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DOI: 10.32702/2306-6814.2023.1.54

## FOREIGN EXPERIENCE IN INVESTMENT STRATEGY FORMATION FOR CRISIS PERIOD

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### ЗАРУБІЖНИЙ ДОСВІД ФОРМУВАННЯ ІНВЕСТИЦІЙНОЇ СТРАТЕГІЇ У КРИЗОВИЙ ПЕРІОД

**Економіка характеризується циклічністю розвитку, вона зростає, досягає піку, входить до фази періодичного порушення рівноваги між попитом і пропозицією на товари та послуги, відштовхується від дна і починається ще більше зростання. Разом з тим, неконтрольована дигресія у фазі порушення рівноваги завжди тягне за собою хвилю тяжких негативних процесів в економіці країни та її регіонів, пов'язаних з ними шоків (зумовлених: досягненням критичного рівня боргового навантаження, формуванням та схлопуванням фінансових "бульбашок", виникненням торгових війн, неоптимізованими державними витратами, недофінансуванням багатьох секторів економіки тощо). Передбачити які конкретно шоки створить дигресія економіки, майже неможливо, хоча їх можна пом'якшити формуванням ефективної інвестиційної стратегії. Стаття орієнтована на визначення специфіки та основної особливості формування інвестиційної стратегії протидії для держав у кризовий період. За результатами дослідження констатовано, що слід звертати увагу на той досвід формування інвестиційної стратегії держав в кризовий період, за якого був досягнутий швидкий вихід на приріст ринкової вартості всіх виробле-**

них у країні товарів та послуг та виробничих потужностей, за максимізації внеску експорту в такому зростанні. При цьому констатовано, що кризовим періодом, за якого необхідне формування інвестиційної стратегії протидії є такий стан, за якого економіка держави набула стану, який за своїми властивими характеризується: перевиробництвом товарів; скороченням обсягів виробництва та виробничих потужностей; потрясіннями кредитної системи, збільшенням кількості біржових спекуляцій; різким падінням цін; масовими банкрутствами промислових та торгових фірм, банків; зростання безробіття і падіння зарплати. Основною особливістю формуванні інвестиційної стратегії, є те, що не важливо які типи інвестицій будуть залучені. Важливо якими є важелі стимулювання припливу інвестицій на напрямки їх використання.

*Modern economies are characterized by cyclical development. The economy grows, reaches its peak, and enters the phase of periodic imbalance between demand and supply of goods and services, pushes from the bottom, and begins to grow even more. At the same time, the uncontrolled division of the economy always entails a wave of serious negative processes in the economy of a particular country and its regions, in connection with them shocks, caused by the achievement of a critical level of debt burden, formation, and bursting of financial "bubbling", trade wars, unoptimized state expenditures, undercutting of many sectors of the economy, etc. It is almost impossible to predict which shocks will create a dissimilar economy, although they can be mitigated by the formation of an effective investment strategy. The article is aimed at defining the specifics and main features of the formation of the investment strategy of the anti-crisis period for the states. According to the results of the survey, attention should be paid to the experience of developing the investment strategy of the countries during the crisis period, during which the rapid rise in the market value of all goods and services produced in the country and production capacities was achieved while maximizing the contribution of exports to such growth. At that, it is stated that the crisis period, which requires the formation of an investment strategy of the opposition, is such a state in which the economy of the state has got a state characterized by its characteristics: the remanufacture of goods; the reduction of production volumes and production capacities; the shocks of the credit system, an increase in the number of exchange speculations; a sharp drop in prices; by mass bankruptcy of industrial and trade firms, banks, growth of unemployment and fall in wages. The main feature of investment strategy formulation is that it is not important what types of investments will be attracted. It's important to choose the right levers to stimulate the inflow of investments in their directions of use. The leverage to stimulate the inflow of investments into their areas of use should be the same which will allow them to reverse the situation as quickly as possible.*

*Ключові слова: приплив інвестицій; концентрація інвестицій; порушення рівноваги; державно-приватне партнерство.*

*Key words: investment inflow; concentration of investments; imbalance; public-private partnership.*

#### PROBLEM SETTING (DESCRIPTION OF THE PROBLEM BEING ANALYZED IN GENERAL AND ITS CONNECTION WITH IMPORTANT ACADEMIC OR PRACTICAL TASKS)

Modern economies are characterized by cyclical and significant external and internal risks of development. The economy grows, reaches its peak, and enters the phase of periodic imbalance between demand and supply of goods and services (digression), is pushed from the bottom and even more, growth begins. At the same time, uncontrolled division (without effective anti-crisis measures) of the economy always entails a wave of serious negative processes in the economy of a particular country and its

regions, in connection with them, caused by the achievement of the critical level of debt burden, formation and bursting of financial "bubbling", by trade wars, unoptimized state expenditures, underfinancing of many sectors of the economy, etc. The consequences give rise to a crisis created by the emergence of armed conflicts. It is almost impossible to predict what shocks will create a dissimilar economy, although, they can be mitigated by the formation of an effective investment strategy that, by stimulating investment in the country's overall development, in the sector, minimizes the wave of negative processes and accelerates recovery from the crisis, as it promotes economic recovery and creates incentives for its growth.

## THE ANALYSIS OF THE LAST RESEARCH AND PUBLICATIONS IN WHICH THE SOLUTION TO THIS PROBLEM IS BEGUN

Among the main studies and publications in which the solution to the problem of formation of the investment strategy of the states during the crisis period can be identified are scientific works A. C. Manzhuri, Egorova E.S., Kakhovych O.O., Schnabl Gunter and others. At the same time, the problem is that most of this labor covers the specifics of structural reforms that would facilitate qualitative renewal and modernization of the national economy. Thus, the specifics of the formation of the investment strategy of the states during the crisis period are covered in a fragmented way, sometimes quite episodically. At the same time, the study of successful experience in the formulation of investment strategy is extremely important, as the world's economies are preparing for the next phase of the division, the frigate of which is the Great War in Europe, the consequences of the pandemic, and record inflation. For Ukraine, the digressions may have the most negative consequences. Thus, although the authors rely on the above-mentioned study, for the study of the general problem, which is devoted to the article, they have also focused on sources that can be useful for retrospective analysis of changes in the investment policy of the USA, countries, Europe during crises and/or armed conflicts.

## THE WORDING OF THE PURPOSES OF THE ARTICLE (PROBLEM)

The article is aimed at defining the specificity and main features of the formation of the investment strategy of the anti-crisis for states during crises and/or armed conflicts.

## THE PAPER'S MAIN BODY WITH FULL REASONING OF ACADEMIC RESULTS

Within the framework of the research, the developed foreign experience of formation of the investment strategy of the states during the economic division (or crisis), characterized by its features, in particular:

- over-production of goods (compared to the solvent demand of the population, which is decreasing);
- gradual reduction of production volumes and production capacities;
- the shock of the credit system, an increase of the number of exchange speculations;
- sharp fall in prices (as a result of the supply oversupply);
- mass bankruptcy of industrial and trade firms;
- mass bankruptcy of banking institutions; growth of unemployment and fall in wages.

The sign of the economic crisis may be the existence of armed conflicts. At the same time, the greater the number of indicators corresponding to the economy, the deeper its crisis is, and the more powerful and planned the volume of attracted investments should be. It is important to form such an investment strategy, which will allow to reverse the situation as quickly as possible, in particular, to increase the market value of all goods and services produced in the country and production capacities, while maximizing the export contribution to such growth.

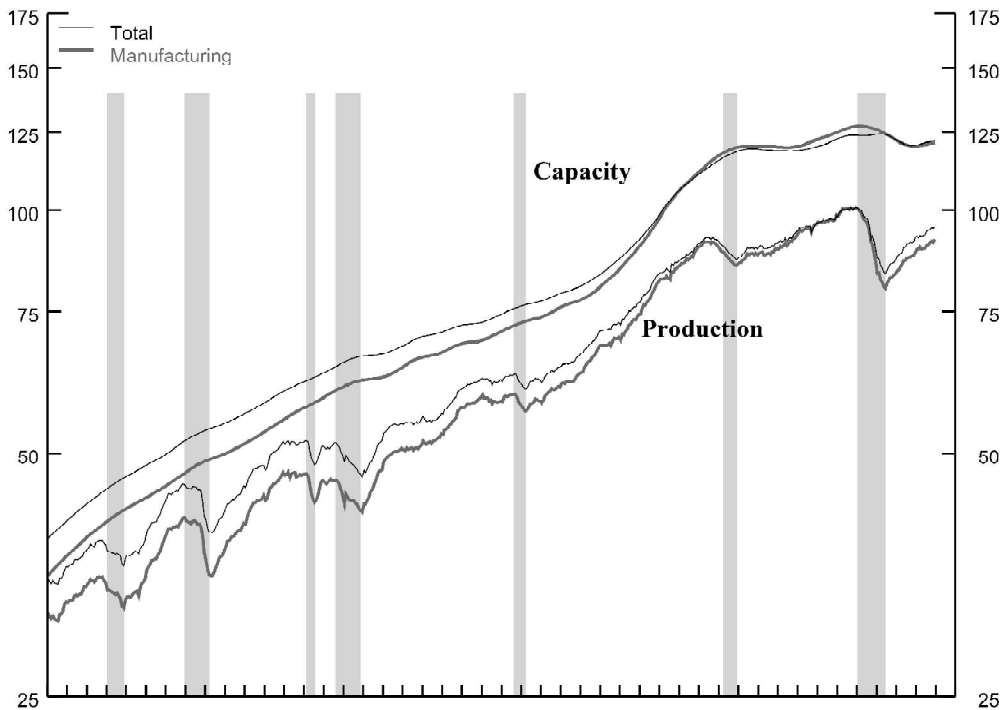
Thus, the most interesting experience is the formation of the investment strategy of the USA, implemented during the 80—90 XX century. This period is characterized by a significant number of crises in the economy with rapid post-crisis recovery. The specific fact is that at the time of the crisis the country was in a state of cold war with the Soviet Union (At the beginning of 1980 there was a period of increased tension — the United States increased diplomatic, military, and economic pressure on the Soviet Union). Also, this period is characterized by the crisis of 1980-1982 (caused by the re-production and the problem of sales of goods), which was characterized by the following factors: unemployment growth by 10% and the fall in wages; gradual reduction of industrial and agricultural production; and bankruptcy of enterprises. To overcome this crisis, the US investment strategy was initiated to transform the economy through a popular tool of joint investment — public-private partnership (or PPP). The US has been actively using PPP practices for more than 200 years (relevant projects have been implemented in the areas of water supply, sanitation, transport, urban development, and social services). In the new realities, the tasks of the PPP were [3, c. 6]:

- accelerating the pace of scientific-technological progress,
- the emergence of new forms and methods of a partnership between the state and private business;
- the intensification of innovation processes;
- the enhancement of opportunities for adaptation of different spheres of the country's economy to innovations.

All the processes outlined should be carried out within the framework of specific technological partnerships with their link to economic development at the regional level. Thus, by 1983 all states had their strategic plans in the field of science and technology development where they had the advantage and plans of their investment strategy. The summarized features of the US investment strategy during 1980—1985, are as follows:

1. public-private technology partnership at the level of state and private business government, focused on joint investment and development of short-term projects taking into account local problems, risk sharing, and future income;
2. public-private scientific partnership at the level of the state government and scientific institutions and laboratories, aimed at attracting federal and private investments in research and development programs that aim at the commercialization of technologies.

For example, the general specificity of the United States investment strategy is its focus on innovation, because of the needs of private and state partners and local markets of products and services. At the same time, the initial acquisition of responsibilities by state and private partners of technological and scientific partnerships was carried out on a contractual basis. Since 1987, during the economic crisis in the United States, the decline in the Dow Jones Index on the New York Stock Exchange to 23%, the features of the United States investment strategy have expanded, owing to the acquisition by state and private partners of technological and scientific partnerships of new responsibilities.



**Fig. 1. Volumes of production of goods and services and capacities in United States economy, \$ million\***

\* The black line is summarized for the production sector; the red line is the indicators of manufacturing industry. Source: [4].

Thus, state partners (state governments) assumed responsibilities:

- establishment of the process of transfer of technologies from federal laboratories to the private sector;
- promotion of private industry development;
- establishment of cooperation in the scientific research field between federal laboratories and scientific societies, and the private sector.

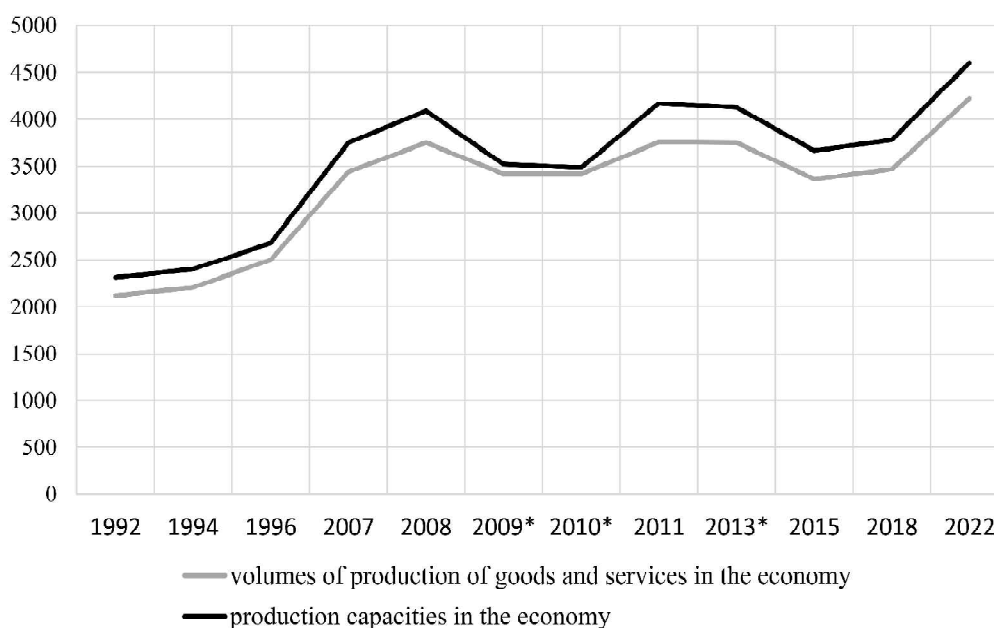
Private partners assumed responsibility for the innovation development of production account for local problems.

The number of technological and scientific partnerships has grown by 3—6% annually, as a result of the crisis in 1987 practically did not affect the United States economy. In 1993, the federal government created the Council for Science and Technology of the United States to control the activity of technological and scientific partnerships (Science and Technology Council of States). This Council of States: cooperates with federal ministries and departments, representing the interests of states, and promotes their participation in promising private and scientific parties in scientific and technological programs [1—3].

On the successful experience of formation of investment strategy United States during 80—90 XX tbsp. shows retrospective analysis of its effectiveness in terms of restoration of production volumes of goods and services and production capacities. Thus, the volume of production of goods and services and capacities in the U.S. economy began to recover already at the end of 1983 (fig. 1). At the same time, these indicators did not affect even the invasion of Afghanistan in 2001.

The experience of forming an investment strategy in Germany aimed at solving large-scale problems with economic and social strategy at the expense of the organization of collective investments deserves attention. Within the framework of collective investments: Funds of many investors are combined into a single investment fund; the fund is managed by professional asset management managers (AMC); the managing company makes decisions on investments (from the point of view of maximization of profit for investors); assets to which the managing team invests funds of the fund are: shares, bonds, deposits, banking metals, real estate, etc. As for the experience of investment strategy formation in the post-war years, West Germany noted that the government has actively engaged the financial means of the population in the Erhard project in 1940, in particular individuals who invested German marks in the system of savings banks, to raise the economy. This allowed us to concentrate the necessary financial resources on the development of production. The results of the implementation of such an investment strategy can be considered: The pre-war level of gross industrial output by the end of 1949 and its overgrowth by 14,5% by 1950, prices increased by 2% (about the same proportion of the population's wages increased) [6].

As for Germany's experience in 2009, in which the country's economy experienced the strongest decline in its post-war history. Thus, the economic crisis of 2009 led to a sharp decline in exports and investments, resulting in a 5% decline in GDP compared to 2008. The state budget deficit amounted to 3,2% of GDP. According to the results of 2009, Germany lost to China the world leader in exports. For the first 11 months of 2009, China's exports amounted to \$1,07 trillion, Germany's — \$1,05 trillion. To stabilize



**Fig. 2. Volumes of production of goods and services and capacities in the Germany economy, 1992–2022, \$ million**

Source: World Bank.

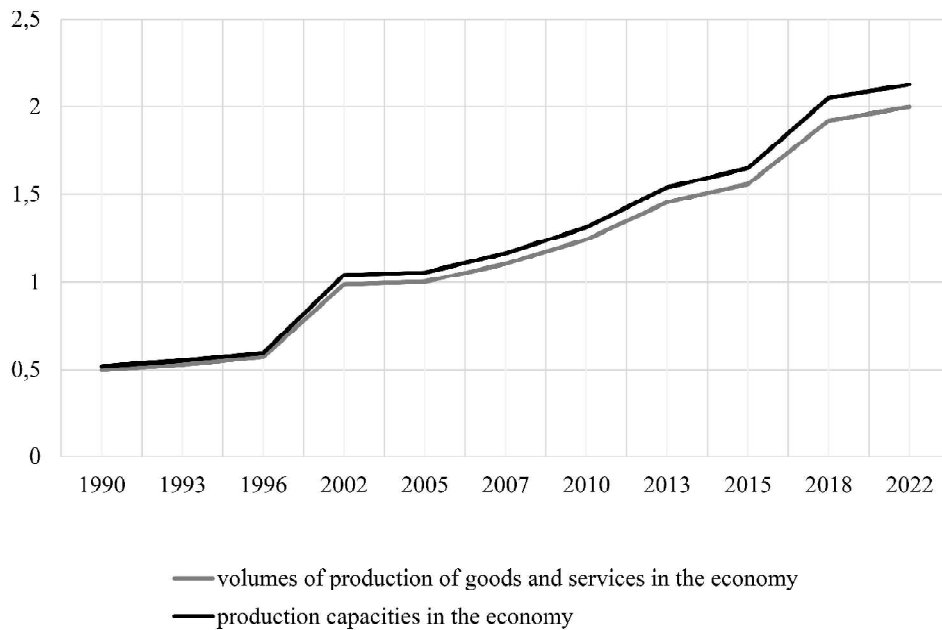
the situation in 2009, Germany's investment strategy is aimed at stimulating the inflow of investment in the implementation of large infrastructure projects (which promote the development of fundamental technologies and science, and the formation of high-tech industry) through investment companies regulated by the relevant legislation. Such investment companies are credit institutions, and they are covered by all the legislative norms related to credit institutions, but they use a scheme of collective investments (similar to the scheme of operation of trust in Great Britain) to finance the projects. The main features of the investment strategy of Germany in 2009 were the following [1–3]: 1) attraction of investments in projects on practical cooperation between science and business (techno parks, innovative centers, a group of technology bars, etc.); 2) attraction of investments into projects of creation of innovative alliances and clusters (within which investments are concentrated on innovative enterprises of small and medium-sized business). The main condition for attracting investments in projects was the increase in the market value of all produced goods or services, according to their conformity to the criteria of innovation (in particular, ensuring the innovation "jump" compared to existing analogs in the country or abroad; strengthening of competitive positions in foreign markets; increasing business efficiency [1–3]).

Due to the timely implementation of the investment strategy, the economy has started to grow since the third quarter of 2009. The volumes of production of goods and services and capacities in the German economy resumed in 2010, and in 2011 exceeded the closed level by 11% in output and by 18,4% in output growth (Fig. 2).

Thanks to the rapid recovery of the market value of all goods and services produced in the country to preserve the dominance of export-oriented production on private consumption, the economic crisis did not affect. The prices for goods and services remained at the same level.

When developing an investment strategy, one can draw attention to the experience of its formation to solve the large-scale tasks of the economic and social strategy of Great Britain, Belgium, and the Netherlands. These countries experienced a have experienced financial crisis during 80 XX centuries. Their practice of forming an investment strategy is based on an appeal to instruments of internal collective investment, direct foreign investments, and state investments. At the same time, in all cases, the attracted investments are directed to the creation of fundamentally new types of high-tech production. For example, in Belgium, investments were directed to clusters of high-tech companies, concentrated around industrial enterprises producing intermediate goods for machine building and university centers. In the UK these are clusters of financial services and the production of innovative IT solutions. In the Netherlands, it is the manufacture of hi-tech systems and materials (HTS&M). Therefore, it is obvious that it is not important what types of investments will be attracted, it is important to choose the right ways of stimulating the inflow of investments in their directions of use (in the industry, economy, enterprise, in raising the level and quality of life of the population [5]). The leverage to stimulate the inflow of investments into their areas of use should be the same which will allow to reverse the situation as quickly as possible (this is possible due to the concentration of investments in projects on the development of production of goods and services with high added value, due to development of technological partnerships, scientific partnerships of institutions and laboratories, research and development in the technological sphere, etc.). It is not appropriate to invest in outdated or raw materials production.

The experience of forming the investment strategy of Poland is interesting. At the beginning of 90 years, the country was in a state of systemic crisis (having starting



**Fig. 3. Volumes of production of goods and services and capacities in the Poland economy, 1990–2022 \$ million**

Source: Central Statistical Office of Poland.

conditions similar to Ukraine). Thus, to improve the situation, the government refused to support the outdated raw materials economy. The country tried to become an agrarian superpower status. in Europe. At the same time, a strategy of investment attraction was formed, aimed not just at increasing exports, but at increasing its volume over imports through the development of export-oriented production with high added value. At that, the main directions of investment in the overall development of the country were: Private investments of foreign and national players, EU structural funds and the cohesion Fund (projects on production of high-tech, export-oriented products); funds from the state budget (scientific projects and research works). As a result of private investments in projects on the production of hi-tech, export-oriented products in 2005 made \$6,7 billion, in 2006 — \$9,4 billion, and 2007 — \$11,8 billion.[4]. In future years, investments in Poland decreased by 1–1,5% annually (except in 2011, when growth was recorded by 8,5%). However, this decline in private investors' activity was partially offset by state investments. At the same time, the volumes of production of goods and services and production capacities in the economy of Poland from 1990–2022 have grown since 2000 (fig. 3).

At the same time, the data of the Central Statistical Office of Poland shows that in parallel with the growth of production volumes of goods and services and production capacities, the contribution of exports to GDP growth increased in 2010–2022, and the negative contribution of imports, on the contrary, decreased.

As for the formation of the investment strategy of countries, experience of Slovenia can be drawn up during crises and armed conflicts. The government did not support the raw materials industries. Following the crisis and the aftermath of the 1991 ten-day war, a strategy of investment attraction was formed to develop agriculture with high-added value (investments were involved in

projects focused on agricultural development, in particular, within the framework of municipalities where the production of finished natural plant raw materials and plant food supplements, ready-made malt and other ready-made vegetable products, which were directed on export, was established). At the same time, private investments of foreign and national players, structural funds of the EU and the cohesion Fund, as well as funds from the state budget, were the areas of investment inflow, as well as Poland. As a result, production volumes of goods and services in the economy increased from \$7 million in 1991 up to \$7,78 million in 1992–1994.

Summary research summary and prospects for further tasks in this area. According to the results of the survey, attention should be paid to the experience of developing the investment strategy of the countries during the crisis period, during which the rapid rise in the market value of all goods and services produced in the country and production capacities was achieved while maximizing the contribution of exports to such growth. The following conclusions were drawn:

1. The crisis period, which requires the formation of an investment strategy for recovery is a state in which the economy of the state has come to a state characterized by its characteristics: Overproduction of goods; reduction of production volumes and production capacities; shocks of the credit system, increase of the number of exchange speculations; a sharp drop in prices; mass bankruptcy of industrial and trade firms, banks; unemployment and the fall in wages. At the same time, the greater the number of indicators corresponding to the economy, the deeper its crisis is and the more powerful the volume of attracted investments should be.

2. The main feature of investment strategy formulation is that it is not important what types of investments will be attracted (internal collective investment, foreign direct investment, state investments). It is important to choose

the right levers to stimulate the inflow of investments into their use (in the sector, economy, enterprise, and in raising the level and quality of life of the population). They should be exactly what will allow to turn the situation as quickly as possible, in particular, to increase the market value of all goods and services produced in the country and production capacities, by maximizing the export contribution to such growth.

3. The leverage to stimulate investment in the directions of their use should be such that it will allow to reverse the situation as quickly as possible (this is possible due to the concentration of investments in projects on the development of goods and services produced with high added value, on development of technological partnerships, scientific institutions, and laboratories, aimed at attracting investments in research and development programs, etc.).

The prospects for further developments in this direction lie in the development of a model for the formation of the investment strategy of Ukraine in conditions where its economy carries huge losses due to the destructive war.

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Стаття надійшла до редакції 12.12.2022 р.



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