FACTORS AFFECTING THE INVESTMENT ATTRACTIVENESS OF ENTERPRISES IN CONDITIONS OF ECONOMIC TRANSFORMATION

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Increasing investment is a fundamental means of creating conditions for enterprises to emerge from the economic crisis, promoting their economic growth, stimulating the introduction of new technologies, increasing labour productivity, and, in general, raising the population's standard of living. In Ukraine, as in many countries undergoing economic transformation, analysis of recent sources shows that the development of the economy of enterprises is influenced by several interrelated factors, including political, economic, social, and technological ones.

On the one hand, political factors that determine the country's business environment and the ability of enterprises to obtain key resources and operate effectively point to a stabilisation of the situation at enterprises. This creates a favourable basis for structural reforms. However, one of the most critical economic factors remains the unfavourable investment climate, which jeopardises the implementation of the investment strategy as a whole. That is why the government needs to take several measures to increase the attractiveness of investments for Ukrainian enterprises. Positive dynamics of macroeconomic indicators, stabilisation of the national currency exchange rate, and effective government policy indicate the possibility of positive changes in this area. Social factors, in turn, determine the main prerequisites for the economic development of enterprises in a given society. In contrast, technological factors are indicative, pointing to the main reasons for the negative manifestations of the functioning of enterprises in the country's economy. In particular, there is an urgent need in Ukraine for a large-scale renewal of the fixed assets of enterprises, which should be based on the principles of innovation.

At the present stage, low investment activity has necessitated a thorough study of the investment situation in the country and the factors that influence it. There is a particular paradox when, in practice, individual regions have significant potential for investment. However, in the overall ranking of investment attractiveness of regions compared to other regions of Ukraine, they demonstrate a low level. This situation emphasises that the problem lies not in the complete absence of favourable conditions, but in that the existing positive aspects are either insufficient or outweighed by other, more dominant negative factors. Political stabilisation, although positive, may be perceived as initial or fragile, unable to outweigh entrenched economic or systemic problems. This may be because macroeconomic instability, such as inflation, exchange rate fluctuations, government budget deficits, or deep structural problems, such as the urgent need for large-scale renewal of enterprises' fixed assets, has a more significant impact than initial political stability. In addition, weak institutions and informal influences, such as varying degrees of lobbying power, can distort market mechanisms and undermine legal predictability, making the investment environment unpredictable even in formal political stability.

In addition, weak institutions and informal influences, such as varying degrees of lobbying power, can distort market mechanisms and undermine legal predictability, making the investment environment unpredictable even in formal political stability. This state of affairs necessitates a thorough study of the factors that influence investment attractiveness and the development of a modern methodology for its assessment, considering the factors under study. This issue has been the subject of numerous scientific works, in which most experts have attempted to group or classify the factors they propose that shape investment attractiveness.

Investment attractiveness is best understood as a hierarchical and interdependent construct. Macro-level factors (the state) establish the overall investment climate and regulatory environment. Mesolevel factors (region, industry) determine the specific operational and competitive landscape. Microlevel factors (enterprise) determine individual competitiveness and investment readiness. Strong indicators at one level can be undermined by weaknesses at a higher level.

The classifications of Hobta V. M., Meshkov A. V., and Budnikova Yu. V. [1] clearly illustrates this hierarchy and interaction. The classification by Khobta and Meshkov [2] clearly distinguishes between state, industry, and regional factors, demonstrating how state factors (e.g., political stability, legislative framework, macroeconomic conditions) shape the fundamental environment. They act as constraints or enablers for factors at the regional and industry levels. For example, even a region with rich natural resources or a highly skilled workforce (regional factors) will have difficulty attracting investment if the national legal framework is weak or prone to arbitrary changes. Similarly, a company's ability to optimise its "direct influence" factors (e.g., production technology, corporate governance) is often limited by the industry's competitive landscape and the region's infrastructure. Budnikova, distinguishing between factors influenced at the state level and those influenced by the enterprise, further emphasises this interaction between external conditions and internal capabilities in shaping overall attractiveness.

Improving investment attractiveness requires highly coordinated and integrated efforts at all government and business management levels. Government policy should focus on creating a stable, transparent, and predictable macro environment. Regional authorities should leverage their specific advantages while mitigating local risks. Businesses, in turn, must take advantage of these favourable conditions through strategic internal improvements. Significant weakness or failure at any higher level (national or regional) can significantly reduce the attractiveness created at lower levels (sectoral or entrepreneurial), making a truly holistic and multilateral approach important for unlocking the full investment potential [3].

The analysis reveals that, in addition to formal economic and legal factors, informal influences, particularly lobbying, play a significant and often detrimental role in shaping investment attractiveness and the distribution of privileges. This introduces unpredictability and undermines fair competition.

It is noted that the differentiation of privileges (subsidies, subventions, grants, benefits, free economic zones) between different regional levels is determined not only by specific local characteristics, but also by the varying strength of lobbying influence of leaders and entrepreneurs in different regions. This is a critical, often underestimated factor that distorts the investment landscape. As an informal factor, lobbying introduces significant distortions into the investment environment.

The widespread presence of significant lobbying influence means a higher level of systemic risk for investors, as their success may depend more on navigating an opaque system of informal relationships than on adhering to clear, universally applicable rules. This poses a serious challenge to governance, as it undermines trust in institutions and reduces the overall attractiveness of the country as a place to invest. Improving the investment climate requires implementing formal economic reforms and actively combating corruption and opaque practices that allow lobbying influence to distort the market. This requires strengthening the rule of law, increasing transparency in decision-making, and ensuring a level playing field for all market participants.

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Відомості про авторів, які взяли участь у 3-й Міжнародній науково-практичній конференції «Scientific Innovation: Theoretical Insights and Practical Impacts» (11-13 серпня 2025 р. | Неаполь, Італія)

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