

THE ROLE OF CORPORATE GOVERNANCE IN CREATING A FAVORABLE INVESTMENT CLIMATE: A COMPARATIVE PERSPECTIVE ON UKRAINIAN REALITIES

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Abstract. In today's globalized economy, the role of corporate governance in creating a favorable investment climate cannot be overstated. Well-governed companies inspire investor confidence, minimize investment risks, and contribute to economic growth. This article aims to compare corporate governance practices in developed countries with those in Ukraine, highlighting the importance of effective corporate governance for attracting foreign investments.

The purpose of the article is to study the current state of corporate governance in creating a favorable investment climate.

The methodological basis of the article was the use of general

scientific research methods, such as: analysis and synthesis, induction and deduction.

As we delve deeper into the comparison of corporate governance practices between developed countries and Ukraine, it becomes evident that effective corporate governance plays a pivotal role in creating a favorable investment climate. Developed countries such as the United States, the United Kingdom, and Germany have well-established corporate governance frameworks that have contributed to their attractiveness to foreign investors. These frameworks emphasize transparency, accountability, and stakeholder engagement, which are crucial elements for building investor confidence [1, 2].

In contrast, Ukraine's corporate governance landscape presents certain challenges that hinder its investment attractiveness. While efforts have been made to improve corporate governance practices in recent years, there is still room for

enhancement. One of the key issues is the lack of transparency and disclosure mechanisms, which results in a dearth of reliable information for investors. This can lead to increased perceived risks and a reluctance to invest in Ukrainian companies.

Another critical aspect is the regulatory framework and enforcement mechanisms. While Ukraine has made progress in establishing laws and regulations related to corporate governance, the effectiveness of their implementation and enforcement remains a challenge. A robust regulatory framework, coupled with strong enforcement mechanisms, is essential to instill integrity, prevent corporate misconduct, and ensure compliance with governance principles [3, 5, 6].

Furthermore, integrating corporate social responsibility (CSR) practices into corporate governance frameworks can significantly enhance a company's reputation and attractiveness to responsible investors. CSR initiatives that prioritize environmental sustainability, social welfare, and ethical business conduct align with the values of many foreign investors seeking to invest in socially responsible organizations. By integrating CSR into corporate governance, Ukraine can position itself as a destination for sustainable and ethical investments [4].

To address these challenges and improve Ukraine's investment climate, it is crucial to focus on promoting education and professional development in corporate governance. Investing in educational programs and professional training for directors, executives, and governance professionals can enhance their knowledge and skills. This facilitates the exchange of

best practices, fosters collaboration with international counterparts, and elevates the overall quality of corporate governance practices in Ukraine.

Effective corporate governance is integral to creating a favorable investment climate. By benchmarking against the practices of developed countries and addressing the challenges specific to Ukraine,

such as transparency, stakeholder engagement, regulatory enforcement, and corporate social responsibility, the country can attract greater foreign investments. By prioritizing these areas and continuously improving corporate governance practices, Ukraine can position itself as an attractive and reliable destination for global investors seeking.

Keywords: corporate governance; investment climate, corporate social responsibility.

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