of doing business, it is the corporation that is the most common legal form of enterprise functioning. Similar conclusions follow from the analysis, reduced codification of American law⁴², as well as codified acts of the state level⁴³. The relations existing inside corporations between its members are regulated by the current legislation. Moreover, the activities of corporations in the United States are regulated by the laws of states in which corporations are registered and conduct their

⁴⁰ A.M. Khimchenko, “On the essence of the concept of "corporation" and its classification as an economic category”, in *Scientific notes of the National University “Ostroh Academy”, Economics Series*, 2013, vol. 24, p. 1118-127.

⁴¹ “Maryland Code, Corporations and Associations”, 2016. Available at <https://law.justia.com/codes/maryland/2016/corporations-and-associations/>

⁴² Ya.S Slutskiy, C. Blanchard, “Programmes for remote counselling of international students in the higher education institutions of the United States of America”, in *Scientific Bulletin of Mukachevo State University. Series “Pedagogy and Psychology”*, 2021, vol. 7, no. 3, p. 18-28.

“U.S. Code”. Available at <https://law.justia.com/codes/us/2015/title-15/chapter-69/>

⁴³ “New York Consolidated Laws, Business Corporation Law”, 2016. Available at <https://law.justia.com/codes/new-york/2016/bsc/>

activities – a state practically does not intervene in this process⁴⁴. “Corporate regulations are found in most state constitutions. Such prescriptions contained in the law of one state differ in content from similar prescriptions of laws of other states”⁴⁵.

However, not all authors perceive corporate relations as relations between subjects, offering a different formulation. In particular, V.A. Belov suggests using various categories of the science of law: “legal status”, “legal capacity” as the key to understanding the legal nature of corporate relations. T.V. Kashanina characterises corporate legal relations as diverse relations within a corporation – a single and holistic formation, combining such categories of entities as owners, employees, managers⁴⁶. P.V. Stepanov identifies corporate relations as forming between the corporation itself, its participants and third parties (managerial figures). In his opinion, corporate relations are of a property nature, suggest the implementation of corporate rights and their protection by means and methods adopted within the corporation, with the fulfilment of internal corporate obligations⁴⁷.

E.V. Loginova spoke that in view of the fact that corporate law cannot be considered a separate branch of law, corporate relations can be identified as relations having a civil law nature. Regulation of corporate relations occurs within the framework of civil law, using methods based on the equality of parties to legal relations. Civil legal relations are based on equality, autonomy of will, property and organisation department of legal relations subjects⁴⁸. Further, the researcher concludes that “the domestic legal doctrine does not have a common opinion on the civil-law nature of corporate relations, which, despite the large number of studies devoted to it, needs to be thoroughly examined from the perspective of modern civil-law science”⁴⁹. In general, according to the majority of scientific researchers, the question of assessing corporate

⁴⁴ O. Svitlychnyy, V.V. Sulim, “Simplified claim proceedings: legislative regulations of the Code of Civil Procedure of Ukraine”, in *Law. Human. Environment*, 2021, vol. 12, no. 4, p. 78-84.

⁴⁵ V.E. Etnyukov, “The legal basis for the activities of corporations in the United States”, in *Bulletin of the Moscow University of the Ministry of Internal Affairs of Russia*, 2010, vol. 8, p. 56-59.

⁴⁶ A.B. Babaev, S.A. Babkin, R.S. Bevzenko, *Civil law: relevant problems of theory and practice*, Yurayt, Moscow, 2008.

⁴⁷ P.V. Stepanov, *Corporate relations in non-profit organisations*, Lomonosov Moscow State University, Moscow, 1999; D. Viedienieiev, “Stablishment of cultural diplomacy of Ukraine as a socio-cultural institute”, in *Foreign Affairs*, no. 1-2, p. 15-21.

⁴⁸ E.V. Loginova, “The concept and legal nature of corporate relations from the perspective of modern civil science”, in *Jurisprudence*, 2016, vol. 1, p. 88-104.

⁴⁹ “Civil Code of the Russian Federation”. Available at http://www.consultant.ru/document/Cons_doc_LAW_5142/28916ee0bbdf24214da0c780cd7ad21d728f37a4; “European Union for Economic Co-operation”. Available at https://www.legifrance.gouv.fr/affichCode.do;jsessionid=C61515E1B5F152594190CC6E8AB725EE.tplgfr40s_3?pidSectionTA=LEGISCTA000006133175&cidTexte=LEGITEXT000005634379&dateT

relations from the perspective of existing civil law norms is debatable. In particular, D.V. Lomakin, who devoted more than one special study to the nature of corporate relations, believes that they should be considered in a broad and narrow sense. In a narrow sense, it testifies to the relationship of membership (participation), understanding them as the issues of regulation of the existing civil law of complex, unified, public property relations arising between legal entities that are on the basis of membership –the corporations themselves and their members, and at the moment when their membership starts. The author believes that all other legal relations associated with participation in the activities of the corporation, the occurrence of which is determined by the complex legal structure, which includes elements of membership (participation), can be interpreted as corporate legal relations in the broad sense, or they can be considered derivatives of corporate legal relations. Such legal relations are a subordinate form in relation to the legal relationship of membership (participation).

Conclusion

The study of approaches to the definition of the concepts of the corporation, corporate relations and their place in the system of civil law existing at a given time led to the following conclusions. Firstly, the concepts of the corporation, corporate culture and corporate relations have different meanings, according to the legislative and legal acts adopted in different countries, or these concepts are not used at all when designating forms of civil law relations. Secondly, corporate relations in different countries are complex organisational and property relations aimed at achieving internal corporate goals and solving problems facing corporations. Thirdly, the participants of corporations, in accordance with applicable civil law acts, bear limited responsibility for the results of the corporation's actions as a legal entity or are legally exempt from liability for the results of the adopted corporation action policy. Fourth, corporate relations are characterised by an individual internal structure, based on the existing corporate culture. Corporate relations include the management of the corporation, carried out by bodies of various levels of competence and acting in accordance with the adopted legislative and civil law standards.

The current domestic and foreign legal doctrines do not provide a single assessment of the nature of corporate relations. Current changes in normative acts of civil law science make it difficult to assess corporate relations from the standpoint of civil law. Despite a large number of studies in this area, issues of corporate relations in the aspect of civil law require further research and studies. Today, corporate relations are a form of civil law relations and include all the characteristic features inherent in this type of legal relationship.