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Prospects for the development of investment and innovation activity in Ukraine

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Taliat Bielialov *
Iryna Shtuler **
Dina Tereshchenko ***
Nataliia Horiachova ****
Lesia Pashniuk *****

Abstract

The article is based on general and special scientific knowledge methods by means of which the main investment trends in Ukraine and in the leading economies of the world are revealed. It highlights the prerequisites for stable economic development of the country and, at the same time, investigates the factors of investment attraction. The main problems of the development of investment activities on the territory of Ukraine are described and strategic guidelines for the formation of a positive investment climate are given. As a result of the research, the short- and long-term policy prospects for improving investment and innovation activities in war and post-war times have been determined. In addition, the priority directions of foreign capital investments are considered, which include defense industry, energy, information technologies, processing industry, financial activity and trade. It was concluded that stimulation of intellectual and investment activities in Ukraine requires the introduction of an effective tax system, promotion of international cooperation, improvement of legislation and provision of adequate protection of intellectual property rights.

Keywords: strategic investments; investment activities; innovations; human capital; intellectual capital.

* Doctor of Science in Economics, Associate Professor, Head of Department of Entrepreneurship and Business, Kyiv National University of Technologies and Design, Kyiv, Ukraine. ORCID ID: https://orcid.org/0000-0003-4019-755X

** Doctor of Economics, Professor, First Vice-Rector, National Academy Management, Kyiv, Ukraine. ORCID ID: https://orcid.org/0000-0002-0852-8526

*** Doctor of Sciences in Public Administration, Professor, Professor of Department of sociology and public administration, National Technical University «Kharkiv Polytechnic Institute», Kharkiv, Ukraine. ORCID ID: https://orcid.org/0000-0003-0633-0097

**** Ph. D. in Economics, Detached structural subdivision "Mariupol Professional College of the State Higher Educational Institution "Pryazovskyi State Technical University", Dnipro, Ukraine. ORCID ID: https://orcid.org/0000-0001-9889-3713

***** Ph. D. in Economics, Deputy Director of Economics, Selyshchanskyi Granite Quarry, Ltd, Rivne, Ukraine. ORCID ID: https://orcid.org/0000-0002-6264-4368

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Perspectivas políticas para el desarrollo de la actividad de inversión e innovación en Ucrania

Resumen

El artículo esta basado en métodos de conocimiento científicos generales y especiales mediante los cuales se revelan las principales tendencias de inversión en Ucrania y en las principales economías del mundo. Se destaca los requisitos previos para el desarrollo económico estable del país y, al mismo tiempo, se investiga los factores de atracción de inversiones. Se describen los principales problemas del desarrollo de las actividades de inversión en el territorio de Ucrania y se dan pautas estratégicas para la formación de un clima de inversión positivo. Como resultado de la investigación, se han determinado las perspectivas políticas a corto y largo plazo para mejorar las actividades de inversión e innovación en tiempos de guerra y posguerra. Además, se consideran las direcciones prioritarias de las inversiones de capital extranjero, que incluyen la industria de defensa, la energía, las tecnologías de la información, la industria de procesamiento, la actividad financiera y el comercio. Se concluyó que la estimulación de las actividades intelectuales y de inversión en Ucrania requiere la introducción de un sistema fiscal eficaz, la promoción de la cooperación internacional, la mejora de la legislación y la provisión de una protección adecuada de los derechos de propiedad intelectual.

Palabras clave: inversiones estratégicas; actividades de inversión; innovaciones; capital humano; capital intelectual.

Introduction

The most important source of economic growth of any country is investment, the economic nature of which is determined by the laws of the process of extended reproduction. It consists in using an additional share of the social product, national income, to increase the number and quality of elements of the productive forces of society. Lack of investment slows down economic growth, which leads to crises, a decrease in the production of goods and services, a decrease in employment, inflation, etc. (Lazorenko, 2017).

In modern economic conditions, the efficiency of the investment process is the key basis for the successful functioning of the state economy and individual enterprises. Among the key factors that inhibit the inflow of investments, scientists single out corruption, currency instability and stalling of reforms, an inefficient judicial system (impossibility to protect property rights or fairly resolve a business dispute), the issue of land

allocation and value added tax reimbursement, as well as overcoming technical trade barriers and passing customs procedures (Kushnir, 2020).

This issue is especially relevant for modern Ukraine, which in the last few years has faced a number of problems that have significantly affected its economic system. The war on the territory of Ukraine, the annexation of its separate territories, the instability of the economic and political system caused the process of reducing the inflow of foreign investments into the country and, at the same time, determined the inability to achieve economic development in all spheres of life at the expense of one's own financial resources. Under such circumstances, many questions arise: did investors manage to save their fortunes? How many of them are currently motivated to invest in business in Ukraine? What priority investment areas should be chosen?

Also, one of the main problems in the development of the vast majority of industries is the lack of capital, so improving investment attractiveness and establishing a stable investment process in the country are of great importance. In the conditions of the innovative economy, investments in the human capital of the enterprise are made with the aim of increasing the pace of innovative development and obtaining, on this basis, a positive socio-economic effect in the current and future periods (Slastyanikova, 2020).

Innovations and intellectual capital are key factors in the modernization of the economy and further economic growth, which is indirectly confirmed by the research of Miyamoto and Hulten (Miyamoto, 2008; Hulten, 2013). Based on the analysis of statistical information from many countries, including developing ones, they testify that investment in intellectual capital and innovation is an important source of economic growth and is positively correlated with gross domestic product per head.

Socio-economic transformations taking place in Ukraine require proven technologies of management and capital building. The accumulation and application of innovative knowledge has become crucial as an intellectual factor in the formation of a new type of production. Under such conditions, intellectual capital appears not only as a means of increasing general capital, but also as, in principle, an adequate reflection of reality and determination of priority directions for the transformation of the national economy (Ostropolska *et al.*, 2020).

Taking into account the global difficulties, at the stage of formation of a developed market economy in Ukraine, the solution of problems related to the introduction of innovations in all spheres of social life in the war and post-war period is becoming more and more urgent. After all, due to objective circumstances, the economy of Ukraine lags behind the world level, and the development and implementation of innovations requires the use of a comprehensive approach and taking into account defense costs.

Thus, the relevance of the research topic is determined by the importance and complexity of investing in innovative projects, human and intellectual capital, the specifics of the functioning of the Ukrainian economy in wartime conditions, and the insufficiency of the treatment of certain issues in scientific and special literature.

1. Methodology of the study

The theoretical and methodological basis of the article is the scientific works of domestic and foreign scientists on economic theory, investment theory, human and intellectual capital.

The following methods of research of economic phenomena and processes were used to solve the problems: dialectical and abstract-logical method of cognition - when summarizing theoretical and methodological aspects of investment innovation activity in Ukraine and other leading countries of the world, as well as when forming conclusions; monographic method - when studying the experience of regions and countries in the growth of innovative and intellectual investments to ensure the quality of life; analytical grouping method - when grouping the countries of the world according to the level of investment and innovation activity and the development of human capital; the method of building an econometric model and the method of scenario modeling - when evaluating and developing directions for the development of investment and innovation activities.

The information base of the study consists of official analytical and statistical materials and publications of the World Property Organization WIPO, results of scientific, scientific and technical, innovative activities, technology transfer, as well as data of the State Statistics Service of Ukraine, monographs and periodical literature, analytical materials of national and foreign research institutes institutes and centers.

2. Analysis of recent research

Paying tribute to the scientific development in the direction of researching investment activity at the macro and national levels, it is necessary to state that scientific works have not finally resolved the issue of substantiating the integral direction of the formation of state policy in the sphere of investment in innovation and human capital under conditions when the main efforts of the state are aimed at restraining foreign aggression, which not only significantly complicates the adequate modernization of the national economy, but also calls into question the existence of many state formations.

Under such conditions, there is a real threat of losing not only resources to ensure overall economic development, but also the paradigmatic principles of regeneration of effective social existence and stable functioning of the economic system (Ostropolska *et al.*, 2020).

In view of this, the purpose of the work is to research the world's leading investment-innovative economies and to develop, based on this, prospects for attracting investments to the economy of Ukraine in the war and post-war period.

3. Results and discussion

3.1. General characteristics of investment innovation activity

Investments play a key role in the maintenance and growth of the state's economic potential, acting as a guarantor of its sustainable economic development. Without them, it is impossible to implement the tasks set at the enterprise, to carry out modernization, which will increase the technological level of both the enterprise and the industry as a whole, will provide an opportunity to increase the gross national product, increase the level of competitiveness in the foreign market, as well as the implementation of social programs and high wages for employees.

According to the Law of Ukraine «On Investment Activities»: «investments are all types of property and intellectual values that are invested in objects of entrepreneurial and other types of activity, as a result of which profit (income) is created and/or social and environmental effects are achieved» (On Investment Activity, 1991).

Investments are necessary to ensure the effective functioning and development of the enterprise. They perform a number of functions: ensuring the growth of the market value of the enterprise; a tool for the implementation of innovation policy; source of formation of production and resource potential; asset structure optimization mechanism; formation of long-term capital structure; a mechanism for ensuring simple and extended reproduction of fixed assets and intangible assets.

From the standpoint of reforming the economy, increased investment activity is the basis for obtaining an economic effect. Without an increase in the rate of investment growth, an increase in the share of investments in the gross domestic product, it is impossible to overcome the gap in the growth of the gross domestic product and industry, low profitability of production, low wages of employees (Horyachova, 2020).

Thus, investments can be characterized as a reflection of relations, which is associated with the early investment of financial, property and

intellectual values invested in the objects of the enterprise, in fixed assets and scientific and technical development of the enterprise, obtaining in the future economic effect and net income

Certain authors, defining the term «investments», believe that they exist only in monetary form. But capital investment can also be made in any property form or in the form of non-property assets; totality of technical, technological, commercial and other knowledge; production experience; the right to use land, water, resources, buildings, as well as other property rights (Mayorova, 2009).

Innovation means newly created (applied) and (or) improved competitive technologies, products or services, as well as organizational and technical solutions of a production, administrative, commercial or other nature, which significantly improve the structure and quality of production and (or) the social sphere; these are real processes of creating new knowledge, systems and means of production, technologies and their implementation in the sphere of economy or public administration, trade or international relations (Guk *et al.*, 2022).

The relevance of investing in innovative activity lies in the fact that in Ukraine the investment process is mostly considered separately from the innovation process, and in order to make positive changes, it is necessary to determine the main problems and prospects for the development of the investment and innovation market itself.

The significant impact of the state innovation policy on the innovation sustainability of the country was emphasized by Freeman, who understood the national innovation system to be a network of public and private institutions, thanks to their cooperation, new technologies are initiated, imported, modified and disseminated (Freeman, 1987). Therefore, effective innovation investment involves the synergy of the state and private resource base with the aim of forming a full-fledged infrastructure, avoiding discrimination, encouraging partnerships at various levels of the innovation and business ecosystem, implementing the concept of sustainable economic development for the sake of a high quality of life.

The development of the innovation and investment system in the conditions of a market economy is an objective and practically unceasing phenomenon that requires regulatory organizational and economic mechanisms and levers that will allow to effectively influence the dynamics and structure of changes in the economic system, since investments have a powerful transforming effect on the national economy. Thanks to a correctly formed innovation and investment policy, it is possible to create such a structure of the national economic complex that would ensure the most efficient use of available resources and prerequisites for the sustainable development of the country.

3.2. Leading global practices of investment innovation activity

The development of the world economy is characterized by the acceleration of the innovation process, the growth of labor productivity, and the intensification of competition on the world market. Under such conditions, an important indicator that characterizes the external influence of factors and affects innovation activity is the indicator of costs for innovation activity, since it characterizes not only the use of production potential, but also the presence of demand for competitive products to improve the economic status of the enterprise and the country.

As the experience of developed countries shows, the main factor in the development of innovations is a stable political environment, socio-economic, informational, technical condition and other factors, in particular, the use of labor resources that are able to perform both intellectual and physical work as efficiently as possible.

To assess the state of innovative activity in the world and the spread of progressive practices and models, the World Intellectual Property Organization (WIPO) annually compiles a ranking of countries – the Global Innovation Index, which is formed by 2 groups and 7 subgroups of indicators, 82 variables (Global Innovation Index, 2021).

Since 2011, Switzerland has remained the leader in innovative activity. The 20 leading countries in terms of innovation include 5 Asian countries - the Republic of Korea (5th place), Singapore (8th place), the People's Republic of China (12th place), Japan (13th place), Hong Kong (14th place). In 2021, the record number of Hague system applications was recorded by Asia with 22% of the total number of applications, while Europe's share is more than 70%. The most active users are applicants from Switzerland, Germany, the United States of America (hereinafter – the USA, the Republic of Korea, the Netherlands, Japan, France, Great Britain and Turkey (World Investment Report, 2021).

General statistics for 132 countries ranked by the Global Innovation Index (Global Innovation Index, 2021) prove a direct relationship between the level of economic development and innovation. But the issue is not only the availability of resources, but also the quality of resources. And since innovations are primarily intellectual capital, we can state the exceptional importance for every country of building an effective education system and ensuring equal access to it for all social groups.

The countries of North America and the USA are among the leaders among the regions of the world in innovative activity and the production of high-tech products. Due to the large scale of the US market, businesses have the opportunity to mass sell their products. After the emergence of competition in this direction from Japan and Germany in the 1970s and

1980s, the leadership of these countries began to pay more attention to the development of innovative activities, as well as to increasing the competitiveness of products produced in the country.

Thus, in 1980, the USA financed 60% of inventions and had 28,000 patents, of which only 4% were implemented at enterprises. Almost 33% of the state budget is allocated for the salaries of scientists engaged in development. 90% of financing for innovative activities is carried out by large companies at their own expense (World Investment Report 2021).

In the US, innovation investment volumes are closely related to the country's budget and large industrial enterprises in the agricultural sector, nanotechnology, materials science, and medicine. Representatives of large industrial enterprises are interested in receiving long-term innovative projects financed by state budget funds. The main areas of development of innovative activity in this country in recent years are: "industry of medicine, transport industry, infrastructure development, energy-efficient technologies, technologies in education, space research, development in the field of computer technology" (Horyachova, 2020: 101).

Innovative activity in the USA is mostly created at the expense of enterprises. At the same time, the country has a stable legislative framework for the protection of intellectual property objects, obtaining preferential loans, and the economic interest of enterprises. Considerable attention is paid to the support of scientific and technical knowledge, as well as scientific research laboratories and universities that are engaged in research work and have a connection with industrial enterprises.

It is worth noting that the innovative activity of the USA occupied the first place in the world for some time and despite the fact that the submission of applications for the object of industrial property has decreased in the country, the quality of innovative products is more qualitative than the products of China and most countries of the European Union.

China scores highly in the global innovation index for the number of trademarks, patents and industrial designs, but lags behind other countries in areas such as human capital and higher education. China is the leading country in the world in submitting applications for industrial property objects and spending on innovative activities. The number of applications submitted for the period from 1985 to 2021 is about 22 million applications for: inventions – 36%, utility model – 37%, industrial design – 27% (World Investment Report, 2021).

The most developed innovative industries in this country are: electronic and information technologies, biotechnology, technologies of new medical preparations, aerospace technologies, nuclear technologies, marine industry, new materials and technologies and their implementation, energy-saving technologies, environmental protection, agricultural

technologies. The most famous in China are the following technology parks: «Zhongguancun» technology park in Beijing; open technology zones in Guangzhou and Nanjing; high-tech parks «Zhangjiang» in Shanghai and Tianjin.

During the period from 2010 to 2021, there was an increase in all types of industrial property objects in the PRC. The largest number of applications were submitted for trademarks, inventions and industrial designs, which indicates that innovative products of the PRC are in demand on the world market. At the same time, the growth of industrial production decreased somewhat (World Intellectual Property Organization WIPO). In general, as evidenced by our analysis, innovative activity in China is developing every year.

Great Britain is increasing its innovative potential in the field of financial technologies, and is currently one of the world leaders in this area. There are 2,500 fintech firms operating in the country, which currently focus on managing investments in the technology space. Today, the focus is shifting from financing servers and physical assets to cloud capabilities and data usage. Leading investment managers allocate about 50% of the budget to these most important strategic priorities, and the automation and robotization of business operations are among the strategic priorities, which is due to the need to constantly increase margins and the need for companies to meet the requirements of regulatory documents (Guk *et al*., 2022).

The specified areas of innovation are among the most expensive. Investment managers are paying more attention to investing in fintech companies: in 2021, a record number of financing rounds with a total amount of $4.5 billion, in which investment companies participated, was recorded. And some medium and large investment managers are expanding their activities and providing services to other smaller fund managers. The collaboration model helps not only to increase profits, but also to retain customers due to a more customized set of services (Painter, 2022).

High rates of scientific and technical progress require simultaneous transformations in education, mastering of digital technologies and constant updating of knowledge. Therefore, the issue of improving the quality of education is one of the priorities in Germany as well. And since innovative development is determined by a complex of factors, increasing the efficiency of innovative activity requires consistency of strategies and coordination of actions of the relevant line ministries, a clear numerical expression of target benchmarks, etc.

Previously, the leading direction of investment in Norway was the development of the oil industry. Currently, the country is implementing a diversification model and is refocusing on the development of biotechnology

and agriculture as new promising directions. But at the same time, Norway felt a shortage of specialists and knowledge in these areas of activity.

The standard in today's conditions is the experience of investment innovation activity of the leader of the global innovation index rating - Switzerland. A significant factor in the country's leadership in innovation is the large amount of financing for innovation. It is one of the countries with the highest R&D expenditures relative to their gross domestic product. The private sector accounts for more than two-thirds of Swiss spending on such works, currently accounting for more than 3% of gross domestic product, or about 22 billion Swiss francs. The state's participation in funding research depends mainly on the proactive work of researchers, the principle of competition and international cooperation. State institutions at various levels invest in research. Projects for funding are selected on a competitive basis (Research and Innovation in Switzerland, 2021).

Switzerland is active in various areas to create a favorable innovation and investment climate. The priority tasks of the state policy of innovative development include ensuring: the quality of education at all levels; accessibility of their state institutions; reliable political and legal environment.

In Switzerland, at the legislative level (Our activities and objectives. Division of Business and Economic Development, 2022), the support of the Confederation of Innovation Infrastructure, namely: the Swiss National Science Foundation (SNSF) and the Swiss Agency for the Promotion of Innovation (Innosuisse), 30 research institutions of national importance, is established , the Swiss Academy of Arts and Sciences, the institution «ETH» environment. The country also participates in numerous international research organizations and research programs, such as CERN and multi-annual framework programs of the European Union, and also promotes bilateral research cooperation with certain priority countries (Research and Innovation in Switzerland, 2021).

From the above, we can conclude that the factors of an effective innovative development model in Switzerland are: sufficient amounts of funding for innovative activities, strong state support; adherence to the principles of competition, which allows effective use of state financial resources; creation of parity conditions for the development of science and research in different regions.

In general, the leading countries of the world have a balanced resource potential of innovative activity and the results of innovation, and about 80% occupy leading positions in five out of seven criteria, namely: according to the resource potential of innovative activity, it is institutional support; according to the results of the implementation of innovations, this is the development of technologies and the economy; results of creative activity; human capital and research; business development.

The analysis of the state of the global investment market made it possible to identify the following trends: 1) annual increase in costs for innovative activities (primarily Switzerland, the Republic of Korea, the USA, other countries of Asia and the European Union); 2) close cooperation of universities and research organizations with business and enterprises brings significant income to the economy of the leading countries of the world, which creates the basis for the implementation of innovative developments and their commercialization; 3) in general, the quality of innovative developments of the USA is higher than the quality of innovative developments of most EU countries and Asian countries; 4) for several years in a row, Switzerland has taken the first place among the EU countries as a country with high innovative development (it is this model of investment activity that can become a benchmark for Ukraine).

3.3. Ukrainian prospects of investment and innovation activity

It is difficult to overestimate the role of the state in the formation of an effective national innovation system. In view of the purpose of our research, as well as taking into account the questions that were revealed in the previous sections of the scientific article, we consider it appropriate to consider the priority directions of foreign capital investments in Ukraine.

One of the key means of ensuring economic growth and progressive development of Ukraine is foreign investment. According to the analysis of past years, the most priority industries in Ukraine were: processing industry (25%), financial activity (15%), trade (10%) and other directions of foreign capital investments (27%). The lowest priorities include: electricity production and distribution (1%), agriculture (2%), extractive industry (3%), transport (4%) and construction (5%) (Huk et al., 2021 , p. 17). However, the war in Ukraine forced a reassessment of the attitude to investment. Some tools proved to be reliable, some were underestimated, and some did not work at all.

It is necessary to single out the conceptual problems of the development of investment and innovation activity in the economy of Ukraine: the imperfection of the legislation regarding the development of innovation activity; indeterminacy of priorities for the development of basic sectors of the economy and lack of favorable conditions for attracting investments in order to ensure the development of high-tech production; underdevelopment of innovation infrastructure (innovation centers, innovation business incubators, technopolises, technology parks, science parks, technology transfer centers and industrial clusters); low rates of introduction of high technologies; high energy intensity of the domestic gross product; insufficient volume of savings of the population, funds of business entities and the state for investment in order to implement investment and innovation projects; the uncertainty of the legal instrument for attracting non-state investments for the purpose of economic development.

In particular the mechanism for ensuring the development of public-private partnerships; depreciation of fixed assets; non-compliance by business entities with the requirements of legislation regarding the registration of objects of intellectual property rights and the absence of a mechanism to encourage the introduction of such objects into commercial circulation; imperfection of the mechanism of commercialization of the results of scientific research and development; a small number of domestic manufacturers of high-tech products participating in the international exchange of technologies; insufficient state support for the introduction of innovations to ensure the development of small and medium-sized enterprises.

Among the reasons for the unfavorable investment climate in Ukraine and, therefore, the restraint of economic development, numerous domestic and foreign studies note the instability of Ukrainian legislation, excessive regulation of most markets, insufficiently developed market infrastructure, including the stock market, strong tax pressure, bureaucracy and government corruption.

As rightly noted in the scientific literature, transformational processes that take place in the national economy and affect changes in the investment system are caused by improper organization and institutional support of the investment process (Guk *et al.*, 2021). For example, one of the biggest problems in Ukraine regarding the introduction of innovations in the industrial sector is: low level of development of clusters; insufficient procurement of technological equipment by enterprises due to lack of financing; low level of foreign investment attraction and technology transfer.

Analyzing the investment and innovation activity of Ukraine, it should be emphasized that despite the availability of stable resources, in recent years, trends towards the country's loss of human capital have been observed. In the conditions of war, and this is not surprising, insufficient funds are allocated for the development of innovations in Ukraine. Real reforms in the field of higher education are necessary, on which human capital depends on the further development and implementation of intellectual investments.

Tax policy has a significant influence on the stimulation of investment activity, however, due to the high tax burden and significant differentiation of taxes by type of activity, financial resources are washed out of industry in favor of the financial and trade spheres, which leads to a decrease in industrial potential, i.e. technologically complex and knowledge-intensive industries lose their financial resources, which cannot contribute to investment in innovation and modernization of the economy (Mytyai and Slatvinsky, 2014).

Therefore, it is necessary to revise and introduce schemes for tax incentives for innovative activities, to conduct a favorable state policy for venture financing; provide tax benefits only to those investors who finance projects that correspond to the priority directions and strategy of innovative development of the state (Tymoshenko *et al.*, 2022).

Investment attraction is also influenced by regulatory and legal regulation of investment activity and its institutional support. Despite the fact that the regulatory and legal framework in Ukraine is quite developed, at the same time, its multi-level and complexity makes its implementation quite difficult, therefore, accordingly, it needs to be simplified.

Under the existing socio-political and economic situation in Ukraine, in order to stimulate investment in modernization on an innovative basis in the short-term, it is necessary first of all to radically improve the investment climate, as well as to increase the efficiency of the functioning of state institutions, provided: the formation of legal foundations, the reduction of investment risks based on the improvement of the functioning of the judiciary systems and improving the quality of guarantees for the protection of investors' rights; implementation of a set of measures in which all participants in the investment process will participate on an equal basis – both the state and enterprises; reorientation of the financial and monetary systems in accordance with modern requirements for the needs of updating industrial production and modernization of the economy, in particular, promoting the reduction of interest rates to a level corresponding to the efficiency of capital investments in fixed assets.

In the long term, it is necessary to take into account the development model of countries (first of all, the USA, Switzerland, Germany and other EU countries), which provide for an orientation towards innovation. Since the use of innovations is related to ensuring flexibility in the conditions of the market environment, it is necessary to create conditions for doing business. It should be understood that strict regulation of the economy negatively affects investment in innovation and modernization. Thus, we see the feasibility of simplifying the administrative regulation of the economy and creating conditions for the interest of enterprises in innovation and modernization, which will stimulate investment.

Undoubtedly, each country has its own model of innovative development and its "blind" copying is impractical for Ukraine with its own characteristics, however, common for any country is the achievement of the effect of building effective interaction at various levels for the purpose of progressive development and improving the quality of life. At the state level, direct and indirect measures to stimulate innovative activity should be developed, a favorable investment climate should be created; at the level of private business, investments in the production of innovations and technology transfer should be implemented; at the level of other participants of the

ecosystem, the formation and development of innovative infrastructure should be ensured.

In July 2022, at a conference in Lugano, Ukraine presented a powerful and comprehensive plan for the recovery of the country. The implementation of this strategy is designed for 10 years and it received favorable evaluations and support from international partners. Ukraine sets itself an ambitious, but quite realistic goal: by 2032, to make the leap from a transitional (transit) economy to a developing economy.

In order to attract foreign investors to the Ukrainian economy, a unique electronic platform Advantage Ukraine has already been created, which collects more than 500 investment projects and opportunities in 10 sectors of the economy. Each potential investor, after registering on the platform, will receive comprehensive information about investment opportunities, specific projects and the benefits that he will have from investing in the economy of Ukraine (Koznova, 2022).

It should be pointed out that the Government of Ukraine is doing a lot of work to improve the conditions for doing business and unlocking obstacles to business development. Current deregulation in wartime conditions makes it possible to optimistically assess the prospects for the recovery of entrepreneurial activity under the conditions of a favorable course of the wartime situation. An example is the relocation of enterprises, because the recovery of the Ukrainian economy largely depends on the activation of Ukrainian business.

Thus, from the start of the relocation program until August 3, 2022, almost 700 enterprises moved to safe regions as part of the relocation program, and 692 companies moved to safe regions, of which 484 started working. Among the relocated enterprises that have already resumed their activities, the largest share is the companies of wholesale and retail trade, repair of motor vehicles and motorcycles (39% of the total number), processing industry (33%), information and telecommunications (6%), professional, scientific and technical activities (5%) (projects (Overview of business support tools during the martial law in Ukraine, 2022).

At the same time, it is expedient to create a separate plan of measures to increase lending to small and medium-sized enterprises on terms acceptable to business. To this end, it is necessary to speed up the unblocking of obstacles to the functioning of programs and financial mechanisms introduced by the state, as well as the attraction of funds from microfinance organizations and donor countries for the implementation of important socially significant projects (Overview of business support tools during martial law in Ukraine, 2022).

Also, the war against Ukraine and the possibility of an energy crisis accelerated the development of «green» initiatives. It is important for

investors to consider this fact when forming and adjusting their long-term investment strategies. There are many companies that are structurally important to the green market. These are both producers of green energy (wind, solar) and companies that supply raw materials (rare earth metals, components for technological solutions, etc.).

Quickly restoring the power system after damage is a difficult task, so the issue of attracting technical and grant assistance for the restoration of the power system is very important. The Government of Ukraine in general, and the Ministry of Energy in particular, are working hard to attract funds and resources from international partners so that energy workers have everything they need to eliminate the results of shelling. For example, it was recently announced that the European Investment Bank had provided EUR 550 million for the restoration of energy infrastructure. Separate purchases are made by USAID at the expense of international donors within the framework of programs implemented by the Ministry of Energy (Bondarchuk, 2022).

The results of an online survey of 430 private investors from all regions of Ukraine regarding investment initiatives are interesting. Thus, 40% of respondents intend to continue to spend free funds to help the country, the military, and volunteer initiatives during the war. This high indicator is quite expected and understandable, because the help of the army and volunteering is the main «investment» in the future of Ukraine, without which all other projects are unlikely to be successful. A third, or 33% of respondents believe that investments in the domestic economy can become one of the tools that will help avoid devaluation risks. So, we have another confirmation of quite serious intentions of a retail investor – to support the country in the most difficult times (Karpilovskyi, 2022).

In addition, according to the results of the survey, the most promising industries for the retail investor were those related to basic human needs, which is quite similar to Maslow's pyramid. Agriculture and construction received 56% and 50% of responses, respectively. Next come infrastructure (transport, warehouses, post) and processing - 41% and 40% (Karpilovskyi, 2022). According to some analysts, after the war, Ukraine will need businesses in the following areas: logistics (creating rail connections with European capitals); processing of agricultural products; construction; services; Light industry; creation of new technologies (in particular, in combination with the defense industry); a new system of education and training of specialists; development of energy efficiency (Business and investment in the conditions of war: how Ukrainian entrepreneurs are looking for new opportunities for development). Considering the state of war in which Ukraine is today, we believe that in the near future we should expect the emergence of startups in Ukraine in such areas as defense, cyber security, green energy, medicine and construction. And here, without a doubt, state support will be needed.

We share the point of view of scientists, that in view of the importance of the prospective development of the domestic production of weapons and military equipment in order to ensure the territorial integrity and independence of Ukraine, to minimize threats to national security, venture capital, under the condition of state support and the appropriate defense industry policy, can become a locomotive for the innovative development of the defense industry, which will give an impetus to the active shift of the innovative «center of gravity» to civilian sectors of the economy, while ensuring the rapid development of high-tech projects (Tymoshenko *et al.*, 2022).

There is no doubt that the effective post-war recovery of the country is possible only if appropriate state policy is implemented, including a liberal innovative economy (creating conditions for fair business competition and cooperation, attracting investments and forming a high level of trust in the state; developing human potential; stimulating the development of innovations and modernization (including digitization) of the economy, barrier-free movement of capital and anticipatory development (recognition) of virtual assets, etc. (Dligach, 2022).

Finally, we note that in the conditions of war in which Ukraine found itself, the development of a full-fledged innovative infrastructure in all regions will be facilitated by: paying significant attention to the factor necessary for innovative development – quality education; encouragement of international cooperation, which will contribute to effective export-import of innovations, attracting additional funding from the European Union to improve the quality and effectiveness of innovative activities.

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Conclusions

For the modernization of the economy, innovation and intellectual capital play a key role, the use of which has led to the prosperity of the world's leading economies. The current situation in the economy of Ukraine, caused in particular by the military actions, does not allow us to carry out an effective policy to stimulate investment in modernization and ensure the stable development of the country's economy.

In this regard, in the short term, the stimulation of investment in innovation should be based on the radical improvement of the investment climate, the formation of legal frameworks for the reduction of investment risks, the increase in the efficiency of the functioning of state institutions, the reorientation of the financial and monetary systems in order to stabilize investment processes.

The long-term perspective of improving investment and innovation activities consists in the introduction of simultaneous changes in state policy and approaches to the activities of business entities. In the state policy, emphasis should be placed on creating a favorable economic environment, educational policy oriented to the requirements of the time, and the application of economic approaches to stimulate investment in innovation while carrying out structural restructuring of the country's economy.

Stimulation of intellectual investment activity in Ukraine requires the introduction of an effective taxation system, improvement of legislation in the field of investment and provision of proper protection of intellectual property rights. The country should become a direct leader of investment and innovation development, a customer and organizer of research and development in the most modern directions of scientific and technical progress, as well as promote their implementation in all spheres of economic activity.

The most attractive form of investment in Ukraine today are priority sectors for foreign investment, such as: defense industry, energy, financial activity, information technology and trade. It is expedient to improve the country's investment attractiveness through the direct participation of the

state in guaranteeing the protection and safety of the investor's capital investments, the formation of the necessary legislative framework in the field of innovation and investment processes, the construction of an effective investment strategy, and the harmonization of domestic legislation with the standards of the European Union.

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