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FOREIGN INVESTMENT STRATEGIC APPROACH IN ADMINISTRATION OF UKRAINIAN ENTERPRISES

Ukraine's challenging economic environment, caused by ongoing hostilities, highlights the critical importance of attracting foreign investment. The nation's economic landscape plays a key role in shaping its capacity for post-war recovery. Clearly, investment choices depend on the balance between potential risks and anticipated profitability.

The attraction of foreign capital to a country's economy and business sector is of significant importance worldwide. As a result, the topic of foreign investment and the development of a favorable investment climate has garnered substantial attention in academic literature, with scholars from various countries actively exploring these issues. Notable research on the challenges of attracting foreign capital has been conducted by the following scholars: L.T. Wells [1], J. Dunning [2], R. Vernon [3], K.S. Dumanska [4], I.I. Tchaikowska [4], O.V. Kolyada [5], O.G. Mykhailenko [6], Y.O. Dovgenko [7], T.I. Oleshko [8] and others.

Foreign direct investment (FDI) refers to the long-term allocation of financial and material resources by non-resident companies into a country's economy – typically aimed at establishing or expanding business operations such as enterprises. FDI is usually measured in millions of U.S. dollars [9].

Trends in the inflow of foreign capital into the economy can support the development of effective strategies and help identify promising areas for investment. Analyzing statistical data over a specific period enables the identification of key challenges and the formulation of solutions, ultimately contributing to improved investment performance and a more favorable investment climate. Figure 1 presents the data on foreign capital inflows in previous years.

A core responsibility of any sovereign nation is to establish a stable and effective economic system that is well-integrated into the global economy. Central to this objective is the development of a clear and strategically grounded investment policy, along with the creation of an

attractive investment environment that encourages the inflow of both domestic and foreign capital.

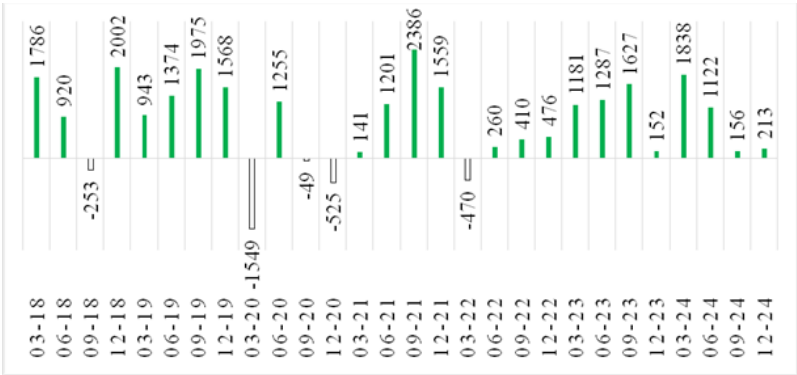


Figure 1. FDI Inflows – Quarterly Overview

Realizing this goal necessitates a comprehensive and systematic approach, which includes the establishment of effective legislative and regulatory frameworks, the development of targeted programs to stimulate investment activity, and the introduction of mechanisms for ongoing monitoring and evaluation. Equally important is the assessment of policy effectiveness, alongside the identification and elimination of structural and institutional obstacles that may hinder their implementation in practice.

Currently, Ukraine has over 100 legal acts regulating the activities of foreign investors. However, an analysis of the legal framework governing the investment sector reveals that the existing legislation still requires significant improvement. Despite the presence of an extensive body of legal provisions, it is premature to consider the legislative system as coherent and well-structured.

Therefore, the state plays a crucial role in attracting foreign investors to Ukrainian enterprises, as the government’s approach to investment policy significantly shapes and influences the overall investment climate within the country.

To ensure a successful transition, the state must go beyond merely creating favorable conditions for attracting foreign investment—it must also design and implement a comprehensive, integrated investment management system. Such a system should be multidimensional, incorporating economic, legal, organizational, and informational elements that operate cohesively to facilitate the effective inflow of

foreign capital into the national economy. Priority measures may include streamlining bureaucratic processes, strengthening the legal framework to safeguard investors' rights, enhancing market transparency, and ensuring access to reliable and up-to-date information on investment opportunities.

In addition, cultivating a favorable environment for foreign investment necessitates the establishment of macroeconomic stability, the provision of targeted incentives, and the mitigation of specific risks that may discourage potential investors – such as political uncertainty or underdeveloped infrastructure. Enhancing the overall competitiveness of the national economy through innovation, human capital development, and economic diversification is also essential to increasing the country's appeal to international investors.

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