

INVESTMENT POLICY OF BUSINESS ENTITIES IN FOREIGN ECONOMIC ACTIVITY

Purpose. *The study of the investment activity of economic actors requires special attention in the conditions of a full-scale war. The article examines the theoretical and methodological foundations of the investment policy of economic entities in the conditions of foreign economic activity.*

Methods. *A set of traditional and modern research methods is used: observation, generalization, analysis and synthesis, express diagnosis.*

Results. *Disclosure of information related to issues such as ineffective investment and innovation policy and management system, insufficient amount of attracted foreign and domestic investments, lack of regional programs in which the tasks of all subjects of innovation policy would be agreed, insufficient budget funding of investment and innovation activities is determined timeliness of the outlined problem. The development of information technologies, in turn, has created a situation in which automation is a necessary interface language for increasing the efficiency of any management process, in particular, training and implementation not only of state financial policy, but also of business entities as a whole and the activation of investment activities in Ukraine. The article examines the essence of investment policy and investments, the impact of investment activities on domestic business entities. The theoretical foundations of the system of instruments of investment policy at the local level have been studied, given that local self-government bodies differ significantly in terms of their duties and powers from both central authorities and local state authorities, and therefore need their own system of instruments for the formation of attractiveness local investments. The issue of internal and external investments is revealed.*

Conclusions. *The dependence of the success of the domestic economic policy on the attraction of external and internal foreign investments in the economic cycle is considered. The features of the innovation and investment policy of companies in the conditions of digital transformations taking place in the state today are given. The possibility of applying some innovative investment models in domestic practice is considered. Attention is focused on issues of investment cooperation between Ukraine and the European Union. The urgent necessity of investing in the business sector at the time of military influence has been proven. The problems considered in the article are relevant in the modern conditions of the development of the country, companies and other business entities in the conditions of the need to fully use investment opportunities through financial investments, the creation of a civilized stock market and the expansion of investment financing methods and forms. The necessity of establishing an investment policy with the help of partner interaction of the state, non-state economic management bodies and the subjects of foreign economic activity is emphasized. This study can become a reference point for Ukrainian business in the near future. Also, the research can be useful for the authorities, the public and the university environment.*

Key words: investments, foreign economic relations, investment policy, potential, evaluation, efficiency.

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Statement of the problem. The study of investment activities of economic actors requires special attention, especially in the context of a full-scale war – at a time when exports and imports of Ukrainian goods and services have decreased significantly. Disclosure of information on such issues as ineffective investment and innovation policy and management system, insufficient foreign and domestic investment, lack of regional programmes that would coordinate the tasks of all innovation policy actors, and insufficient budgetary funding for investment and innovation activities determine the timeliness of the problem. The development of information technology, for its part, has created a situation in which automation is a necessary interface language to improve the efficiency of any management process, including the implementation of state financial policy and business entities in general and the intensification of investment activity in Ukraine.

Thus, there is now an urgent need to translate the above-mentioned problems into the realm of digitalisation and glocalisation.

Analysis of recent research and publications. At present, the investment policy of business entities requires a deeper and more detailed study. A significant contribution to the study of various aspects of investment policy was made by N. Bryukhouvetska, I. Bulieiev, L. Gitman, M. J. Jonk, W. Sharp, T. Alexander, J. Bailey, A.M. Hryshchuk, A. Zhuchenko, M.I. Kovtun, D.V. Nikitenko, N.I. Svyynous, V.V. Serzhanov, V. Fomishina, A.A. Peresada and other scholars and practitioners. Various mechanisms of investment cooperation of business entities in the implementation of foreign economic activity were studied by M.V. Signatulin, E.P. Danilchenko, A.V. Zavgorodnyi, L.S. Kozak, V.P. Khomutenko, I.S. Lutsenko, P.V. Pashko and other scholars [1-12]. Scientists have deepened the study of the problems of investment policy of business entities in the implementation of foreign economic activity in difficult conditions of socio-economic crisis, pandemic and post-pandemic and/or military influence.

The article is aimed at studying the investment policy of economic entities and its development in difficult economic conditions in the course of foreign economic activity. *Виклад основного матеріалу.*

The continuous functioning of any enterprise and its survival in the face of ultra-fierce competition and disorder depend on the ability of the enterprise to stabilise and develop. Under any circumstances, it is only in the process of development that an enterprise can achieve a strong competitive position and relative growth. It becomes obvious that there is a need to manage the investment process, which is the basis of development and which directly affects its effectiveness (Yamnenko, Ponochovna, 2019).

In this regard, it is worth noting the recognised scientific work 'Basics of Investing' by L.J. Gitman and M.D. Johnk, which considers a complex of investment processes: global aspects of investment activity, the role of investment in the economy, strategy and means of achieving investment goals, participants in the investment process, types of investors and investments, investment instruments and other market aspects of investment management (Svyynous, 2019). One of the achievements of modern investment science is the fundamental works of W. Sharpe, T. Alexander, and J. Bailey. Thus, their work 'Investments' presents a comprehensive system of research from the investment environment, the basic concepts of the investment process, to the disclosure of the features and types of financial investments, the study of stock markets, investment banking, as well as issues of financial analysis, investment management, evaluation of the effectiveness of investment portfolio management and forms of international investment. We believe that these issues are relevant in the current conditions of the country's development, with the need to fully use the opportunities for investment through financial investments, create a civilised stock market, and expand the ways and forms of investment financing (Knysh et al., 2022).

Moreover, the definition of investment used in the national legislation is also based on the process and target approaches. For example, according to the Law of Ukraine 'On Investment Activity', investments are defined as all types of property and intellectual property invested in business and other types of activities that generate profit (income) and/or achieve social and environmental effects (Vilchynskiy, 2023).

The current economic policy is aimed at implementing a strategy of socio-economic development, which is gradually and persistently formed from annual economic growth. Economic growth is impossible without investment in the economy. Today, it is important to take a deeper look at both domestic investment and foreign investment with foreign capital. Most modern politicians, academics and practitioners consider foreign investment to be the only possible option to boost the Ukrainian economy and bring the domestic economy to the latest level with high production efficiency. Undoubtedly, foreign investment is desirable, useful and very much needed in Ukraine. Indeed, foreign investment with foreign capital is of great importance for the Ukrainian economy, and it is necessary to attract it and develop this area of investment. However, it seems irrational to rely on foreign capital to a large extent. Foreign investment is accompanied by many problematic factors, both positive and obstructive. In addition, even successfully attracted and actively operating foreign investments can easily leave the country and relocate their business to more attractive territories with better conditions if the financial infrastructure and investment climate deteriorate. The practice of foreign investment has just demonstrated such behaviour of foreign investors after the global financial crisis, in the current pandemic period, and especially during a full-scale invasion (Klimenko, 2021).

According to research by the European Business Association, the negative factors that affect the level of Ukraine's investment environment and business activity, as well as the Investment Attractiveness Index of Ukraine (which as of 2023 is 2.44 out of 5), are

- 1) a full-scale war;
- 2) corruption;
- 3) a weak judicial system;
- 4) reduced purchasing power;
- 5) logistical challenges.

It is worth noting that all of the above factors contribute to the existing problems of implementing investment and innovation policy in Ukraine (Prychepa et al., 2020).

The issues of formation and implementation of the state financial policy of intensification of investment activity in the context of digitalisation are unexplored, relevant and require scientific understanding. Effective implementation of automation of the formation and implementation of the State financial policy of intensification of investment activity involves proper integration of information and methodological, technical, legal and personnel support within the framework of the software used.

Information and methodological support involves the availability of clearly defined sources of input information, technologies for its fixation and flow, processing methods and the form of final display. Technical support includes a set of technical means and information communications that allow for the full realisation of the software's potential. Legal support involves the organisation and practical implementation of automation of the state financial policy of intensifying investment activity in accordance with the requirements of the current legislation. Human resources support is manifested through formalisation and compliance with the requirements for employees who will directly interact with software products (Vilchynskyi, 2023).

While at the national level it is possible to formulate a legislative framework, allocate funds for capital investment, etc., at the local level there is no such possibility. Instead, the main function that local governments can and should perform is to search for and communicate directly with investors, promote the investment potential of the territory, and prepare direct investment proposals and partially co-finance them (Malyshivskyi, 2021).

Among the current trends in investment and innovation regional development in Ukraine in the context of decentralisation, the role of the region, territorial community, and the individual is growing. It is to meet human needs that public services are created, improved, transformed, new jobs are created, etc. Human potential is important in this process, especially in the context of the migration crisis (Pron, 2022).

It is worth noting that investments are an important component of integration processes and a catalyst for globalisation transformations in the world economy, which create additional challenges for cooperation between countries, while also generating new opportunities for their partnership.

One of the largest global players in the field of foreign direct investment is the EU, which has led to increased attention to the peculiarities of the formation and implementation of the Union's investment policy. The European Union is the world's largest economic bloc, an active global player in the international arena and one of the world's largest generators and donors of development processes. The economic potential of the EU is quite powerful and the European Union is second only to the United States in terms of economic independence.

The EU investment policy differs significantly from the investment policy at the national level, as it is international in nature. The mechanism for implementing the EU investment policy is based on the task of optimising the distribution of capital within an integrated Europe and ensuring sustainable economic growth in the region.

The investment policy should be commensurate with the characteristics and scale of the enterprise, should be documented, constantly reviewed and updated, open to government agencies and investors, and understandable to external partners. In addition, an investment policy is essential for an enterprise to determine the most effective investment option and identify the most profitable ways to use funds over a long period of time with constant returns.

It is worth noting that when formulating an action plan, which together constitutes an investment policy, it is important to take into account the financial and economic condition of the enterprise, market conditions, product characteristics such as volume, quality characteristics, cost, technological equipment

of production, structure of own and borrowed funds, financing conditions in the capital market, insurance and investment guarantees, leasing conditions, etc.

We also recommend that you pay attention to such a sector as bank investments. Bank investments are primarily understood as investments made by commercial banks as investment entities. If investments are understood as an investment of capital with the aim of its further growth, then from the bank's point of view, the capital growth should be sufficient to compensate the commercial bank for refusing to use available financial resources to invest in other alternative instruments in the financial market, to reward it for its risk and to compensate for losses from inflation in the future investment period. Banking investments mediate the process of using temporarily free money capital in the form of financing (lending) capital investments or other forms of investment in real assets of investment goods directly to service the reproduction process. They are characterised by the supply of money funds by the banking system, which acts as a seller, and the demand for these funds by potential participants in investment activity, who are buyers of bank investments.

In turn, the impact of digitalisation on economic development at both the macro and micro levels is obvious today. However, the digitalisation of the economy as a whole, as well as of individual industries, enterprises, and business processes, involves the development of digital technologies, which, accordingly, necessitates an increase in investment in this area. At the same time, digitalisation creates new opportunities for innovation and investment activities and is an impetus for the development of the domestic IT industry. Therefore, modern enterprises today are radically changing their innovation and investment policy, the development of which in the context of digitalisation has certain features and is associated with:

- increasing investment in the IT industry and developing its infrastructure;
- Increasing the economic return on digital transformation;
- the need to possess a certain amount of knowledge and skills in the IT sector;
- competences of digital technology users;
- government involvement in promoting digital literacy and providing appropriate incentives;
- the existence of state, regional or sectoral expert councils on digital development (Chernikova, 2021).

While a decade ago, at the beginning of the rapid development of digital technologies, it was believed that investments should be structured to match the technological structure of production and be aimed at improving it to ensure economic development, in the context of digitalisation, this statement can be considered stereotypical, as modern investments can radically change the structure and direction of production in line with market demands. But, as at any time and under any conditions, investments must be appropriate, justified, promising and effective.

The implementation of the innovation and investment policy of enterprises in the context of digital transformation involves the achievement of certain economic, social, technological, and environmental effects, which are systematised.

In terms of digitalisation, the following effects are mainly achieved:

- 1) social – through the improvement of existing and the emergence of new mobile applications, further expansion of the Internet, informatisation of society, and the development of digital technologies;
- 2) economic – by automating and robotising production processes, reducing overheads, reducing the time required to perform the same operations, expanding the information space, improving the management system, and creating technology transfer mechanisms;
- 3) technological – through machine interaction, artificial intelligence, 3D technologies, augmented reality, smart equipment;
- 4) environmental – through greening of production, use of alternative energy sources, introduction of smart ecosystems, etc.

In our opinion, social effects are the most noticeable today, and economic effects are the least, due to the low involvement of industry in digitalisation processes (Chernikova, 2021).

In our view, all potential investment projects should rely not only on state financial assistance but also on reliable incentives for the production of competitive innovative products. It is worthwhile to analyse more thoroughly the exports of products, which are increasingly reflected in economic reviews and reports. For enterprises that produce goods to meet the needs of the domestic market, the production of goods to replace imports can be considered equivalent to this indicator.

Table 1

**Value measurement of imports and exports of goods, foreign direct investment (FDI)
in Ukraine in 2023, billion USD**

Months	Import	Exports	FDI
January	5,0	3,1	0,31
February	5,1	3,3	0,33
March	5,5	3,8	0,33
April	4,7	3,0	0,33
May	5,0	3,1	0,34
June	5,0	3,0	0,34
July	5,2	2,4	0,35
August	5,5	2,7	0,36
September	5,4	2,7	0,35
October	5,6	2,7	0,31
November	4,7	2,9	0,35
December	5,4	3,1	0,4

Source: compiled from (Ministry of Economy, 2023; Zharykova, 2024)

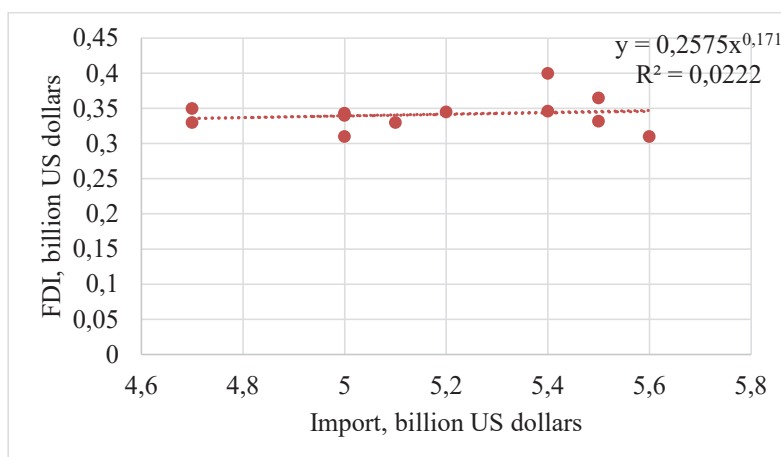


Figure 1. The impact of goods imports on foreign direct investment in 2023

Source: author's development based on data from (Zharykova A., 2024).

The model, which has the form $Y = \ln 0.2575 + 0.171 \ln x$, shows that the change in imports in 2023 was not caused by a change in foreign direct investment, but was influenced by random factors. As we can see, the growth of imports affects the growth of the function by only 2.2% (i.e., about 2% of the function's growth is explained by the impact of imports).

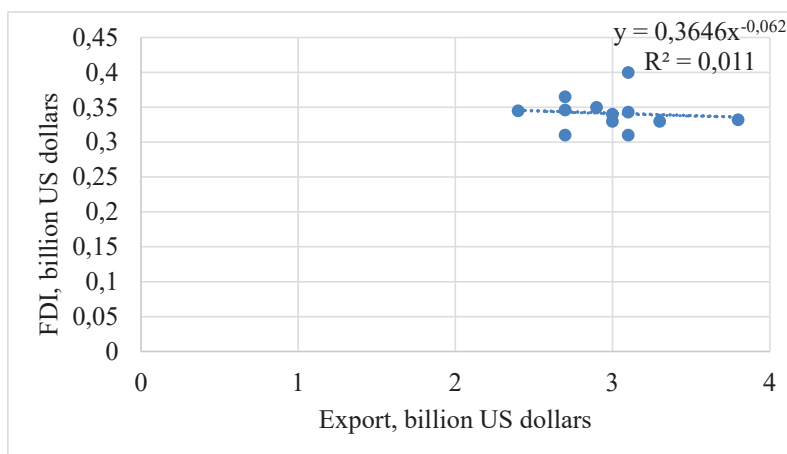


Figure 2. Impact of commodity exports on foreign direct investment in 2023

Source: author's development based on data from (Zharykova A., 2024).

According to Fig. 2, the model has the form: $Y = \ln 0.3646 + 0.062 \ln x$. Accordingly, the change in exports in the 4th quarter of 2023 was also not due to changes in foreign direct investment, but was influenced by random factors. As can be seen, export growth affects the growth of the function by only 1.1% (i.e., about 1% of the function's growth is explained by the impact of goods exports).

Currently, the lack of products from import-substituting enterprises has a negative impact on Ukraine's foreign trade balance. It is advisable that the improvement of exports and import substitution should be linked to the commissioning of new production facilities.

Conclusions. The limited ability of business entities to conduct foreign economic activity in the context of military influence creates serious obstacles to investment.

It has been determined that the issues of formation and implementation of the State financial policy of activation of investment activity in modern conditions are relevant and require further scientific understanding. Effective implementation of automation of formation and implementation of the State financial policy of intensification of investment activity provides for proper integration of information and methodological, technical, legal and personnel support within the framework of the software used, use of the latest forms and instruments to stimulate international trade activity of economic entities.

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ІНВЕСТИЦІЙНА ПОЛІТИКА СУБ'ЄКТІВ ГОСПОДАРЮВАННЯ ПРИ ЗДІЙСНЕННІ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ

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Мета. У статті досліджено теоретико-методичні засади інвестиційної політики суб'єктів господарювання в умовах реалізації зовнішньоекономічної діяльності. Досліджено теоретичні основи системи інструментів інвестиційної політики на різних рівнях управління.

Методи. Використано набір традиційних та сучасних методів дослідження: спостереження, узагальнення, аналіз та синтез, експрес діагностика.

Результати. Розглянуто вплив внутрішньої економічної політики на рівень залучення зовнішніх та внутрішніх іноземних інвестицій в економічному циклі. Наведено особливості інноваційно-інвестиційної політики підприємств в умовах цифрових трансформацій, що відбуваються в державі сьогодні. Розглянуто можливість застосування деяких інноваційно-інвестиційних моделей у вітчизняній практиці. Зосереджено увагу на питаннях інвестиційного співробітництва України та Європейського Союзу.

Висновки. Доведено гостру необхідність інвестування в бізнес-сектор у час мілітарного впливу. Підкреслено необхідність налагодження інвестиційної політики за допомогою партнерської взаємодії держави, недержавних органів управління економікою та самих суб'єктів зовнішньоекономічної діяльності. Встановлено зв'язок зниження експортно-імпоротної активності та обсягів інвестування. Це дослідження може бути корисним для органів влади, громадськості та університетського середовища.

Ключові слова: інвестиції, зовнішньоекономічні зв'язки, інвестиційна політика, потенціал, оцінювання, ефективність.