

DOI: <https://doi.org/10.32782/2308-1988/2024-50-25>

УДК 339.976.8

Leonid Taraniuk

Doctor of Economic Sciences, Professor,
Sumy State University;
Vilnius Gediminas Technical University
ORCID: <https://orcid.org/0000-0003-1842-7128>

Renata Korsakiene

Doctor, Professor,
Vilnius Gediminas Technical University
ORCID: <https://orcid.org/0000-0002-4119-4521>

Karina Taraniuk

Candidate of Economic Sciences, Assistant Professor,
Sumy State University;
Vilnius Gediminas Technical University
ORCID: <https://orcid.org/0000-0003-0785-5186>

Oleksii Demikhov

Candidate of Sciences in Public Administration, Assistant Professor,
Sumy State University;
Estonian University of Life Sciences
ORCID: <https://orcid.org/0000-0002-9715-9557>

Таранюк Леонід Миколайович

Сумський державний університет;
Вільнюський технічний університет Гедиміна

Корсакієне Рената

Вільнюський технічний університет Гедиміна

Таранюк Каріна Вікторівна

Сумський державний університет;
Вільнюський технічний університет Гедиміна

Деміхов Олексій Ігорович

Сумський державний університет;
Естонський університет природничих наук

FOREIGN INVESTMENT IN THE SYSTEM OF MOVEMENT TOWARDS SUSTAINABLE DEVELOPMENT OF THE NATIONAL ECONOMY

ІНОЗЕМНІ ІНВЕСТИЦІЇ В СИСТЕМІ РУХУ ДО СТАЛОГО РОЗВИТКУ НАЦІОНАЛЬНОЇ ЕКОНОМІКИ

Summary. The article examines aspects of foreign investment in the context of moving towards the sustainable development of the national economy, which is the purpose of the article. The impact of foreign investments on the innovative development of the economy has been investigated. An assessment of the influence of foreign investments on key sectors of the national economy has been conducted. The author's contribution lies in addressing the issues of attracting foreign investments into the sustainable development system. Scientific novelty consists in the development of a classification system of risks associated with the attraction of foreign investments. The importance of a comparative analysis of foreign investment practices in countries with different levels of economic development is highlighted as an element of the practical implementation. The main conclusions of the study are presented.

Key words: investments, system, sustainable development, estimation, strategy.

Анотація. Актуальність наукового дослідження полягає в необхідності розвитку організаційно-економічного забезпечення іноземного інвестування в національну економічну систему в умовах повсюдної її діяльності. В статті розглянуто аспекти іноземного інвестування в системі руху до сталого розвитку національної економіки, що обумовлено метою статті. Відзначено роль іноземних інвестицій у розвитку національної економіки країни в умовах руху до стійкого розвитку економіки. Досліджено вплив іноземних інвестицій на економічне зростання та інноваційний розвиток національної економіки. Проведено оцінку впливу іноземних інвестицій на ключові сектори національної економіки. Проаналізовано ризики, які пов'язані із залученням іноземних інвестицій, до яких віднесено політичний, економічний, екологічний, юридичний, соціальний, геополітичний ризики, що дає змогу розвинути класифікаційний апарат ризиків інвестування. Відзначено важливість порівняльного аналізу практики іноземного інвестування в різних країнах з різним рівнем розвитком економіки, як елемент практичного впровадження результатів дослідження. Авторами сфокусовано увагу на країни з розвинутою та перехідною економікою в аналізі процесів іноземного інвестування в систему національної економіки. Відзначено особливості інвестиційних процесів в країнах з перехідною та розвиваючою економікою з метою більш системного охоплення країн з різними економічними системами як складової руху до стійкого розвитку економічних систем. Авторський внесок полягає в вирішенні проблематики залучення іноземних інвестицій в систему сталого розвитку національної економіки в період повсюдності часу. Наукова новизна полягає в розвитку класифікаційної системи ризиків, які пов'язані із залученням іноземних інвестицій. Наведено основні висновки проведеного дослідження, де сфокусовано увагу на розвитку організаційно-економічного забезпечення іноземного інвестування в національну економіку як складової стійкого розвитку економічної системи.

Ключові слова: інвестиції, система, стійкий розвиток, оцінка, стратегія.

Problem statement. The issue addressed in the article is related to the need to study the specific aspects of implementing organizational and economic support for foreign investment in the national economic system during its post-war development. The relevance of this issue is highlighted by the insufficient level of foreign investment processes in the country's economy during wartime, and in some cases, its complete absence, particularly in combat zones and areas close to active military operations.

The necessity of continuing and developing the mechanism of foreign investment is undeniable, as it is through this mechanism that different levels of budgets, from national to local, can be replenished in the short term, new jobs can be created, and a positive impact can be made on the country's economic development.

The direction of foreign investment into the national economic system is extremely relevant in the context of the development of the global economic system and the need for effective integration of the national economy into the global economic space during its post-war development, with the aim of enhancing the sustainability of economic processes.

The growth in the level of development of international investments and finance, the movement of international capital, and the acceleration of its turnover in the economies of not only developed but also transitional economies, as well as the development of FinTech industries and financial capital markets, create competitive opportunities for attracting foreign capital into the national economic system. All of this underscores the relevance of the topic for scientific research.

Analysis of recent research and publications.

Among the scientific publications dedicated to the aspects of foreign investment in the economies of

countries, it is important to highlight the works of the following economists.

Among representatives of the national scientific school, the work of researcher Ogorodnik R.P. [1] stands out; it examines Ukraine as a recipient of foreign direct investments and the international mechanisms for attracting them, which allows for an assessment of the country's investment opportunities and the potential for the development of foreign investments within the country.

The work of researcher Fomishina V.M. [2] is dedicated to studying the priorities of the country's investment policy in the context of its movement towards European integration processes, enabling the formation of effective mechanisms for integrating the national and European investment spaces and creating a unified investment infrastructure.

Economists Sydorova A.V. and Anisimova A.V. [3] focused their scientific research on methods for assessing the alignment of interests among foreign investment stakeholders in the country.

Researchers Haidutskyi I.P., in his article [4], examined the reform of the economic system and its impact on foreign direct investments in post-Soviet countries.

Researcher Shevchenko L.V., in her article [5], utilized factor analysis to study the approaches influencing foreign investment in the country, which allows for the formation of classification features of stimulating and discouraging factors affecting foreign investments in Ukraine.

Researchers Melnyk T.M. and Kasianok K.H., in their work [6], concentrated on the issues related to the mechanisms of attracting foreign investments into Ukraine's economy, which allows for the development of solutions to these problems and the management of risks in the investment process by international investors in the country.

It is also important to highlight the scientific research conducted by international academic schools, whose representatives have studied the role of international investments in the economies of countries with varying levels of economic development. Notable works among these include the following:

The work of scholars Blekking J., Aassouli D., and Jureidini R. [7], dedicated to researching foreign investments in the agro-industrial sector of countries worldwide, allows for the assessment of the food potentials of these countries.

Scientists Wang F., Gao J., and Liu F. [8] studied the investment development of developing countries through the lens of economic competitiveness, providing insights into the potential opportunities for investment development in these countries as they move toward sustainable development.

Researcher He Y., in his work [9], analyzed foreign direct investments in the e-commerce sector of a country's trade industry, which is a modern trend in economic development and digitalization.

A contemporary study on green investment in countries with different levels of economic development was conducted by scholars Assamah D. and Yuan S. in their work [10].

Researcher Araujo C.L.F., in his study [11], examined the processes of China's investment expansion into the economies of EU countries, which characterizes the aggressive international investment strategies of countries with transitional economies.

Overall, from the reviewed works, it is evident that the unresolved issue remains the organizational and economic support for foreign investment in a country's economy in the context of moving towards sustainable development, taking into account the varying economic development levels of countries and the functioning of the economic system under force majeure conditions, such as military actions.

The purpose of the article is research on foreign investment in the system of movement towards sustainable development of the national economy in the context of the specific features of its attraction into the country's economy during its post-war development.

Summary of the main research material. The role of foreign investment in the development of the national economy is significant and includes the following mechanisms of influence on economic growth and the country's innovative development.

1. Capital and Technology Attraction. Foreign investments provide countries with access to additional sources of financial capital and technologies that may be necessary for the sustainable development of the economic system.

2. Technology Transfer. Foreign companies investing in developing countries often bring advanced

technologies and innovations, which characterizes the globalization processes of international investments.

3. Human Capital Development. Foreign investments can contribute to the development of the recipient country's intellectual capital by transferring knowledge, skills, and competencies.

4. Stimulation of Domestic Demand. Foreign investments can stimulate domestic demand in the recipient country by creating new jobs in production and consumption, increasing employment levels and household incomes.

5. Promotion of Innovative Development. Foreign investments often bring new innovative solutions, project ideas, new technologies, and management methods, which foster the innovative development of the economic system.

6. Job Creation and Unemployment Reduction. Foreign investments can contribute to the creation of new jobs in the recipient country, which can reduce unemployment rates and increase the country's budget revenues from taxes and fees, as well as the purchasing power of the population.

Let's explore the impact of foreign investments on key sectors of the national economy in the context of countries with developed and transitional economic systems, specifically examining Germany, Bulgaria, and Ukraine as countries with different levels of economic development.

1. Industry. The industrial sector, including the production of machinery, industrial and household equipment, electronics, and more, is crucial for all three countries. Germany is a leader in this sector, as the export of its products is highly competitive globally, attracting investors to invest in new projects.

Bulgaria mostly plays the role of an importer of products from other producers, primarily within the EU. Ukraine, in the context of its wartime economy, currently has only internal investment opportunities for investing in the machine-building industry, relying on the working capital of enterprises.

2. Agriculture. Agriculture is a key sector for both Ukraine and Bulgaria, as they have vast agricultural lands and produce a significant amount of food, primarily grain crops, for domestic consumption and export. This increases the investment attractiveness of these countries' agricultural sectors for potential international investors.

For Germany, agriculture is also important, but its contribution to the economy is smaller compared to other sectors. In some federal states, there is a preference for importing agricultural products from other countries, with investment processes supported by domestic investment capital.

3. Technology and Innovation. Germany is renowned for its high level of technological development and innovation, especially in the manufacturing sector. Therefore, sectors related to the production of high-tech products, research and

development, information technology, and innovation are key for Germany.

As for Bulgaria and Ukraine, these countries act as importers of high-tech products, which increases their dependency on supplier countries, currency exchange rate fluctuations, and may lead to higher prices for imported products, thus reducing the investment attractiveness of these countries in the technology and innovation sector.

4. Tourism and Services. Tourism is a significant part of Bulgaria's economy, as the country has attractive tourist destinations along the Black Sea coast and in mountainous areas. Bulgaria's investment attractiveness in this sector is high, as there is investment in the hotel and restaurant business and tourism from EU investors and other countries.

For Ukraine and Germany, the services sector also holds great importance, including financial services, trade, transportation, and more. In Ukraine, during its post-war economic development, the service sector is growing (with the opening of cafes, and food establishments, primarily in cities) thanks to investments from small businesses, international and national grants supporting small businesses.

The volume of foreign direct investment (FDI) in Germany was approximately €898 billion at the end of 2020. The volume of FDI in Bulgaria was about \$36 billion at the end of 2020. The volume of FDI in Ukraine was approximately \$4.3 billion at the end of 2020 [5].

Thus, the key economic sectors for these countries include industry, agriculture, technology and innovation, as well as services and tourism. However, their contribution and importance can vary from country to country. It is important to note the significance of comparative analysis of foreign investment practices in different countries with varying levels of economic development, as this allows for the adoption of advanced practices from EU countries into the national economic space and the analysis of investment priorities.

The attraction of foreign investment may be associated with various risks for a country's national economic system, which need to be considered:

1. Political Risk. Instability in the political system and a low level of protection for international investments under national legislation can create a low level of trust for foreign investors.

2. Economic Risk. Changes in economic conditions, such as fluctuations in national currency exchange rates, high inflation, and economic downturns due

to wartime activities, can affect the profitability and feasibility of investment projects.

3. Legal Risk. Inadequate protection of investment capital and insufficient development of laws for the protection and growth of international investments in the country may pose a barrier for foreign investors.

4. Social Risk. Low wage levels can increase dissatisfaction among workers and negatively impact the reputation of international companies and their investment projects.

5. Environmental Risk. The deterioration of the environment due to wartime activities and environmental problems (such as air, groundwater, and soil pollution) can lead to economic losses for foreign investors.

6. Geopolitical Risk. The geopolitical location of certain cities and villages in areas where combat operations are occurring or adjacent territories can create dangers for foreign investors and their material assets, potentially leading to the relocation of production to safer regions of the country.

Conclusions. Foreign investment is of great significance for the sustainable economic development of an economic system. It impacts the organizational and economic support for international investments in a country, attracting innovations, new competencies, and knowledge, which characterizes an increase in the competitiveness of the national economy. Foreign investment has a stimulating effect on the national economic system of a country. Among the positive effects of foreign investment are the creation of new jobs, increased tax revenue to the national budget, enhanced production potential and export volumes, and the transfer of new technologies. These factors contribute to enhancing the investment attractiveness of the national economic system at both national and international levels. Foreign investment requires effective management and oversight by government authorities. To ensure the sustainable development of the national economy, it is necessary to develop efficient mechanisms for attracting and managing foreign capital that take into account national interests and the needs of the country's economy in the context of its post-war development.

In summary, foreign investment plays a crucial role in stimulating the national economic system towards sustainable development. However, to achieve positive effects, it is essential to develop and implement effective organizational and economic frameworks for the investment process, considering the economic interests of all stakeholders.

References:

1. Ogorodnik R. P. (2017) *Ukrayina yak retsypiyent pryamykh inozemnykh investytsiy: obsyah i dynamika. Suchasni tendentsiyi mizhnarodnykh ekonomichnykh vidnosyn i zovnishn'oekonomichni zv'yazky Ukrayiny : kolektyvna monohrafiya / Za red. d.e.n., prof. V.M. Fomishynoyi. [Ukraine as a recipient of foreign direct investment: volume and dynamics. Modern trends of international economic relations and foreign economic ties of Ukraine: a collective monograph] / Ed. Doctor of Economics, Prof. V.M. Fomishina. Kherson: LLC "VKFSTAR" LTD, pp. 239–263. (in Ukrainian)*

2. Fomishina V. M. (2014). Investytsiyna polityka Ukrainy u svitli yevrointehratsiynykh protsesiv: vybir prioritytiv. [Investment policy of Ukraine in the light of European integration processes: selection of priorities]. *Business navigator*, no. 1(33), pp. 180–185. (in Ukrainian)
3. Sydorova A. V., Anisimova A. V. (2012). Doslidzhennya uzgodzhenosti interesiv sub'yektiv inozemnoho investuvannya: kil'kisne otsynuyvannya. [Study of consistency of interests of subjects of foreign investment: quantitative assessment]. *Actual problems of the economy*, no. 4, pp. 139–147. (in Ukrainian)
4. Haidutskyi I. P. (2011) Vplyv rynkovykh reform na zaluchennya pryamykh inozemnykh investytsiy u krainy SND. [The impact of market reforms on attracting foreign direct investment in the CIS countries]. *Economy and state*, no. 1, pp. 22–27. (in Ukrainian)
5. Shevchenko L. V. (2021) Factors influencing foreign investment in the economy of Ukraine: approaches to classification. *Bulletin of Kharkiv National University named V.N. Karazin. «Economic» series*, issue 100, pp. 57–67. (in Ukrainian).
6. Melnyk T. M., Kasyanok K. G. (2017) Problemy zaluchennya ta vykorystannya mizhnarodnykh investytsiy v ekonomitsi Ukrainy. [Problems of attracting and using international investments in the economy of Ukraine]. *Marketing and innovation management*, no. 1, pp. 253–270. DOI: <https://doi.org/10.21272/mmi.2017.1-23> (in Ukrainian)
7. Blekking J., Aassouli D., Jureidini R. (2024) Defining “success” in large-scale agricultural investment: a typology based on different stakeholder perspectives. *Agricultural and Food Economics*, no. 12(1), p. 28
8. Wang F., Gao J., Liu F. (2024) Unlocking Africa’s development potential: insights from the perspective of global hierarchy and competition. *Humanities and Social Sciences Communications*, no. 11(1), p. 861
9. He Y. (2024) E-commerce and foreign direct investment: pioneering a new era of trade strategies. *Humanities and Social Sciences Communications*, no. 11(1), p. 566.
10. Assamah D., Yuan S. (2024) Greenfield investment and job creation in Ghana: a sectorial analysis and geopolitical implications of Chinese investments. *Humanities and Social Sciences Communications*, no. 11(1), p. 487.
11. Araujo C. L. F. (2024) Exploring Chinese Investments in Europe: Scope and Governance Dynamics. *Asian Perspective*, no. 48 (1), pp. 71–93.

Список використаних джерел:

1. Огородник Р.П. Україна як реципієнт прямих іноземних інвестицій: обсяг і динаміка. *Сучасні тенденції міжнародних економічних відносин і зовнішньоекономічні зв'язки України* : колективна монографія / за ред. д.е.н., проф. В.М. Фомішиної. Херсон : ТОВ "ВКФСТАР" ЛТД, 2017. С. 239–263.
2. Фомішина В.М. Інвестиційна політика України у світлі євроінтеграційних процесів: вибір пріоритетів. *Бізнес-навігатор*. 2014. № 1. (33). С. 180–185.
3. Сидорова А.В., Анісімова А.В. Дослідження узгодженості інтересів суб'єктів іноземного інвестування: кількісне оцінювання. *Актуальні проблеми економіки*. 2012. № 4. С. 139–147.
4. Гайдучський І.П. Вплив ринкових реформ на залучення прямих іноземних інвестицій у країні СНД. *Економіка і держава*. 2011. № 1. С. 22–27.
5. Шевченко Л.В. Фактори впливу на іноземне інвестування в економіку України: підходи до класифікації. *Вісник Харківського національного університету імені В.Н. Каразіна. Серія «Економічна»*. 2021. Вип. 100. С. 57–67.
6. Мельник Т.М., Касянок К.Г. Проблеми залучення та використання міжнародних інвестицій в економіці України. *Маркетинг і менеджмент інновацій*. 2017. № 1. С. 253–270. DOI: <https://doi.org/10.21272/mmi.2017.1-23>
7. Blekking J., Aassouli D., Jureidini R. Defining “success” in large-scale agricultural investment: a typology based on different stakeholder perspectives. *Agricultural and Food Economics*. 2024. № 12(1). P. 28
8. Wang F., Gao J., Liu F. Unlocking Africa’s development potential: insights from the perspective of global hierarchy and competition. *Humanities and Social Sciences Communications*. 2024. № 11(1). P. 861.
9. He Y. E-commerce and foreign direct investment: pioneering a new era of trade strategies. *Humanities and Social Sciences Communications*. 2024. № 11(1). P. 566.
10. Assamah D., Yuan S. Greenfield investment and job creation in Ghana: a sectorial analysis and geopolitical implications of Chinese investments. *Humanities and Social Sciences Communications*. 2024. № 11(1). P. 487.
11. Araujo C.L.F. (2024). Exploring Chinese Investments in Europe: Scope and Governance Dynamics. *Asian Perspective*. 2024. № 48 (1). P. 71–93.

Стаття надійшла до редакції 15.08.2024