

# INNOVATIVE DETERMINANTS OF THE INVESTMENT ATTRACTIVENESS OF A COUNTRY: THE CASE OF UKRAINE

INNOWACYJNE DETERMINANTY ATRAKCYJNOŚCI INWESTYCYJNEJ  
KRAJU NA PRZYKŁADZIE UKRAINY

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## ABSTRACT

The study is devoted to the peculiarities of the investment attractiveness of a country in conditions of uncertainty. The article generalises the scientific approaches to the definition of investment attractiveness. The authors summarise the results of the international ranking of countries by the level of investment attractiveness and define the important role of innovation in ensuring a favourable investment climate. The article considers the peculiarities of the formation of investment attractiveness in Ukraine and summarises the priorities for the implementation of an innovation strategy, which will contribute to the possibility of post-crisis recovery. A promising area of further research is the evaluation of the effectiveness of Ukraine's international partnership for the implementation of joint innovation projects in the direction of Industry 4.0.

**Key words:** investment, determinants, factors, investment attractiveness, innovations

## ABSTRAKT

Opracowanie poświęcone jest specyfice atrakcyjności inwestycyjnej kraju w warunkach niepewności. Artykuł uogólnia podejścia naukowe do definicji atrakcyjności inwestycyjnej. Autorzy podsumowują wyniki międzynarodowego rankingu krajów według poziomu atrakcyjności inwestycyjnej oraz określają istotną rolę innowacji w zapewnieniu korzystnego klimatu inwestycyjnego. W artykule omówiono specyfikę kształtowania się atrakcyjności inwestycyjnej na Ukrainie oraz podsumowano priorytety realizacji strategii innowacyjnej, która przyczyni się do możliwości ożywienia pokrzyzowego. Obiecującym obszarem dalszych badań jest ocena efektywności międzynarodowego partnerstwa Ukrainy w realizacji wspólnych projektów innowacyjnych w kierunku Przemysłu 4.0.

**Słowa kluczowe:** inwestycje, determinanty, czynniki, atrakcyjność inwestycyjna, innowacje

JEL: F21, F63, O3

## Introduction

At the present stage of the world economic development, countries face the deepening of globalisation processes and strengthening of the interdependence of economies. The events of recent years, which — in one way or another — have affected a significant number of countries around the world, especially the coronavirus disease-2019 (COVID-19) global pandemic, as well as the Russian Federation's aggression against Ukraine, have generated new challenges for international partnerships. Today, it is extremely important to find mechanisms of adaptation of the national economy to global shocks. This article attempts to highlight the main levers of the mechanism of such adaptation of the country by strengthening its investment attractiveness as one of the main factors of economic growth through international partnerships. Ensuring the investment

attractiveness is a scientific and applied task, the solution of which will help to increase the capital and the intensity of innovations.

The full-scale war in Ukraine, which began on Feb. 24, 2022, caused a significant shock to the economic and social spheres of the country, the consequences of which will have prolonged manifestations. Restoration of the resource balance and implementation of the strategy of functioning under the conditions of war in Ukraine currently presuppose extensive partnership relations with many countries of the world. The main current focus of attention, as well as of the financial and material flows, is the defence-industrial complex of Ukraine. However, it is strategically important to maintain and increase the capacity of those sectors of the economy that can continue developing even in martial law.

The most promising investment sites in Ukraine are the agro-industrial complex and the information technology (IT) industry. At the same time, the economic and intellectual potential of Ukraine provides a basis for further search for ways to increase the country's investment attractiveness given the available and potentially available resources.

The case of Ukraine is quite complex for scientific substantiation, as it covers political, social, economic, environmental, scientific, technical and other aspects of cooperation with European countries and the United States in conditions of a full-scale war. Therefore, within the framework of this study, it is expedient to identify key means of strengthening the country's investment attractiveness for postwar recovery.

Thus, the purpose of the research is to develop the scientific provisions for increasing the investment attractiveness of countries under the new market conditions from the point of view of the resource-based approach. Researchers have developed a methodological basis for assessing the level of investment attractiveness, which — in combination with the relevant developments of international organisations — provides the scientific basis for identifying reserves for improving the investment climate of a country. At the same time, the problems involved in increasing the level of investment attractiveness of countries considering the available, limited and potentially available resources remain to be solved.

For Ukraine, it is extremely important to study the issue of increasing investment attractiveness under conditions of military conflict on the basis of postwar developments. It is important to determine the direction of

intensification of the country's innovation activity as one of the key stimulators of the inflow of financial resources. Thus, the definition of strategic priorities of Ukraine and possible centres of innovative development is the key to rapid recovery after the resolution of the military conflict.

## **The Concept of Investment Attractiveness**

The essence of the term 'investment' is that it is an acquisition of fixed assets, intangible assets, corporate rights and securities in exchange for funds or property. Attracting investment reduces the depreciation of fixed assets (in Ukraine, it averages 65%) and, therefore, worth in the coming years to promote investment inflows to achieve higher levels of economic development (Tolstov & Tsybulskyi, 2014; Hrytsaienko & Hrytsaienko, 2017).

The issue of ensuring the investment attractiveness of economic systems is well developed and highlighted in the scientific literature. The multifaceted concept of 'investment attractiveness' got conceptual identification through a number of scientific approaches. The problems of ensuring the investment attractiveness of a country have been discussed in the scientific articles of Birnleitner (2014), Horna, Ishchuk and Khalilova (2017), Tocar (2018), Furdychko and Pikhotska (2018), Churuta (2018), Usov (2018), Vydobora (2018) and others. In these works, the researchers define the essence of the concept of 'investment attractiveness', identify stimulants and barriers of this characteristic at the micro and macro levels, as well as propose tools for improving the investment climate of a country, in particular by achieving and maintaining human capital, intellectual capital and the macroeconomic potential.

It should be noted that since the concept under study is complex and multifaceted, differences in understanding its content, which can be traced to the works of different authors, are justified. Thus, depending on those factors of investment attractiveness that are considered key, the authors emphasise the various system-building components and the importance of investment attractiveness as an analytical category. Analysis of the scientific sources gives an opportunity to summarise the main approaches

to explain the essence of the investment attractiveness concept. Within these approaches (Table 1), emphasis is placed on one or another key component of investment attractiveness or on the role of this characteristic of a country for the possibility of its economic growth.

**Table 1. Determination of investment attractiveness of the country according to different scientific approaches**

No.	Scientific approach	The essence of the investment attractiveness
1	Competitive	National competitive advantages
2	Situational	The level of reliability of the economic and political situation in the country from the viewpoint of an investor
3	Systematic	The system of legal, economic and social conditions that are conducive to attraction of foreign investment
4	Resource-based	Limitations and opportunities that determine the level of investment development
5	Probabilistic	Correlation of the definitions 'potential' (the amount of investment capital that can be involved) and 'risk' (mostly non-commercial risks of investor)
6	Innovative	Innovation activity and socioeconomic factors of development of a particular country
7	Reputational	Identification of investment attractiveness and investment image of the country
8	Sustainable	Determining the content of investment attractiveness as a key factor in the sustainable development of a country

Source: Summarised based on literature (Tocar, 2018; Birnleitner, 2014; Furdychko & Pikhotska, 2018; Usov, 2018; Bulkot, 2020; Tarabukina, 2010; Husarova, 2017; Horna et al, 2017; Churuta, 2018; Dobrova & Sydorenko, 2018; Geleverya & Serhiienko, 2020; Kuzmenko & Kasaeva, 2019; Maslak & Talover, 2016; Lyulyov & Moskalenko, 2019; Rzaev & Vakulova, 2016; Tolstov & Tsybul'skyi, 2014).

According to a general view in accordance with Rzaev and Vakulova (2016), the investment attractiveness of a country is a set of political, legal, economic and social conditions (factors, elements) that provide and promote the investment activities of domestic and foreign investors and, accordingly, determine the degree of investment risk. In addition, investment attractiveness is a generalised characteristic of a set of social, economic, organisational, legal, political and sociocultural prerequisites that determine the

attractiveness of the state for investment and is the basis for the investment climate.

Dobrova and Sydorenko (2018) explain the essence of this concept as various political, economic, legal, institutional, socioeconomic and environmental factors and conditions that determine the behaviour of current and potential investment entities to invest in the development of the region and ensure the stability of investment activities of domestic and foreign investors. The mentioned definitions are the most general and reflect the diversity of investment attractiveness of the country, its variability and subordination to various external and internal factors. Among such factors, economic and political ones play an important role, as they affect the institutional stability of the region (country) and, consequently, determine the level of risk of a potential investment project.

Development of mechanisms to increase the level of investment attractiveness of the country by any of the approaches presented in Table 1 may be based on the following types of pre-assessment: self-assessment, independent evaluation, or a combination of these two species. Further formulations of the authors are based on the fact that the priority type of assessment of the country's investment climate is external (independent), which considers the opinion of the direct object of potential investment — business in the country (represented by directors and/or business owners). Among the world's methods of assessing the country's investment attractiveness are the most common ratings: Institutional Investor, Euromoney, Business Environment Risk Intelligence (BERI), Moody's Investor Service, Transparency International, World Bank's Investment Climate Survey (ICS) and others.

The concept of 'investment attractiveness' is meaningfully related to such concepts as 'investment climate', 'investment risk', 'investment activity' and 'investment image'. Usov (2018) summarises the dependence of definitions and the relevant processes using the logical and structural scheme and comes to the reasonable conclusion that (a) an investment climate of a region is not a set of the investment climates of industries; and (b) the investment climate of industries is not a set of the investment climate of enterprise-participants.

The identity of the concepts of 'investment attractiveness' and 'investment image' found in the scientific literature, for example in the paper by ?huruta (2018, p. 73), which, in our opinion, is not quite correct, deserves special mention. Investment image characterises the reputation of the country and its investment history, i.e. a set of successful investment projects. Instead, a territory that does not have a significant investment history, but that may be characterised by the emergence of favourable conditions to meet the interests of potential investors who make decisions, may be attractive. Within this study, the scientific substantiation of the main categories is based on the resource-based approach mentioned in Table 1, according to which the investment attractiveness is equated with the constraints and opportunities that determine the level of the investment development of a country.

There are opportunities to use the available scarce resources, as well as the ability to create competitive advantages through the effective realisation of opportunities, which in turn determines the main macroeconomic indicators of the country and its economic potential. Moreover, in this context, the intellectual potential of the country, which determines the level of its innovation activity, and hence the ability to attract foreign capital for the implementation of innovative developments, is of great importance. The main difficulties in performing an analysis of the country's competitiveness reserves from the perspective of a potential investor are the following:

- availability of different approaches for defining the concept of a country's investment attractiveness;
- the possibility of applying different assessment methods depending on the approach chosen;
- a large number of indicators used in the evaluation process are qualitative indicators that are difficult to quantify.

Overcoming these obstacles can be seen in the following steps: to clarify the essence of the concept of investment attractiveness of the country in the chosen approach; to summarise the criteria for investing in an attractive country; to justify the factors that increase the investment attractiveness of the country.

## Factors Determining the Investment Attractiveness of Ukraine

In the scientific literature, there is a large list of factors that determine a country's investment attractiveness. It is common to divide such factors into hard and soft ones (for example Husarova, 2017; Vasil'ev & Ivanchenco, 2016). The influence of hard factors cannot be avoided or changed in the short term. This group includes geographical location, availability of natural resources, innovation potential, quality of labour force and market conditions. As a rule, such factors are subject to quantitative measurement, and the relevant data are reflected in official statistical databases.

Soft factors are affected, and their effects can be changed in a short period of time. The negative effect of such factors may be manifested in additional barriers to investment. The definition of such factors is subjectivism, as it is often a matter of perception of the economic environment by potential investors. Expert methods are used, in particular, for quantitative evaluation. Soft factors include business climate, efficiency of state bodies, level of corruption, tax pressure, successful experience in implementing investment projects and trust in the government.

Following the methodology of the 2020 Global Foreign Investment Country Attractiveness index (GFICA index; the developer of the methodology is Prof. Riadh Ben Jelili), there are several groups of factors that determine the ability of a country to attract investment into its internal markets, namely:

- macroeconomic, financial and governmental factors;
- market potential, resources and the infrastructure;
- differentiation and agglomeration economic effects.

The total number of different factors considered in 2020 is >50. According to the last GFICA ranking, the top 10 countries and outsider countries are as follows (Table 2).



**Table 2. Ranking of countries by GFICA index**

Country	Ranking					
	2015	2016	2017	2018	2019	2020
<b>Top 10</b>						
United States	1	1	1	1	1	1
Switzerland	2	2	2	2	2	2
Germany	4	6	5	5	3	5
Sweden	5	4	3	3	4	3
Netherlands	6	5	7	6	5	6
Singapore	7	7	6	7	6	7
United Kingdom	3	3	4	4	7	4
France	10	10	10	9	8	8
Denmark	8	9	9	11	9	9
Hong Kong	9	8	8	8	10	10
<i>Ukraine</i>	<i>58</i>	<i>59</i>	<i>59</i>	<i>59</i>	<i>59</i>	<i>58</i>
<b>Outsiders</b>						
Madagascar	100	100	101	100	100	101
Burkina Faso	95	89	92	92	101	95
Mauritania	104	104	104	104	102	103
Ethiopia	105	103	103	103	103	102
Venezuela	90	94	100	102	104	104
Iraq	106	107	106	106	105	105
Sudan	107	106	105	105	106	106
Yemen	103	105	107	107	107	107
Chad	108	108	108	108	108	108
Central African Republic	109	109	109	109	109	109

Source: Completed based on GFICA database (2015–2020).  
GFICA, Global Foreign Investment Country Attractiveness.

As shown in Table 2, the USA, Switzerland, Chad and Central African Republic do not show changes in their positions during the period of 2015–2020. The USA, as the leader, may be considered as the country that has a pattern of the most attractive country for foreign direct investment (FDI). This means that this country is the best by such FDI determinants as gross domestic product (GDP) Growth Volatility, Average Inflation Rate, Political Stability, Absence of Violence, Trade and Transport Infrastructure and many other factors. Of course, the decision of a particular investor to invest depends not only on the rankings of the country but mainly on the ability to predict the value and the behaviour of

the object of investment (the relevant business). Moreover, analysis of the location of the most innovative companies makes it easy to conclude the reason for the attractiveness of the USA. Among the most innovative companies, according to FastCompany (2021), are Moderna, Inc. (biotechnology; USA), Pfizer-BioNTech (biotechnology; USA), SpaceX (aerospace, manufacturing, space travel and transportation; USA) and others.

As can be seen from Table 2, Ukraine's position hardly changes. A more detailed analysis of the formation of factors of investment attractiveness of this country, given the escalation of the military-economic conflict of 2014–2022, which may affect the ability to attract investment on the basis of resource economy, i.e. in material production, mining, agriculture and other areas of the national economy, is worth investigation.

In summary, in the scientific literature, there is a common quantitative approach for determining the factors of investment attractiveness, which involves the allocation of areas and indicators to be quantified and on the basis of which it is possible to perform economic modelling.

For instance, Konakova (2017, pp. 38–39) identifies a number of factors that contribute to attracting investment to the national economy of Ukraine. Among the aggregated factors are economic development, development of small business and trade, provision of resources, institutional environment, research potential, staffing, healthcare potential, education potential, income and expenditure of the population. Yelnikov? (2020), studying the attractiveness of the regions of Ukraine, identifies three vectors of their development, within which the relevant factors are determined, namely economic, managerial and environmental. An integrated assessment is performed using quantitative indicators in the article (Yelnikov?, 2020, p. 66).

Horna et al. (2017, pp.146–147) present the results of the strengths, weaknesses, opportunities and threats (SWOT) analysis of Ukraine in order to identify incentives and barriers to investment inflows. The study also highlights the regression model of the dependence of investment attractiveness of the country on economic, political, legal and sociocultural factors. Among the factors included in the model, the most important is the level of prosperity and human progress. The authors emphasise that increase in military events reduces the value of the investment index of Ukraine.

It should be emphasised that Ukraine is characterised by special processes of innovative development, which — in our opinion — is one of the main factors of investment attractiveness. The study conducted at the National Technical University of Ukraine 'Kyiv Polytechnic Institute' (Kukharuk, Skorobogatova & Pyshnograiev, 2017) shows that in Scandinavian and Asian countries, the relationships between the level of macroeconomic infrastructure, the degree of economic freedom and innovation activity are direct and tight; in Western Europe, the impact of the economic freedom on the innovation activity is reasonably low, and the influence of the macroeconomic infrastructure is significant. The article describes the specific relationships of these mentioned indicators in a group of post-socialistic states, according to which, Bulgaria and Ukraine differ significantly from Poland and the remainder of the total sample, as *the economic conditions of these countries and their innovation activity are in inverse dependence*. In other words, according to the study, the deteriorating economic situation in Ukraine may act as a booster of innovative ideas.

The Cabinet of Ministers of Ukraine has approved an action plan for 2021–2023 to implement the Strategy for the Development of Innovation for the period up to 2030. According to this document, the main barriers of the innovation development of Ukraine are as follows:

- imperfection of institutions, including the political, regulatory and business environment;
- underdeveloped infrastructure, including innovation, as the percentage of gross capital formation as a percentage of the GDP, environmental sustainability, accessibility and quality of e-Government (the use of information and communication technologies [ICT] combined with organisational change and the application of new skills) remain low in public administration for the implementation of public services and democratic processes).

According to the action plan determined by the Cabinet of Ministers of Ukraine within the framework of the implementation of this strategy, a number of measures were to be taken in the first quarter of 2022. Unfortunately, the Russian invasion of Ukraine has hindered the fulfilment of the set tasks.

Official statistics on the volume of investment flows in Ukraine for the past 20 years are presented in Table 3.

**Table 3. FDI in Ukraine from 2002 to 2021 (millions of dollars)**

Year	FDI inflows	Increase	FDI outflows	Increase	Balance	Balance (%)
2002	693	—	-5	—	+698	—
2003	1,424	731	13	18	+1,411	102.1
2004	1,715	291	4	-9	+1,711	21.3
2005	7,808	6,093	275	271	+7,533	340.3
2006	5,604	-2,204	-133	-408	+5,737	-23.8
2007	9,891	4,287	673	806	+9,218	60.7
2008	10,913	1,022	1,010	337	+9,903	7.4
2009	4,816	-6,097	162	-848	+4,654	-53.0
2010	6,495	1,679	736	574	+5,759	23.7
2011	7,207	712	192	-544	+7,015	21.8
2012	8,401	1,194	1,206	1,014	+7,195	2.6
2013	4,499	-3,902	420	-786	+4,079	-43.3
2014	410	-4,089	111	-309	+299	-92.7
2015	-458	-868	-51	-162	-407	-236.1
2016	3,810	4,268	16	67	+3,794	-1,032.2
2017	3,692	-118	8	-8	+3,684	-2.9
2018	4,455	763	-5	-13	+4,460	21.1
2019	5,860	1,405	648	653	+5,212	16.9
2020	-868	-6,728	82	-566	-950	-118.2
2021	6,549	7,417	-198	-280	+6,747	-810.2

Source: Minfin Media, 2022.

FDI, foreign direct investment.

Table 3 shows that the negative dynamics fall on the years of escalation of the military-political conflict in eastern Ukraine, as well as in March 2020, which was the beginning of severe quarantine restrictions in connection with the global COVID-19 pandemic. Forecasting investment levels using mathematical tools will provide results with significant deviation. The first reason for this is the heterogeneous dataset [the squared coefficient of variation is 0.72, with a permissible error of 0.33 according to Yerina and Paliian (2010)]. The second reason for the difficulty in forecasting is that much of Ukraine is a zone of active hostilities (eastern and southern regions), which gives grounds to argue

about the unfavourable investment climate not only in these regions but also in other regions of Ukraine in terms of the resource-based approach. At the same time, the development of a mechanism to intensify investment in Ukraine may involve the selection of an innovation vector of development and attraction of financial resources through the financing of project activities in Ukraine. This statement is based on the key issue of the postwar recovery of Ukraine, namely: the necessity to create new urban infrastructure, new energy and industry, adaptive state institutions, a progressive education system, etc., instead of rebuilding the old infrastructure and public administration system.

## **Innovation Vector as a Determinant of Postwar Recovery of Ukraine**

Implementation of an innovation model for economic growth is a promising tool for the strategic management of Ukraine's competitiveness. Financing and implementation of innovation projects enables developed countries to gain significant economic effects, including those from the commercialisation of innovations. The issue of innovative development of Ukraine as a factor of its competitiveness is an urgent scientific and applied task. In particular, the innovation strategy of Ukraine provides for implementation of the following measures (Cabinet of Ministers of Ukraine, 2019):

- creation of a favourable regulatory framework for business entities engaged in innovation activities;
- development of innovation infrastructure, methodological and consulting support, as well as expansion of ties of domestic scientists and inventors with foreign enterprises;
- increasing the capacity level, which is realised through both cultural and educational activities, increasing innovation culture and through educational activities aimed at ensuring successful careers of young people after graduation in higher education in one of the following selected areas: starting own business, working in an enterprise that meets the modern technological level or scientific (teaching) work.

At the same time, in addition to the war, there are systemic obstacles in the country, which are considered by scientists. Exploring the problems and paradoxes of innovation in Ukraine, Fedulova (2020) emphasises that the powerful innovation potential of the state is not realised in Ukraine but works in the economies of other countries (an example is the IT industry with about 200,000 specialists involved and revenues of \$5 billion per year, providing an opportunity to develop innovative products, which is unfortunately being implemented outside Ukraine).

Despite a number of obstacles to supporting the innovation model, Ukraine is also characterised by initiatives to develop innovation activity. Special attention should be paid to the Association of Industrial Automation (created in 2011, with totally 54 members), whose mission is to develop Ukraine as a high-tech state and an equal participant in the Fourth Industrial Revolution. The Association works as a non-government and non-profit organisation uniting legal entities (Table 4)

Universities play an important role in the chain of knowledge sharing and innovation. Although representatives of the Association have repeatedly stressed the availability of reserves to increase the innovative activity of universities, Ukraine is currently implementing international partnership projects, active work on which continues despite the COVID-19 pandemic and war. An example of such an activity is an international project CPEA-LT-2017/10047 'NTNU-KPI Collaboration within Industry 4.0 Education'.

The overall objective of this project is to offer attractive education within the Sustainable Manufacturing concept through the exchange of knowledge between the Norwegian University of Science and Technology (NTNU) and the National Technical University of Ukraine 'Igor Sikorsky Kyiv Polytechnic Institute' (KPI). This is done by strengthening the existing cooperation between the institutions and establishing new contacts among both staff and students. The project started through sharing information and experience on improvement of already existing courses and programmes in manufacturing topics related to Industry 4.0. The cooperation seeks to develop modern teaching methods (learning factories and simulation) and a programme to achieve better gender balance for staff and students in technical studies. NTNU collaborates with

**Table 4. Association of Industrial Automation in Ukraine: main tasks and solutions**

Main activities	Categories of members	Main achievements
Harmonisation of standards in the field of industrial automation	Manufacturers, control system integrators, engineering companies, IT companies and IT integrators	Developing the 'Boosting Widening Digital Innovation Hubs' (BOWI) project within the Innovation for Manufacturing SMEs (I4MS)/Horizon 2020 Programme (in collaboration with Igor Sikorsky Kyiv Polytechnic Institute)
Providing services for community members and partners, including promotion and export	Machine-building enterprises Big industrial final consumers Universities	
Developing hi-tech communities and eco-systems in cluster-like approach	Third-party partners and service providers	
Benefits for members of the Association		
Strengthening of market influence in the target segment in Ukraine		
Faster introductions of new products, standards and solutions into the markets		
Regulation of conflict situations, creating coordinated 'rules of the game'		
Improving the overall image of automation solutions and service providers		

Source: Presented based on information from the Association of Industrial Automation of Ukraine.

SINTEF — one of Europe's largest independent research organisations — to enable interaction with industry and may further leverage co-operation with the NCE Raufoss 'Kvinnearena' programme on female role models, seminars and targeted promotion. The introduction of learning factories will change how technology, processes and (operations) management is taught and will open up new possibilities for groundbreaking research.

Another promising research field is the Science for Peace and Security (North Atlantic Treaty Organization [NATO]-funded) programme, with the following topics: (a) Defence against chemical, biological, radiological and nuclear (CBRN) agents; and (b) environmental security. Fundraising for long-term projects in a protracted war is especially important in order to provide employment for scientists and to develop ideas that will contribute to the post-crisis recovery of the country.

## Conclusions

Summing up the research material, it is possible to conclude that under conditions of crisis, uncertainty and especially war (as in the case of Ukraine), the old models of economic development need to be revised. Occupation of areas rich in resources and potentially attractive for investment makes it impossible to develop a resource-oriented approach to enhancing the competitiveness of a country. Summarising the analysis of scientific literature, ratings, materials of independent organisations, as well as examples of activity that has not been significantly suppressed by economic and social shocks (pandemic, aggression by another state), we highlight the following determinants of Ukraine's investment attractiveness:

1. Increasing the level of transparency of economic development processes and further integration into the European Community on a partnership basis.
2. Adherence to the principles of the innovative model of economic development, which should promote investment in international partnership projects in priority areas of scientific and technical development.
3. Transition from a resource-oriented economy to a human-oriented and idea-oriented economy, in which innovation is a key lever of the mechanism.
4. Development of a network of participants to promote the ideas of the Industry 4.0 movement to share experiences, generate solutions, harmonise the legal field of intellectualisation and automation of the production of key industrial goods.
5. Strengthening the applied component of education in Ukraine by intensifying the participation of universities in international grant programmes, which will provide an opportunity to train a new generation of professionals using advanced learning technologies for innovation.

From the point of view of the resource-based approach to the identification of reserves to increase the level of investment attractiveness



of Ukraine, it is advisable to specify 'opportunities', among which are the cooperation between youth and business, increasing the number of scientists, standardising the market structure and innovation activity.

The promising field for further research is the development of the scientific statement regarding the assessment of the level of the investment attractiveness of different countries according to the specifics of their functioning.

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