

# Features of Investment Support for the Process of Digitalization of Socio-Economic Systems in the Context of Strengthening International Economic Relations

Maksym Yatsko <sup>†</sup>, Yanina Panfilova <sup>††</sup>, Marta Zozuliak <sup>†††</sup>, Oleksandr Koval <sup>††††</sup>, Yaroslav Golubka <sup>†††††</sup>

<sup>†</sup> Uzhhorod National University, Ukraine

<sup>††</sup> State Biotechnological University, Ukraine

<sup>†††</sup> Mukachevo State University, Ukraine

<sup>††††</sup> Uzhhorod National University, Ukraine

<sup>†††††</sup> Mukachevo State University, Ukraine

## Abstract

The innovative process of digitalization and creation of innovation from an idea to its commercialization requires certain financial costs, labor and mental efforts. The amount of investment (corporate and public) is the most important imperative to enhance innovation and is traditionally considered as the main "input" indicators of the development of innovation infrastructure, in this case, the financial infrastructure of innovation. At the same time, the modern theory of innovation development assumes a systematic approach to the organization of innovation activity, which provides for the close interaction of several subsystems: human (including intellectual) potential, financial and technological capital, as well as relevant institutions and methods of regulation. Thus, the main task of the study is to analyze the features of investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations. As a result of the study, current trends and prerequisites of investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations were revealed.

## Keywords:

*digitalization, socio-economic systems, investment support, financial infrastructure, innovation sphere.*

## 1. Introduction

Investment plays a special role in the development of the national economy, regions, industries, enterprises, since it is the basis for systematic expanded reproduction through the renewal of fixed assets of enterprises; the accelerated introduction of the achievements of scientific and technological progress and the improvement of the quality and safety of foodstuffs; structural changes in the production and balanced development of the economy; providing the industry with the necessary raw materials; solving problems of effective employment, etc.

Investments are necessary for the economic and social development of the country, improving the living standards of the population. The broad interpretation of investment includes the investment of funds to increase them. The increase in funds should be sufficient to compensate investors for not using the funds for consumption so that they are rewarded for risks, and also to compensate for losses due to inflation in the future. By investment we mean long-term invested resources (financial or material) in various types of economic activity, that is, in the development of industry, agriculture, trade and other sectors of activity within our state or abroad for profit. The placement can take place in production, securities, real estate, authorized funds of enterprises and organizations, collecting, precious metals and other assets in which the market value is constantly growing and gives owners and investors income in the form of interest, dividends, income from the sale, etc. which is generally referred to as an investment

Analysts note that the main factor in regional growth is the modernization of the economy on an innovative basis. With the help of a differentiated set of economic levers of influence, it is possible to influence the problem sectors of the economy of a particular subject. Comprehensive financial, infrastructural and legal support for investment projects is able to concentrate investment resources in key areas of development of the subject's economy. The possibility of enhancing the investment support for international economic relations depends on the investment climate that has developed in the country. The investment climate can be characterized as "a set of economic, political, financial, socio-cultural, organizational, legal, natural-geographical and other

factors inherent in the region that attract or repel investors." These factors form the investment attractiveness and investment activity of the region [1-5].

The relevance of investment activity is increasing day by day. The introduction of advanced technologies, the latest technology, innovative forms of labor organization and production development management creates the need for new scientific research. In turn, innovations contribute to the exit of enterprises from the crisis, provide an increase in the competitiveness of products and enterprises as a whole. Investment is one of the main aspects of the activities of commercial structures, as it affects the depths of the foundations of management, determining the business processes of economic development as a whole. The reason for the need for investment is the need to update the material and technical base, increase production and sales, expand activities for the effective development of the enterprise.

When carrying out investment activities, an enterprise is constantly faced with the need to choose and make informed investment decisions, it requires taking into account factors of influence: types of investments, cost and availability of projects, limited ability to attract or borrow financial resources, risks of making investment decisions. Therefore, the implementation of investment activities by business entities requires deep knowledge, skills and qualified approaches to substantiate investment decisions, the choice of assets, directions and forms of investment. Scientists characterize the essence of investment support from different positions [6-8]. Thus, some scientists understand investment provision as an investment of property and intellectual values in entrepreneurship and various types of economic activity, as a result of which income is created and a social effect is achieved. Values include funds, targeted bank investments, shares, shares and securities; movable and immovable property; property rights and intellectual property rights; necessary technical documentation for the organization of production activities; rights to use land, water, resources, buildings, equipment, as well as other property rights and other values. Some scholars interpret investment provision as systemic measures of concentration, implementation, and choice of rational methods for managing the investment sphere. Other scientists consider this

concept as financial security and propose to interpret its content more broadly - as a set of conditions, resources and measures necessary for the implementation of the investment process. At the same time, the interpretation of this concept is reflected in the economy both at the mesolevel and at the microlevel. Thus, some scientists define investment support for innovative development as the cumulative actions of business structures and self-government bodies to attract real and potential opportunities for internal and external investment resources in strategic areas of economic activity of the economic complex to ensure the innovative development of the region. According to another group of scientists, it is advisable to understand the investment support for the development of an enterprise as a subsystem of organizational and economic support designed to cover production costs and accumulation in order to increase production and sales of products, the resources of which are formed in compliance with the principles of long-term, optimality, alternativeness. Solving problems requires creating a favorable investment climate, directing investments to upgrade the material and technical base and infrastructure of agro-industrial enterprises. Market conditions require the timely provision and maintenance of economic growth, effective modernization, efficiency improvement, and provision of sufficient investment resources. Investment is the main reason for the effective development of enterprises, contributes to the growth of production volumes, an increase in resource potential, efficiency and strengthening of food security, and the development of international relations. The study of the theoretical foundations of investing in the development of agro-industrial enterprises is the goal, and investment support is a tool to achieve it

We believe that development implies the presence of quantitative changes, as well as structural characteristics of the activities of enterprises. The totality of structural qualitative and quantitative changes occurring at enterprises leads to a transition to a new qualitative state. The development of enterprises requires directed actions and measures to implement the relevant changes for a long time. In modern management, the concepts of continuous improvement of the activities of enterprises have found distribution, which prompts to separately note the continuity of the development process. The

concepts are focused on investing in development that is ahead of changes in the economic environment, and management becomes the subject of improvement of regular directed actions. Management objects (resources) are subject to change, while the effect should manifest itself much faster and lead to the emergence and implementation of new opportunities and abilities of the enterprise.

**2. Methodology**

To achieve the goals set in the study, we applied the following methods: induction and deduction, comparison and systematization; synthesis and analysis; abstract-logical - for theoretical generalizations and conclusions of the study.

**3. Research Results and Discussions**

Investment and innovation are two inextricably linked areas of economic activity that have been and remain the most affected by the crisis. In modern conditions, such a situation has developed that innovations previously carried out at the expense of centralized sources have been reduced to insignificant values, while investments that had an internal structure, lost it and became disordered and unorganized, have become only short-term goals of investors. There is only one way out of this situation - to overcome the economic crisis. In our opinion, this is impossible without an effective innovation and investment policy, restoration of fixed assets on a fundamentally new, competitive basis.

It should be noted that at the industrial stage of development, investments perform, first of all, a re-innovation (reproductive) function; as a result of their introduction, mainly the replacement of worn-out production and non-production fixed assets is carried out, sometimes - the expansion of the production base. But at the post-industrial stage of development, investments should carry not only material and material, but also intellectual and innovative "burden", that is, all investments should be innovation-oriented. Therefore, the study of the problems of combining investment and innovation is of great scientific interest.

Numerous modern scientific works are devoted to the study of the content of investment support in a different context field. Analyzing modern approaches

of economists to the study of the essence of investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations, we note that the authors consider this category from three positions: investment support as a result, as the current state of investment and as a process. One can observe studies in which these approaches are combined. Thus, some authors propose to consider investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations as a combination of three main components (Table 1).

We agree with the proposed recommendation, since we believe that there is a need to develop a common, universal approach to determining the essence of the region's investment activity. At the same time, in our opinion, such a broad interpretation of the considered economic category makes it difficult to evaluate it qualitatively and quantitatively. Summarizing modern research on this topic, it is proposed to understand the investment activity of the region as the process of effective implementation of the investment potential of the region in the conditions of the existing investment risk. At the same time, the investment potential of the region in the context of this study is understood as «a set of objective economic, social, natural-geographical and other properties of the region that are of high importance for attracting investment and depend both on the presence and diversity of areas and objects of investment, and on their economic condition. » [9-12].

Table 1: The main components of the investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations

<i>No</i>	<i>The main components of the investment support</i>
-----------	--

1	Investment support as the degree of intensity of investment processes;
2	Investment support as an actual investment development in a given period of time;
3	Investment support as a result of the investment attractiveness of the region.

Digitalization is based on three factors: people, technology and people again. An important role is played by both specialists who develop the digital environment and those people who use it to search, analyze data, develop and implement management decisions. Accordingly, investments should be directed primarily to people and their knowledge. Moreover, we are talking not only about the training of qualified IT specialists, but also about increasing the digital literacy of people in general. Today, companies need employees who are able to use and support the information technologies introduced into the business.

The second priority is the development of technologies that form the infrastructure necessary for the digital transformation of markets. It includes:

- communication tools that provide fast and high-quality transmission of secure information;
  - technological support for the main business processes of enterprises, including infrastructure for access and data storage;
  - software and hardware solutions for converting documents from paper to digital form and vice versa.
- Today, the digital economy is one of the most important factors in economic growth and the formation of a new quality of life. The leaders of the world economy consider digitalization as a priority

direction for the innovative development of production and economic systems at various levels and a tool for ensuring competitive advantages in the long term.

To stimulate digitalization processes, investment support should be carried out in three directions (Table 2)

Table 2: The main areas of investment support for the process of digitalization of socio-economic systems in the context of strengthening international economic relations

<i>№</i>	<i>The main areas</i>
1	development of people, including both the education of qualified IT specialists and the improvement of information literacy of the population;
2	development of information technologies and infrastructure;
3	formation of transparent and predictable regulations.

The development of digital technologies has a tangible impact on the investment potential of the city, its investment attractiveness. By the level of involvement of society in the digital economy. Investments play an important role in the introduction and development of digital technologies, and the introduction of digital technologies at different stages of the investment process is the key to the country's economic growth [13-15].

It is customary to classify investment potential factors according to the areas of manifestation: financial, economic, industrial, labor, consumer, infrastructure, institutional, innovative, natural resource, tourism. At the same time, the composition of indicators characterizing the factors of investment potential is variable.

#### 4. Conclusions

Thus, based on the results obtained, we believe that the introduction of the investment and innovation process is a necessary and effective tool in entrepreneurial activity, since it stimulates the development of firms, and as a result, the desired economic (or social) effect is achieved. This process typically falls into two complex categories: investment and innovation. It is their direct interaction in entrepreneurship that makes it possible to actively expand production, increase profits, and renew fixed assets.

As a result of this study, it was proposed to clarify the definition of these categories, which, in turn, will narrow the circle of discussions on this issue and provide scientists with the opportunity to refocus their attention on the search for effective tools for managing the investment and innovation process.

Consequently, the modern investment and innovative activity of enterprises is presented only at the initial stage of its development, it requires an increase in state participation, both financial and organizational. Directions for expanding the financial support of innovative activities of enterprises should be diversified as much as possible both in terms of implementation mechanisms and in terms of finding appropriate sources of resources. Given this, it is important to determine the conditions and restrictions that affect the choice of sources of financing for innovation, which may be the subject of further research.

It can be noted that at different levels of management, one should take into account the specifics of investment support and the tasks of management of the relevant bodies of regional, sectoral or state management of the economic and social sphere.

The economic category "investment support", as scientists note, reflects the multifaceted organizational and economic conditions, means,

measures and economic relationships that manifest themselves in the process of value movement, preliminary investments in capital in order to form, accumulate and use investment resources for the development of production and human beings - the main productive force of society. This approach implies the need for a relationship between the development of production and its investment support through the formation, growth and use of human capital.

#### References

- [1] Kryshchanovych M., Antonova L., Pohrishchuk B., Mironova Y., Storozhev R. (2021) Information System of Anti-Crisis Management in the Context of Ensuring National Security. *IJCSNS International Journal of Computer Science and Network Security*, VOL.21 No.12, pp. 719-725 December 2021. <https://doi.org/10.22937/IJCSNS.2021.21.12.98>
- [2] Rachinger, M., Rauter, R., Müller, C., Vorraber, W., & Schirgi, E. Digitalization and its influence on business model innovation. *Journal of Manufacturing Technology Management*.2018. <https://www.emerald.com/insight/content/doi/10.1108/JMTM-01-2018-0020/full/html>
- [3] Kryshchanovych, S., Treshchov, M., Durman, M., Lopatchenko, I., & Kernova, M. (2021). Gender Parity In Public Administration In The Context Of The Development Of European Values In The Management System. *Financial and Credit Activity: Problems of Theory and Practice*, 4(39), 475–481. <https://doi.org/10.18371/v4i39.241416>
- [4] Breznitz D., Kenney M., Rouvinen P., Zysman J., YläAnttila P. Value capture and policy design in a digital economy. *Journal of Industry, Competition and Trade*. 2011.Vol. 11. Iss. 3. pp. 203-207. <http://doi.org/10.1007/s10842-011-0108-3>
- [5] Gruber H. Innovation, skills and investment: A digital industrial policy for Europe *Economia e Politica Industriale: Journal of Industrial and Business Economics*. 2017. Vol. 44. Iss. 3. pp. 327-343. <http://doi.org/10.1007/s40812-017-0073-x>
- [6] Nwankpa, J., Merhout, J. (2020). Exploring the Effect of Digital Investment on IT Innovation. *Sustainability*.2020 12. 7374. <https://doi.org/10.3390/su12187374>

- [7] Kryshtanovych, M., Ortynskyi, V., Krasivskyy O., Mazyi, N., & Pasichnyk, V. Methodical approach to countering threats of economic security in the context of ensuring the protection of national interests. *Financial and Credit Activity: Problems of Theory and Practice*, 4(39), 2021, 202–208. <https://doi.org/10.18371/v4i39.241309>
- [8] Kornieieva, Y. (2018). Investment cooperation through digital development. *Economic system development trends: the experience of countries of Eastern Europe and prospects of Ukraine* [https://doi.org/10.30525/978-9934-571-28-2\\_14](https://doi.org/10.30525/978-9934-571-28-2_14)
- [9] Kraus S, Jones P, Kailer N, Weinmann A, Chaparro-Banegas N, Roig-Tierno N. Digital Transformation: An Overview of the Current State of the Art of Research. SAGE Open. July 2021. <https://doi.org/10.1177/21582440211047576>
- [10] Sztajerowska, M., Martincus V. Together or separate: Investment Promotion Agencies' prioritization and monitoring and evaluation for sustainable investment promotion across the OECD countries, OECD Investment Insights, Paris. 2021.
- [11] Ortas E., Burritt R.L., Moneva J.M. Socially responsible investment and cleaner production in the Asia pacific: Does it pay to be good? // *Journal of Cleaner Production*. 2013. No. 52. P. 272-280.
- [12]Kampker A. et al. Value engineering for production machinery - investment cost optimization for electric engine production // *ZWF Zeitschrift Fuer Wirtschaftlichen Fabrikbetrieb*. 2014. No. 109(9). P. 641–644.
- [13]Kryshtanovych S., Prosovykh O., Panas Y., Trushkina N., Omelchenko V. . Features of the Socio-Economic Development of the Countries of the World under the influence of the Digital Economy and COVID-19. *IJCSNS International Journal of Computer Science and Network Security*. 2022 Vol. 22 No. 2 pp. 9-14. <https://doi.org/10.22937/IJCSNS.2022.22.2.13>
- [14] Sylkin, O., Buhel, Y., Dombrovska, N., Martusenko, I., & Karaim, M. (2021). The Impact of the Crisis on the Socio-Economic System in a Post-Pandemic Society. *Postmodern Openings*, 12(1), 368-379. <https://doi.org/10.18662/po/12.1/266>
- [15] Chou X., Kang Y. Research and design of the new investment casting production line. *Applied Mechanics and Materials*. 2012. No. 152. P. 1858-1864.



# МУКАЧІВСЬКИЙ ДЕРЖАВНИЙ УНІВЕРСИТЕТ

89600, м. Мукачево, вул. Ужгородська, 26

тел./факс +380-3131-21109

Веб-сайт університету: [www.msu.edu.ua](http://www.msu.edu.ua)

E-mail: [info@msu.edu.ua](mailto:info@msu.edu.ua), [pr@mail.msu.edu.ua](mailto:pr@mail.msu.edu.ua)

Веб-сайт Інституційного репозитарію Наукової бібліотеки МДУ: <http://dspace.msu.edu.ua:8080>

Веб-сайт Наукової бібліотеки МДУ: <http://msu.edu.ua/library/>