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Vakulich Maria
PhD in Economics, Associate Professor,
Doctoral Candidate of the National Research Institute
"Prydniprovska State Academy of Civil Engineering and Architecture"
of the Ukrainian State University of Science and Technologies
ORCID: https://orcid.org/0000-0001-6153-3554

Вакулич М.М.
ННІ «Придніпровська державна академія будівництва та архітектури»
Українського державного університету науки і технологій

THEORETICAL AND METHODOLOGICAL POSTULATES OF THE ANALYSIS OF FACTORS INFLUENCING THE FORMATION OF THE INVESTMENT CLIMATE IN THE ECONOMY OF UKRAINE

ТЕОРЕТИКО-МЕТОДОЛОГІЧНІ ПОСТУЛАТИ АНАЛІЗУ ФАКТОРІВ ВПЛИВУ НА ФОРМУВАННЯ ІНВЕСТИЦІЙНОГО КЛІМАТУ В ЕКОНОМІЦІ УКРАЇНИ

The multidimensionality of the conceptual foundations of the fundamental economic categories necessitates introducing a set of transformational economic transformations to consider innovations to ensure a high level of investment attractiveness of the country's economic system. The economic turmoil in Ukraine, which is a consequence of active hostilities on its territory, has created the need to introduce innovative structural changes in the economic system. This tendency not only complicates a comprehensive understanding of the situation in the state's economy but also significantly reduces the level of investment attractiveness of the national economic system, reducing the overall assessment of the investment climate of the national economic system. In today's challenging economic conditions, it is necessary to conduct a comprehensive critical analysis of the factors influencing the formation of the investment climate in the Ukrainian economy in the context of theoretical and methodological postulates and the innovation paradigm.

Keywords: investment climate, economic system, analysis, factors, innovativeness.

В умовах сучасного розвитку світової економічної системи, що характеризується глобалізацією міжнародної кооперації та інтеграції виробничої, фінансової, науково-технічної та інших сфер ведення бізнесу, сталий розвиток держав досягається при поєднанні двох основних цілей: фокусуванні суспільства та інститутів державного управління на потребах та вимогах людини, що забезпечує соціальну та культурну сталість розвитку держави, та фокусуванні на економічному зростанні, що забезпечує основу для інвестування та системного розвитку держави. За цих умов, Україна має спектр інвестиційних переваг, що забезпечують зацікавленість для інвесторів у реалізації проєктів та програм макроекономічного рівня. Зокрема, державі притаманний великий внутрішній ринок, суттєвий інвестиційний потенціал у сфері агропромислового забезпечення та вигідне геополітичне розташування, що з'єднує країни Азії та Європи, забезпечуючи постачання товарів. Спектр невирішених проблемних аспектів макроекономічного рівня нарощується через постійні економічні проблеми, а пошук дієвого механізму управління інвестиційним кліматом національної економічної системи унеможливлюється завдяки постійним економічним коливанням, відтоку іноземного капіталу, припинення фінансування інвестиційних проєктів та програм державного рівня та інше. На теперішній час багато держав стали «інвестиційними аутсайдерами» у контексті постіндустріальних критеріїв і параметрів. Додатковим фактором ускладнення відповідної економічної ситуації є проведення активних бойових дій на території України, що зумовлює відтермінування строків реалізації спектру інвестиційних проєктів та програм національного рівня. Економічні потрясіння в Україні, що є наслідком проведення активних бойових дій на її території, сформували необхідність запровадження інноваційних структурних зрушень в економічній системі. Відповідна тенденція не лише ускладнює комплексне розуміння ситуації в економіці держави, а й суттєво знижує рівень інвестиційної привабливості національної економічної системи, знижуючи загальну оцінку інвестиційного клімату національної економічної системи.

У складних економічних умовах сьогодення необхідним є проведення комплексного критичного аналізу факторів впливу на формування інвестиційного клімату в економіці України в контексті теоретико-методологічних постулатів та інноваційної парадигми.

Ключові слова: інвестиційний клімат, економічна система, аналіз, фактори, інноваційність.

Problem statement. In the context of the current development of the global economic system, characterized by the globalization of international cooperation and integration of production, financial, scientific, technical, and other areas of business, sustainable development of states is achieved by combining two main goals: focusing society and public administration institutions on human needs and requirements, which ensures social and cultural sustainability of the state's development, and focusing on economic growth, which provides the basis for investment and systemic development of the state. Under these conditions, Ukraine has various investment advantages that interest investors in implementing macroeconomic projects and programs. In particular, the country has a large domestic market, significant investment potential in the agricultural sector, and a favorable geopolitical location that connects Asia and Europe, ensuring the supply of goods. The spectrum of unresolved problematic aspects of the macroeconomic level is growing due to persistent economic problems, and the search for an effective mechanism to manage the investment climate of the national economic system is made impossible by constant economic fluctuations, outflow of foreign capital, termination of funding for investment projects and programs at the state level, etc. Many countries have now become "investment outsiders" in the context of post-industrial criteria and parameters. An additional factor complicating the relevant economic situation is the ongoing active hostilities on the territory of Ukraine, which causes a delay in the implementation of a range of investment projects and national-level programs.

An analysis of recent research and publications reveals a preponderance of academic interest in the factors influencing the formation of the investment climate at the macroeconomic level. Noteworthy contributions in this area include the works of Horodniak I. [3], Terendii A. [3], Shtepenko K. [4], Zaburaieva O. [4], Nikolchuk Y. [7], Lopatovska O. [7], Konakova K. [8], Shuplat O. [10], and numerous others.

The formulation of the article's objectives, or "problem statement", is the first step in the research process.

The article aims to analyze the factors of direct and indirect influence on the formation of the investment climate in Ukraine's economy in the context of theoretical and methodological postulates.

Main body of the research. According to the findings of practical studies [9–10], investors, in the vast majority of cases, ignore micro- and meso-level factors when making an investment decision. This is the case, however, if a high level of investment attractiveness characterizes the recipient state of investment and guarantees a potential investor an appropriate level of return on investment with minimal risks. Therefore, the priority should be to influence the factors shaping the investment climate at the state level. In order to do so, the factors should be separated by content and identified accurately.

According to the National Bank of Ukraine, the volume of foreign direct investment in Ukraine's economy amounted to USD 54,714.6 million as of December 31, 2022. According to the balance of payments published on the website of the National Bank, for the first eight months of 2023, the net inflow of foreign direct investment was estimated at USD 2.9 billion [1].

At the same time, according to the World Bank, from 2023 to 2033, 486 billion US dollars will be needed for the post-war reconstruction of Ukraine's economy [2]. Undoubtedly, the country's gross domestic product is not enough for the post-war recovery of the economic system, which necessitates the search for additional financial resources through the formation of investment capital and the implementation of a set of business projects, business incubators, and macroeconomic startups. Information on the amount of financial resources for the post-war reconstruction of Ukraine's economic system until 2033 (according to the World Bank) is presented in Fig. 1.

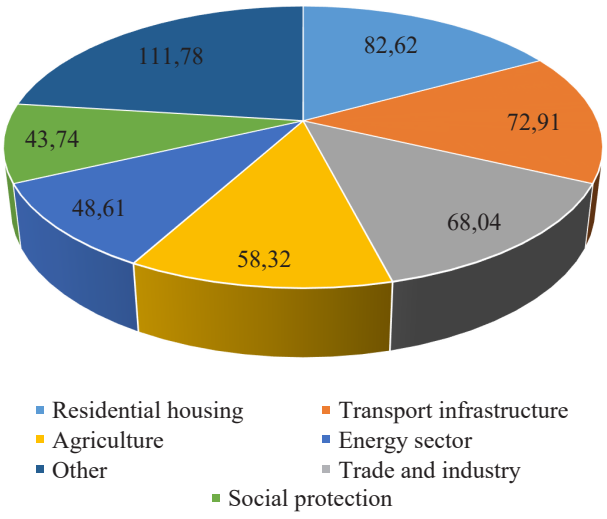

Fig. 1. Information on the amount of monetary resources for the post-war reconstruction of Ukraine's economic system in the period up to 2033 (according to the World Bank), billion dollars

Source: analyzed and built by the author based on [3–5]

Ukraine's economic system is experiencing significant fluctuations due to active hostilities on its territory. According to the Ministry of Economy of Ukraine, as of June 2022, direct one-time losses of the economic system amounted to USD 565 billion. Of this amount, $119 billion is attributable to infrastructure and services. USD 119 billion is for infrastructure, and USD 91 billion is for the loss of civilian facilities. USD 91 billion for the loss of civilian facilities. Thus 2022, Ukraine did not receive capital investments worth USD 54 billion. This significantly affected the country's investment climate. Effective management of the investment climate of Ukraine's economy according to a particular hierarchy will improve the overall level of the country's investment climate, which, in turn, will reduce the negative impact of external factors by improving the investment image at the highest levels of the hierarchy. Therefore, intensifying investment activity is possible only by identifying and systematizing the levels of investment climate management in the national economy. This makes it possible to develop a comprehensive concept of investment climate management based on the information received.

Thus, in the publications [4–6, 9], there is a classic division of factors of investment attractiveness formation into factors of external and internal environment, micro-, meso- and macro-level factors. At the same time, the content of each group is debatable, incomplete, and contradictory.

We propose the following classification of factors of investment climate management in the national economy: legal factors, political factors, economic factors, environmental factors, technical factors, and social factors (Table 1).

Within the given table, each investment climate management factor has its own components, signs, nature of influence, and directions for improving the investment climate in the Ukrainian economy, making it possible to build an effective investment climate management system in an uncertain economic environment. Let us consider in more detail the groups of factors that impact the

Table 1

Assessment of Aspects of Factors Influencing the Formation of the Investment Climate in the Ukrainian Economy

Group of factors	Impact on the investment climate of Ukraine's economy	
	Negative aspect	**Positive aspect**
Political	Decreased political trust in Ukraine, political instability.	Political stability in the country, attractiveness of the national economy to foreign capital investment.
Legal	Inefficient taxation of investments and incentives, imperfect legal framework for foreign and domestic investment.	Legislative measures (special privileges, laws) that encourage investment activity.
Economic	Economic decline due to the curtailment of reproduction processes in economic sectors, investment risks, excessive centralization, lack of an innovation strategy, focus on established markets, and insufficient international scientific and technical cooperation.	Democratic style of governance, decentralization, international scientific and technical cooperation, creation of innovative infrastructure.
Social	Decreased welfare and social protection of the population, changing stereotypes, fear of uncertainty, low professional status of innovators, and the outflow of scientific personnel.	Sensitivity to change, innovation, moral and material rewards, and the possibility of self-realization.
Technical	Deterioration of the technical condition of enterprises in various sectors of the national economy due to their significant energy and material intensity, lack of funding sources, weak material, technical and scientific base, high economic risk, lack of demand for products, outdated equipment, and technology, the low scientific and technological potential of the state.	Availability of the necessary scientific potential, technical base, financial resources, development of competition and reduction of the life cycle of knowledge-intensive goods, and government support for innovation.
Environmental	Increased negative impact of harmful emissions on human health due to the backwardness of production technologies and the manifestation of "global warming" in the sectors of transport, energy and agricultural production.	Availability of developed transport communications, natural resources, and environmental protection.

Source: compiled by the author

investment climate of the Ukrainian economy and the ways to improve the investment climate.

For example, the group of social factors includes such components as the standard of living of the population (Human Development Index – HDI), business qualities and ethics of business owners, the attitude of the population towards foreign investors and foreign companies on the territory of the state, the level of population migration; technical factors – the level of provision with natural and energy resources, the level of development of scientific and technical potential and infrastructure; the environmental group of factors combines such components as natural and geographical conditions; the political group of factors includes such components as: the general stability of political power in the state, the attitude of the government towards investors (residents and non-residents), the degree of public trust in the government, the level of priority given to the development of the regions of the state.

The group of legal factors combines the level of perceived corruption (Transparency International Index), the level of investment freedom (Economic Freedom Index), the level of trade freedom (Economic Freedom Index), the ease of doing business (Economic Freedom Index); economic factors include such components as the state of dynamics of gross domestic product, provision of state support in the form of benefits for economic sectors, average annual inflation rate over the past 10 years, the level of competitiveness development (according to the Global Competitiveness Index (World Economic Forum in Davos), the presence of foreign capital in the structure of the national economy, the level of credit availability in the economy, the stability of the national currency, the unemployment rate, and the level of economic activity of the population. Political factors play a special role in managing the investment climate, as they are the key to making decisions on foreign investment for the country's access to global financial markets. An unfavorable political situation leads to a significant decline in political trust in Ukraine and political instability. In order to combat the adverse effects of the political group of factors, the coherence of activities of all spheres of power, consistency, and validity of management decisions, as well as their implementation, are of primary importance. If the legal policy in the country is ineffective, the fundamental adverse effects on the investment climate are inefficient taxation of investments and privileges and insecurity of foreign investments. In order to stabilize the situation, the following measures should be taken: effective regulation of foreign economic activity, availability of state institutions for regulating investment activity, and use of experience in participating in global economic institutions. The negative impact of the economic group of factors on Ukraine's investment climate will manifest in an economic downturn due to the curtailment of reproduction processes in economic sectors and an increase in investment risk. The main areas for improving the investment climate in the economic group of factors are the development of production infrastructure, the development of the capital market, and investment projects.

A group of social factors whose main features are the population's standard of living (Human Development Index), business owners' business qualities and ethics, the population's attitude to foreign investors and foreign companies in the country, and the level of migration. The areas of improvement of the investment climate in the social group include human potential development, improvement of social infrastructure, and investment in knowledge.

The technical group of factors that have a negative impact on the investment climate includes the following components: the level of availability of natural and energy resources, the level of development of scientific and technical potential, and infrastructure. According to the technical group of factors, the main way to improve the investment climate is to increase the amount of funding for research and development.

The environmental group of factors identifies the main features: the state's proximity to world markets, the availability of developed transport communications, and the availability of natural resources. According to this group of factors, the negative impact on the investment climate will manifest in an increase in harmful emissions due to the backwardness of production technologies and the manifestation of "global warming" in transport, energy, and agricultural production. The primary way to improve the investment climate is to introduce the use of alternative energy sources. The investment climate indicators are interrelated and closely interact with the business management of the investment climate, which is formed by the influence of foreign and domestic investors on the process of managing the investment climate in the Ukrainian economy.

The difficult conditions of globalization of economic processes, the European integration vector of Ukraine's development, and the negative impact of the global financial crisis, which complicate doing business in Ukraine, dictate the need to create and develop a system of information support for strategic management of the national economy, making this scientific issue of particular relevance.

In order to improve the investment climate in Ukraine's economy in 2025–2026, the following measures should be taken (Fig. 2).

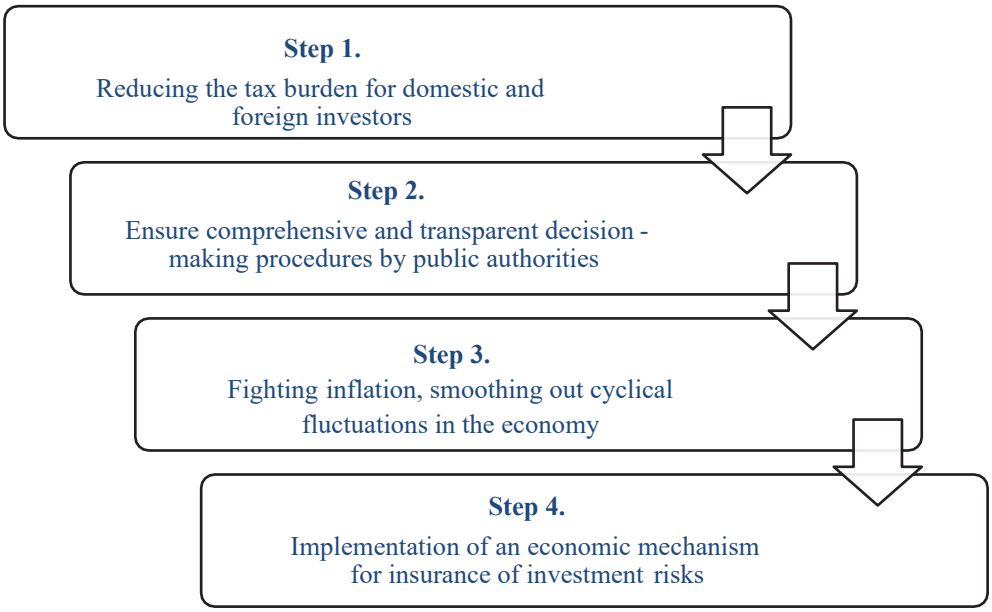

Fig. 2. List of measures to improve the investment climate in Ukraine's economy in 2025–2026

Source: developed by the author

Despite the war, Ukraine has set itself an ambitious but quite realistic goal: to make an "investment" leap into a developing economy by 2032: to attract foreign investors to the Ukrainian economy, a unique electronic platform, Advantage Ukraine, has been created, which contains more than 500 investment projects and opportunities in 10 sectors of the economy [8].

Conclusions. For the successful functioning of the national economy, a balanced, scientifically sound investment policy is required, designed not only for the current situation but also for fundamental development in the future. In addition, the general science-based concept should be specified by economic sectors, regions, and timeframes. Secondly, a systematic and comprehensive approach is important since it is impossible to solve the economic problem of the long-term development of the national economy by individual measures. Thus, management of the investment climate is a prerequisite for accelerating the pace of economic development of Ukraine, which ensures the conditions for sustainable economic development of the national economic system.

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