

## **CORPORATE GOVERNANCE INSTITUTE IN THE CONTEXT OF OVERCOMING ECONOMIC CHALLENGES OF EXTERNAL ENVIRONMENT**

Structural imbalances and deformations endemic to Ukrainian economy have only aggravated due to deepening socio-economic crises over the last 5 years [1, 2]. These destructive processes may be overcome through aligned efforts of financial market institutes, in particular corporate governance institute in national economy's real and financial sector. Corporate governance institute decreases information asymmetry effect, improves management decisions' quality, facilitates access to funding sources, as a result strengthening finance system both on macro- and micro-level.

Corporate governance institute has a significant theoretical foundation, in particular described by Agency Theory, Stewardship Theory, Stakeholder Theory [3, 4, 5]. Theories look differently at the role of Principals, Agents, and other Stakeholders, embedded in finance mechanism, but all converge in the important role of corporate governance institute in multiplying added value created within micro-level finance.

In Ukrainian practice, there is a vast field of improvement for corporate governance's quality in numerous areas, i.e. issuers' emission activities, information disclosure to investors and the public, supervisory board's responsibilities, shareholders' rights, accounting and audit quality, compliance issues, etc. outlined in "Corporate governance in Ukraine" action plan of The National Securities and Stock Market Commission [6]. In particular, there is a gap in increasing disclosure requirements for a manager's qualification and supervisory board members' independence. Speaking of disclosure issues, there is a need to improve an electronic disclosure system, extending requirements for disclosure of non-financial information, reviewing requirements for conduct of a transaction with related parties and resolving conflicts of interest, introducing the principle of "adhere or explain". In the context of accounting and audit issues, there is a gap in absence of a robust internal audit function, inadequate compliance with IFRS, external audit independence, lack of disclosure requirements for external audit and advisory services fees. Compliance issue is aggravated by voluntary (and as a result non-obligatory) nature of corporate governance principles' adherence.

There is a dynamic discussion on Ukrainian expert platforms concerning development of corporate governance institute [7]. Namely, Mr. Yuri Nikitin believes that without proper corporate governance it would be difficult to prepare a state-owned enterprise for privatization. Mr. Timur Khromaev states that appropriate infrastructure development, including corporate governance institute is a necessary basis for Ukrainian financial market development. Mr. Igor Mytiukov advocates development of CGPA Corporate Directors National Register project, which aims to enhance transparency of supervisory board members' selection procedure.

Speaking of issues for future development, author believes that there will be a transition towards risk-oriented corporate governance model, and increased focus on corporate governance institute as a competitive advantage. These developments within corporate governance institute are necessary for strengthening investors' trust both inside and outside Ukraine, boosting transparency in finance of both macro- and micro-level, facilitating privatization process.

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## MARKET-BASED SOLUTIONS TO RESOLVE ENVIRONMENTAL PROBLEMS

*Abstract.* Environmentalist and policy makers have been applying many ways to solve environmental problems since the Intergovernmental Panel on Climate Change (IPCC) regarded the climate change as an important international political problem. This paper focuses on the market-based solutions and the advantages in comparison with the conventional approach.

*Keywords:* market-based solutions, environmental problems, climate change, global warming, tradable emissions permits

*Definition.* Market-based instruments provide to the environmental factor a suitable price for the production and consumption process. In this way, people stop undertaking a monetary burden regarding pollution. The price consumers pay when they buy a product includes some amount of money for the environmental consideration.

On the other hand, we have the “command-and-control theory” that is an approach which enforces companies to execute pollution control strategies, irrespective of the relative cost. Companies and individuals are notified about how much pollution they may emit and the kind of technology to apply with the manufacturing procedures to follow. The disadvantage is that this procedure might be costly.

*Advantages.* Market-based instruments give flexibility and financial incentives to solve the environmental problems. Between market-based and command-and-control instruments, the advantages of the market-based solutions are cost effectiveness and motivation for technology innovation.

Market-based policies allow any desired level of pollution cleanup to be realized at the lowest overall cost to society. While command and control measures ignore costs with no much flexibility for companies to pursue better pollution reduction solutions. The homogeneous standards for all firms may be inappropriate.

*Evaluation.* The market-based solutions need principles and regulations for its implementation, making the traditional government commands to be preferred due to the higher moral virtue.

Optimizing the best benefit for companies is their highest principle. However, the regulations, which may vary over time, make them concerned. To guarantee their interests, the regulation must be carried out in a foreseeable way rather than flexibly.