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THEORETICAL AND METHODOLOGICAL PRINCIPLES OF ACTIVATION OF INVESTMENT AND INNOVATION ACTIVITIES OF ENTERPRISES AS A TOOL FOR ENSURING FINANCIAL AND ECONOMIC SECURITY IN THE CONDITIONS OF DIGITAL TRANSFORMATION OF THE ECONOMY OF UKRAINE

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ABSTRACT

At industrial enterprises, a situation has developed leading to a slowdown in investment activity and, accordingly, a deterioration in innovative development. Undoubtedly, enterprises need to attract investment resources in order to improve their financial situation, restore activity indicators and activate innovative development. At the same time, it is expedient to form methods, ways, and tools to activate, increase indicators of investment activity of enterprises, which will contribute to further innovative development. In addition, the stability of investment and innovation activities is a tool for ensuring and increasing the level of financial and economic security of an enterprise and enhancing its competitiveness.

In the context of digital transformation, an important issue is the innovative development of enterprises, the introduction of digital technologies, which also increases the level of security. Therefore, studying the state of investment and innovation activities of industrial enterprises and developing mechanisms to improve it in order to increase economic security is a pressing issue. Along with this, the development of a mechanism for the activation of investment and innovation activities as a tool for ensuring the financial and economic security of industrial enterprises will allow for the formation of measures to restore these types of activities, contribute to increasing the level of financial and economic security and ensure the stability of financial and economic activity.

KEYWORDS

Investment activity, innovative development, industrial enterprises, attracting investment resources, financial situation, investment activation, innovative development activation, digital transformation, financial and economic security.

The problems of increasing the investment activity of enterprises, restoring innovative development, using the development mechanism, and studying the state of investment and innovation activity are studied in the works of the following scholars: D. Aboal [1],

P. Garda [1], Yu. Avramenko [2], P. Becko [3], N. Bondarenko [3], S. Vlasyuk [3], M. Kobelianskyi [3], N. Briukhovetska [4], I. Bulieiev [4], N. Burlaka [5], B. Danylyshyn [6], O. Zoria [7], O. Ovcharuk [7], D. Mauer [7], I. Kipioro [8], N. Ovander [9], M. Rahmouni [10], V. Serebrenikov [11], T. Beridze [11], A. Cherep [11, 15, 17], Z. Baranik [11], N. Lokhman [11], Y. Shvets [11], S. Farace [12], F. Mazzotta [12], W. Hadhri [13], R. Arvanitis [13], H. M'Henni [13], S. Kharchuk [14], O. Cherep [15, 17], Y. Shvets [15], O. Iastremska [16], H. Strokovich [16], O. Dzenis [16], O. Shestakova [16], T. Uman [16], Yu. Ohrenych [17], V. Helman [17], A. Gorbunova [17].

Issues of ensuring the security of enterprises, increasing financial and economic security were studied by: V. Baranova [18], O. Dubynska [19], A. Kovalchuk [20], N. Marusiak [21], N. Bak [21], A. Mekhed [22], Z. Varnalii [22], T. Primorac [23], T. Kozina [23], I. Turčić [23], A. Cherep [24], O. Cherep [24], Y. Ohrenych [24], S. Shynkar [25], Z. Gontar [25], M. Dubyna [25], D. Nasypaiko [25], M. Fleychuk [25].

Along with this, the problem of the implementation of digital technologies has been investigated by the following scholars: N. Andriyiv [26], J. Brodny [27], M. Tutak [27], Zh. Kononenko [28], Ya. Vivtonichenko [28], O. Kononenko [28], V. Make-don [29], O. Baylova [29], Yu. Ohrenych [30], V. Kurdupa [30], E. Samara [31], A. Andronikidis [31], N. Komninos [31], Y. Bakouros [31], Y. Katsoras [31], Qiong Xu [32], Xin Li [32], Yu Dong [32], Fei Guo [32].

However, there is no set of measures and ways to restore investment and innovation activities of industrial enterprises, no mechanism to intensify investment and innovation activities in view of the changing market environment, new trends in business digitalization, as well as tools to increase investment attractiveness, which will ensure the improvement of innovative development and contribute to the strengthening of financial economic security.

The state of life of enterprises, prospects for development largely depend on investment activity, that is, the attraction of financial and material resources in various spheres of activity. Especially in today's conditions, an important issue is finding and obtaining financial support, which will make it possible to establish and organize production, produce new products, introduce new technologies, ensure automation and mechanization of production, renew the worn-out share of fixed assets. All this will ensure establishment of production and economic activity, improvement of financial condition, increase of competitiveness and further development of enterprises.

At the same time, innovation development and intensification of innovation processes at enterprises depend on the level of financial support, i.e. the results of investment activity. Accordingly, the issue of the state of investment and innovation activities of enterprises and the identification of areas for improvement should be considered in a comprehensive manner. Within the framework of innovative development, it is important to introduce digital technologies, which will automate business processes and improve

the work of the enterprise. It should be noted that the growth of innovation and investment activity is a prerequisite for the stability of financial and economic security, which will contribute to the development and growth of financial and economic activity. After all, the state of economic security affects financial performance, personnel policy, the state of operational activity and provides protection against threats from the market environment, the formation of measures to ensure the stability of functioning.

1.1 INVESTMENT AND INNOVATION ACTIVITIES OF INDUSTRIAL ENTERPRISES: FEATURES AND CURRENT STATE

According to the Law of Ukraine "On Investment Activity", the following definition of investment activity is formed: "investment activity is a set of practical actions of citizens, legal entities and the state regarding the realization of investments" [33]. According to the Law of Ukraine "On Innovative Activities", the definition of innovative activities is as follows: "innovative activity is an activity aimed at the use and commercialization of the results of scientific research and development, and leads to the release of new competitive goods and services to the market" [34]. The advantage of investment activity for enterprises is attracting investments, forming financial support to improve production and economic activities, and intensifying innovative development. An important feature of innovation activity is the formation of new ideas, development and implementation of new equipment that will ensure the development of enterprises. Thus, investment and innovation activities have a complex impact on the life of enterprises, the state of financial activity, the level of competitiveness, and is also under the constant influence of factors of the internal and external environment.

Based on this, it is expedient to consider the state of investment and innovation activities of Ukrainian enterprises. The importance of research on the state of investment and innovation activity is explained by the fact that its results can determine the advantages and disadvantages of these types of activities, the influence of market environment factors, form recovery measures and make high-quality management decisions that will affect the increase in the competitiveness of enterprises, ensuring financial and economic security. This analysis should begin with the financial support of enterprises, that is, investment activities.

The distribution of capital investments by sources of financing in Ukraine for 2010–2021 is shown in **Fig. 1.1**. From the obtained data, it should be noted that during 2010–2019, the main source of capital investment financing is the own funds of enterprises and organizations, and their share in 2019 compared to 2018 decreased by 0.32 %. Along with this, in 2019, compared to 2018, the following sources of financing capital investments increased: state budget funds increased by 35.16 %; funds from

local budgets increased by 12.16 %; bank loans and other loans increased by 49.99 %; the funds of non-resident investors increased by 1.59 times. In general, the share of own funds of enterprises and organizations in the total volume of capital investments was 65.43 % in 2019. It is also worth noting that in 2021–2022, the own funds of enterprises and organizations continue to be the main source of financing for capital investments, and their share in 2021 was 68.59 %. In 2021, compared to 2020, there was an increase in the following sources of capital investment financing: state budget funds increased by 32.96 %; local budget funds increased by 1.49 %; own funds of enterprises and organizations increased by 29.84 %; and household funds for housing construction increased by 38.78 %. However, in 2021, compared to 2020, there was a significant decrease in funds from non-resident investors by 54.95 %.

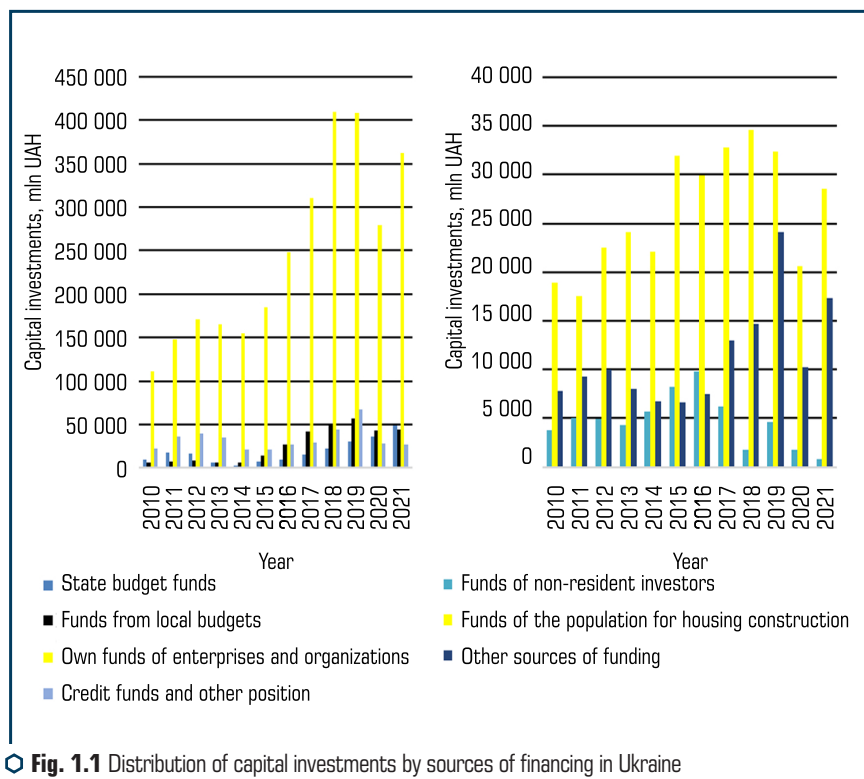


Fig. 1.1 Distribution of capital investments by sources of financing in Ukraine for 2010–2021 (million UAH)

Source: compiled by the author based on [35]

It is also necessary to analyze the volume of capital investments by types of assets in the industry of Ukraine for 2019–2021. Data in the **Table 1.1** shows that there was a reduction in the volume of capital investments in industry in 2020 compared to 2019 by 39.68 %. As for the composition of capital investments, in 2020, compared to 2019, by industry, investments in tangible assets decreased by 39.52 %, and the share of investments in intangible assets decreased by 49.34 %.

● **Table 1.1** Capital investments by types of assets by types of economic activity in 2019–2021 (million UAH)

Indexes	Industry			Mining and quarrying			Manufacturing		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
1	2	3	4	5	6	7	8	9	10
Capital investments	254196	153321	191177	68521	44756	55617	105878	69328	82862
Including:									
1. Investments in tangible assets	249995	151193	186973	67023	44317	54272	104108	67999	81150
of them:									
residential buildings	722	90.7	95.3	c	2.5	5.3	644.4	45.6	69.6
non-residential buildings	17832	11955	14079	2321	1737	1817	13547	9075	10920
engineering structures	104657	59398	76554	31733	22844	30180	13458	12030	12789
machinery, equipment and inventory	105100	68085	79116	25562	16504	16731	64966	40809	49229
vehicles	15062	7477	11915	5680	2273	4972	7624	3748	4716
land	457.3	209.1	673.7	526.9	134.9	104	375.7	189.7	562
long-term biological assets of crop and livestock production	166.5	172.5	162.7	c	—	—	158.6	169.3	158.9

● Continuation of Table 1.1

1	2	3	4	5	6	7	8	9	10
other tangible assets	5997	3805	4378	1656	942.3	461.3	3335	1932	2706
2. Investments in intangible assets	4201	2128	4203	1498	438.4	1345	1770	1329	1712
of them:									
rights to commercial designations, objects of industrial property, copyright and related rights, patents, licenses, concession, etc.	1246	422.5	—	360.2	777.8	—	645.7	398.8	—
software and databases	1788	1166	2318	335.8	263.4	356.6	808.9	589.8	987.2

Note: c — Data are not published in order to ensure compliance with the requirements of the Law of Ukraine on the State Statistics regarding confidentiality of statistical information (primary and secondary blocking of vulnerable values)

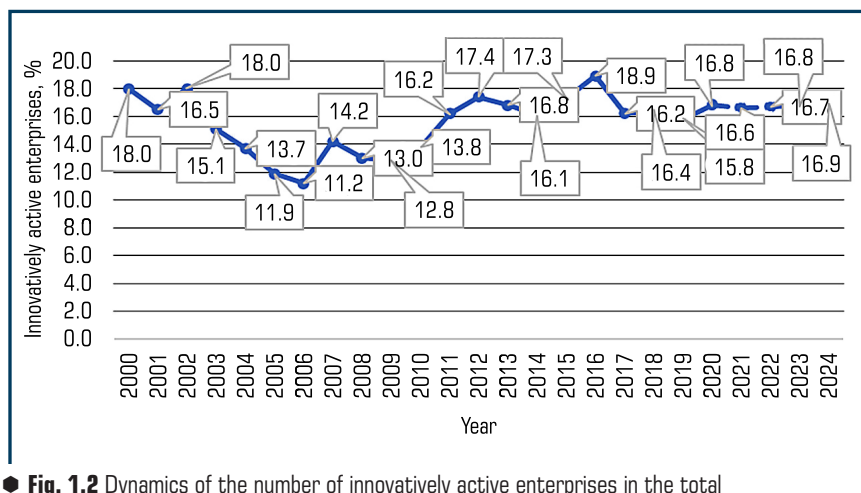
Source: compiled by the author based on [35]

In the structure of investments in tangible assets by industrial enterprises of Ukraine during 2020, there was a reduction in investments in residential buildings (by 87.43 %), engineering structures (by 43.24 %), machines, equipment and inventory (by 35.22 %), vehicles (by 50.36 %), land (by 54.29 %), and there was an increase in investments in long-term biological assets of crop and animal husbandry (by 3.60 %).

Among investments in intangible assets by industry, there was a reduction in investments in rights to commercial designations, objects of industrial property, copyright and related rights (including entertainment programs and originals of literary and artistic works), patents, licenses, concessions, etc. (by 66.09 %), software and databases (by 34.78 %) in 2020 compared to 2019. By industry sectors, the largest reduction in the volume of capital investments is observed in 2020 compared to 2019 in the mining industry and the development of quarrying (by 34.68 %) and processing

industry (by 34.52 %). Therefore, the volume of capital investments in industry decreased, which indicates a slowdown in investment activity in 2020.

Along with the indicators of investment activity, it is necessary to analyse the indicators of innovation activity, namely: the share of innovatively active enterprises in the total number of industrial enterprises; innovation expenditures. According to **Fig. 1.2**, it can be noted that the indicator of the share of innovatively active enterprises in the total number of industrial enterprises during 2000–2020 had variable dynamics and in 2020 there was an increase. Using the Trend function in Excel, a forecast of the number of innovatively active enterprises for 2021–2024 was made. Given the forecast the indicator of the share of innovatively active enterprises, it is possible to note that in 2022–2024 there will be an increase.



● **Fig. 1.2** Dynamics of the number of innovatively active enterprises in the total number of industrial enterprises in 2000–2020, forecast for 2021–2024 (%)
Source: compiled by the author based on [35]

As for the indicator of expenditures on innovations by industrial enterprises, in 2020, compared to 2019, there was an increase of 1.31 % (**Fig. 1.3**). In the structure for innovation expenditures of industrial enterprises in 2020, compared to 2019, there was an increase for scientific research and development (R&D) expenditures by 19.44 %, and a decrease other expenditure in innovations (excluding R&D) by 3.37 %. Among the expenses for scientific research and development expenditures at industrial enterprises, R&D performed by own forces (the share was 18.4 % of the total volume of innovation expenditures) and R&D carried out by other enterprises (the share was 5.8 % of the

total prevailed the volume of innovation expenditures). Thus, industrial enterprises have seen a revival in innovation activity. With the help of the Trend function in Excel, a forecast of expenditures for innovations of industrial enterprises for 2021–2024 was made, and in 2024, relative to 2023, there will be an increase of 3.71 %. In addition, the structure of innovation expenditures in 2024 compared to 2023 showed the following dynamics: costs for scientific research and development (R&D) increased by 4.53 %; other innovation expenditures (excluding GDR) increased by 3.52 %. The conducted research and received forecast data allow to note that industrial enterprises are setting up innovative activities and attracting investments.

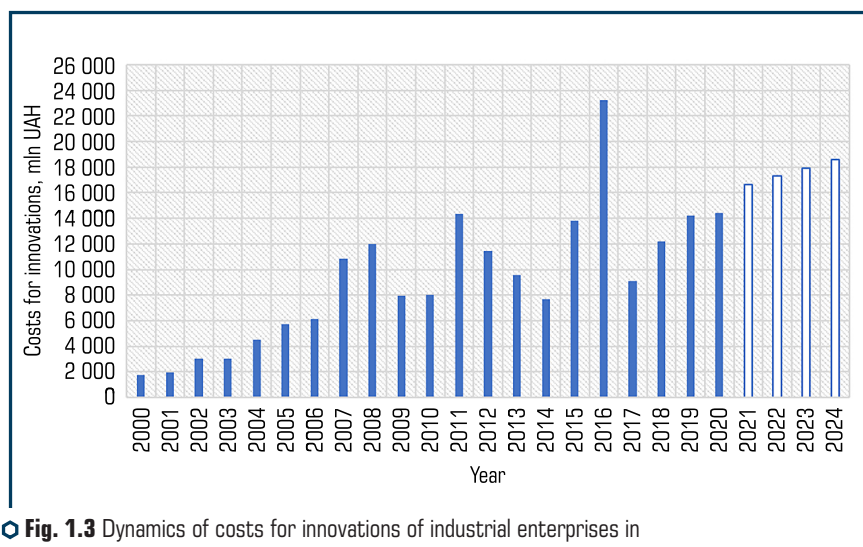


Fig. 1.3 Dynamics of costs for innovations of industrial enterprises in 2000–2020, forecast for 2021–2024. (million UAH)

Source: compiled by the author based on [35]

1.2 FEATURES OF DIGITAL TRANSFORMATION AND THE IMPACT OF INVESTMENT AND INNOVATION ACTIVITIES ON THE FINANCIAL AND ECONOMIC SECURITY OF INDUSTRIAL ENTERPRISES

Having examined the state of investment and innovation activities of Ukrainian enterprises, it is also necessary to study the peculiarities of the use of digital technologies at enterprises and analyze the indicators of the use of information and communication

technologies. According to the Concept for the Development of the Digital Economy and Society of Ukraine for 2018–2020 and the approval of the action plan for its implementation, the concept of digitalization is considered as: "a recognized mechanism of economic growth due to the ability of technology to positively influence the efficiency, effectiveness, cost and quality of economic, social and personal activities" [36]. Along with this, the definition of digital technologies is interpreted as: "at the same time a huge market and industry, as well as a platform for the efficiency and competitiveness of all other markets and industries. High-tech production and modernization of industry with the help of information and communication and digital technologies, the scale and pace of digital transformation should become a priority for economic development" [36]. Thus, the use and implementation of information and communication technologies in the work of enterprises plays an important role, promotes digital transformation, improves business processes and ensures innovative development.

Investigating the indicators of the use of information and communication technologies, let's first analyze the indicators of the number of enterprises that carried out electronic trade, the volume of sold products (goods, services) of enterprises obtained from electronic trade for 2018–2021. During 2021, compared to 2020, there was an increase in the number of enterprises that carried out electronic trade in the processing industry by 6 units, there were no changes at enterprises supplying electricity, gas, steam and air conditioning, at enterprises of water supply; sewerage, waste management was reduced by 1 unit.

According to the indicator of the volume of sold products (goods, services) obtained from electronic trade in 2021, there were changes compared to 2020:

- processing industry growth by 8.1 %;
- supply of electricity, gas, steam and air-conditioning growth by 19.0 %;
- water supply; sewerage, waste management growth by 1.00 %.

This allows to note that industrial enterprises are switching to e-commerce, which confirms innovative development, intensification of the implementation of information and communication technologies.

Given the importance of the use of digital technologies and their impact on competitiveness, it is necessary to analyze the indicator of enterprises' access to the Internet, the use of social media by enterprises, and the number of enterprises that purchase cloud computing services. Based on the study of the dynamics of the indicator of the number of enterprises that have access to the Internet for 2018–2022, it should be noted that in 2022, compared to 2021, there was a decrease in the processing industry by 251 units, at enterprises supplying electricity, gas, steam and air conditioning for 27 units, water supply; sewerage, waste management for 28 units (**Table 1.2**). According to forecast data for 2024, relative to 2023, the indicator of the number of enterprises that have access to the Internet had the following dynamics:

- processing industry – growth by 0.55 %;
- supply of electricity, gas, steam and air-conditioning – growth by 1.29 %;
- water supply; sewerage, waste management – growth by 0.28 %.

● **Table 1.2** Indicators of the use of the Internet, social media, and cloud computing services at enterprises in 2018–2022 and 2023–2024 (forecast)

Indexes	Years	Manufactur- ing	Electricity, gas, steam and air-condi- tioning supply	Water supply; sewerage, waste management and remediation activities
Number of enterprises which have access to the internet, units	2018	10878	701	1130
	2019	11089	709	1138
	2021	11323	754	1162
	2022	11072	727	1134
	2023	11277.1	751.85	1150.6
	2024	11339.3	761.55	1153.8
Share of the number of enter- prises using social media in the total number of enterprises	2018	28.5	28.1	30.9
	2019	29.4	28.5	32.2
	2022	28.3	28.0	31.1
	2023	28.3	28.0	31.3
	2024	28.2	28.0	31.2
Share of the number of enter- prises that purchased cloud computing services of the total number of enterprises	2018	9.3	9.7	7.1
	2019	10	11.6	8.8
	2021	9.9	11.8	7.6
	2022	9.4	8.9	7
	2023	9.7	10.1	7.2
	2024	9.7	9.9	7.1

Source: compiled by the author based on [35]

The indicator of the share of the number of enterprises using social media in the processing industry during 2018–2022 had variable dynamics and the following changes were observed in the structure by types of social media: social networks – a reduction from 24.6 % in 2019 to 23.5 % in 2022; websites or applications (web applications) for sharing multimedia content (content) – reduction from 12.5 % in 2019 to 12.3 % in 2022; blogs or microblogs – a reduction from 6.6 % in 2019 to 6.4 % in 2022. During 2022, relative to 2019, the number of electricity, gas, steam and air conditioning enterprises using social media decreased by 0.5 % and reduction at water supply enterprises; sewerage, waste management accounted for 1.1 %. According to the forecast value of the share of the number of enterprises using social media during 2023–2024, there is a reduction in industrial enterprises.

Declining dynamics are also observed by the indicator of the share of the number of enterprises purchasing cloud computing services, and in 2022, relative to 2021, the following changes occurred:

- processing industry – a decrease of 0.5 %;
- supply of electricity, gas, steam and air-conditioning – a reduction of 2.9 %;
- water supply; sewerage, waste management – reduction by 0.6 % (**Table 1.2**).

The forecast of the share of the number of enterprises purchasing cloud computing services based on Trend function in the Excel for 2023–2024 was made, and a decrease is observed in 2024.

According to the research results of the state of use of information and communication technologies at enterprises, it should be noted that they contribute to attracting investments, improving the quality of production, innovative development, and increasing indicators of financial and economic activity.

The investment and innovation activities of enterprises have a positive impact on ensuring financial and economic security and its growth. It should be noted that financial and economic security is determined by the state of financial performance indicators of industrial enterprises, namely, the amount of net profit. The study of the dynamics of net profit (loss) at industrial enterprises for 2010–2022 allows to note that the functioning of enterprises was both profitable and unprofitable (**Fig. 1.4**).

In particular, the industry of Ukraine made a profit in 2021, but in 2022 the activity is unprofitable, which is due to the predominance of enterprises that suffered a loss. Along with this, the forecasting results for 2023–2024 allow to note that the functioning of the industry will improve, because the net profit is obtained and its growth in 2024 relative to 2023 will be 13.9 %.

By types of industry, the following changes took place in 2022 compared to 2021: extractive industry and quarry development – reduction of net profit by 79.7 %; processing industry, supply of electricity, gas, steam and air conditioning, water supply, sewerage, waste management – in 2022, the activity is unprofitable.

According to forecast data, there will be an increase in net profit in 2024 compared to 2023 at enterprises of the extractive industry and quarry development (8.4 %), processing industry (25.3 %).

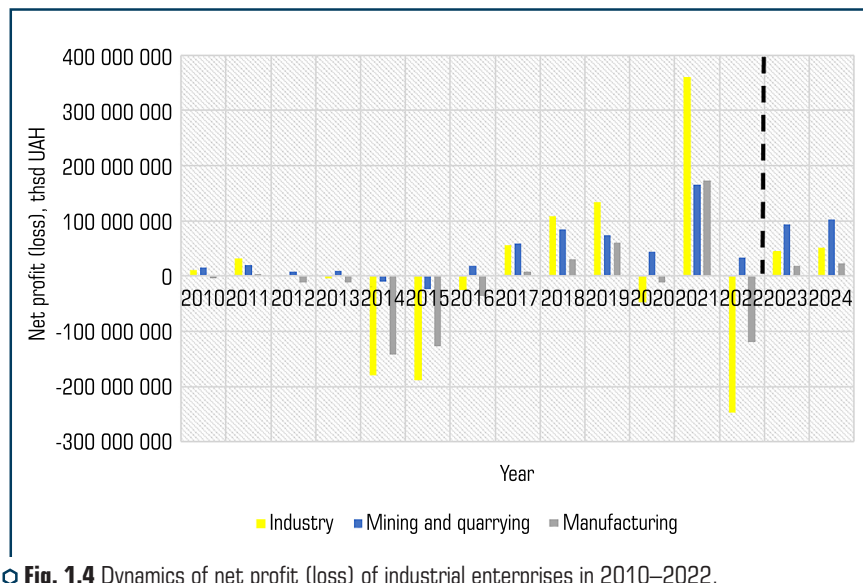


Fig. 1.4 Dynamics of net profit (loss) of industrial enterprises in 2010–2022, forecast for 2023–2024 (thousand UAH)

Source: compiled by the author based on [35]

The dynamics of the profitability of operating and total activities of industrial enterprises in Ukraine for 2010–2022 was studied separately (Fig. 1.5).

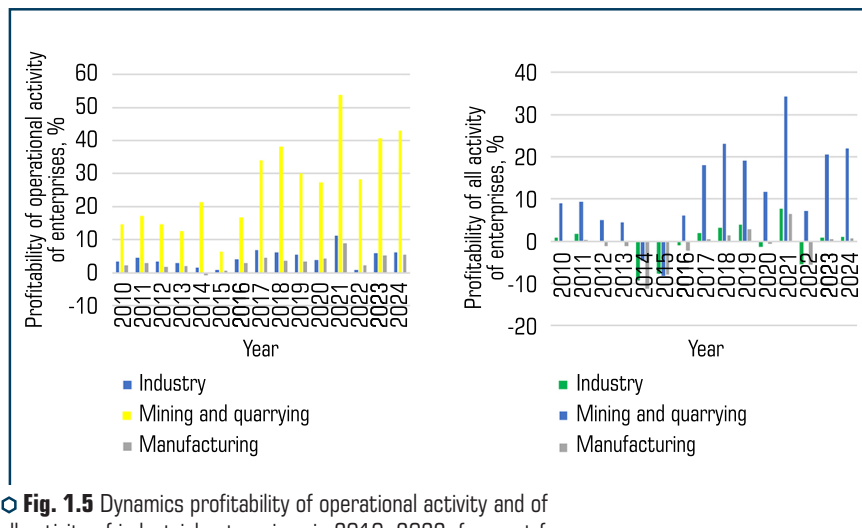
It should be noted that in 2021, there was the largest increase in the profitability of operating activities of the industry and amounted to 11.2 %, as well as the profitability of all activities and amounted to 7.7 %, which allows to note the profitability of the operation.

At the same time, in 2022, compared to 2021, there was a sharp decline in the industry's operating profitability by 10.4 % and the level of profitability of all activities in 2022 was –5.4 %.

A forecast was also made using the Trend function in Excel for 2023–2024 and it was determined that in 2024, compared to 2023, there will be an increase in the level of operating profitability by 0.2 % and the level of profitability of all activities by 0.2 %.

By types of industry, in 2022, compared to 2021, there was a decrease in the level of operating profitability:

- mining and quarrying by 25.4 %;
- manufacturing by 6.7 %;
- supply of electricity, gas, steam and air conditioning, water supply, sewerage, waste management – the indicator has a negative value.



◉ **Fig. 1.5** Dynamics profitability of operational activity and of all activity of industrial enterprises in 2010–2022, forecast for 2023–2024 (%)

Source: compiled by the author based on [35]

Regarding the indicator of the level of profitability of all activities, during 2022, compared to 2021, there was a reduction in the extractive industry and the development of quarries by 27.1 %, in the processing industry in 2022, the value is negative.

Taking into account the forecast data for 2023–2024, it should be noted that the indicators had the following dynamics:

- the level of profitability of operating activities in 2024 relative to 2023 in the extractive industry and quarry development will increase by 2.3 %, in the processing industry by 0.3 %;
- the level of profitability of all activities in 2024 compared to 2023 will increase in the mining industry and quarry development by 1.5 %;
- in the processing industry by 0.3 %.

Given the results of the study, it is advisable to focus on the problems of today, the external environment factors that affect the state of investment and innovation activity, the functioning of enterprises and the level of financial and economic security.

In particular, the COVID-19 pandemic and the war in Ukraine have led to a decline in investor confidence, a reduction in investment capital and, as a result, a decrease in the financial support of enterprises.

There is also a problem with rising prices for raw materials, materials, energy, and rising inflation, which may lead to a deterioration in the economic situation of enterprises and the country.

An important problem is the reduction of production volumes, the suspension of production, which leads to the reduction of available funds, the deterioration of the financial capabilities of enterprises.

A significant problem is the decrease in the level of income of the population, the growth of unemployment, the number of Ukrainian refugees, the departure of the population abroad, which causes a decrease in the purchasing power of society. It should be noted the problem of logistics, which caused the search and formation of new directions for sales of products, supply of raw materials and materials.

Also, enterprises faced the problem of lack of their own financial resources and the need to attract credit funds, a decrease in the level of security due to the increased influence of market environment factors, staff turnover, the lack of qualified employees, the rapid development of the innovation market and digitalization processes that take place at foreign enterprises and require an appropriate response.

1.3 DIRECTIONS FOR REVITALIZING INVESTMENT AND INNOVATION ACTIVITIES OF INDUSTRIAL ENTERPRISES AS A TOOL FOR ENSURING FINANCIAL AND ECONOMIC SECURITY

Taking into account the results of the analysis, it is advisable to form a mechanism that will include measures and ways to restore investment and innovation activities of industrial enterprises, taking into account the changing market environment, digitalization of the economy, and will contribute to ensuring financial and economic security, increasing indicators of financial and economic activity.

Given the importance of investment and innovation activity in ensuring financial and economic security, innovative development, and increasing the competitiveness of industrial enterprises, it is necessary to use an improved mechanism for activating investment and innovation activity as a tool for ensuring the financial and economic security of industrial enterprises (**Fig. 1.6**). This mechanism, unlike the existing ones, covers the stages, the implementation of which will allow to formulate and implement a plan for intensifying

investment and innovation activities, measures to improve investment and innovation activities in the long term, which will contribute to the recovery, increase the level of financial and economic security by improving business processes, introducing information and communication technologies and affect the efficiency of the functioning of industrial enterprises.

It will make it possible to increase the competitiveness of enterprises, improve the financial situation, and restore performance indicators. Complex use of measures and the specified mechanism will make it possible to improve the state of investment activity of enterprises, which will affect the recovery of innovative development, indicators of financial and economic activity. The implementation of the mentioned mechanism will allow to develop and implement a set of measures to improve investment and innovation activities, which will affect the indicators of operational and financial activities and the state of financial and economic security.

In addition, this mechanism is built on the basis of taking into account the influence of factors of the market environment and makes it possible to form directions for improving investment and innovation activities in the long term. The peculiarity of the mechanism is that it takes into account the specifics of the functioning of industrial enterprises, allows to develop and implement a plan for the activation of investment and innovation activities.

In order to improve the investment activity of enterprises, the following measures should be implemented:

- develop partnerships with foreign countries;
- establish cooperation, change logistics, that is, ways of supplying raw materials and selling products;
- promotion of digitalization of industrial enterprises, introduction of experience, standards of EU countries;
- attract international assistance in the field of enterprise development;
- support of the international community in the form of investment attraction;
- attraction of support from state and local authorities, international financial organizations;
- reforming the tax system in terms of reducing the tax burden on retained earnings, increasing tax control and identifying cases of tax evasion;
- use of lending at reduced rates and on favorable terms for large enterprises;
- continuation of reforms in the field of investment activity at the state level to protect the rights of investors;
- improvement of antimonopoly legislation and reform of the judicial system;
- abolition of inefficient procedures for control over the activities of enterprises, excessive restrictions, outdated certification systems, conducting examinations;
- expanding sales markets by establishing diplomatic cooperation;
- investment support for the regions of Ukraine;

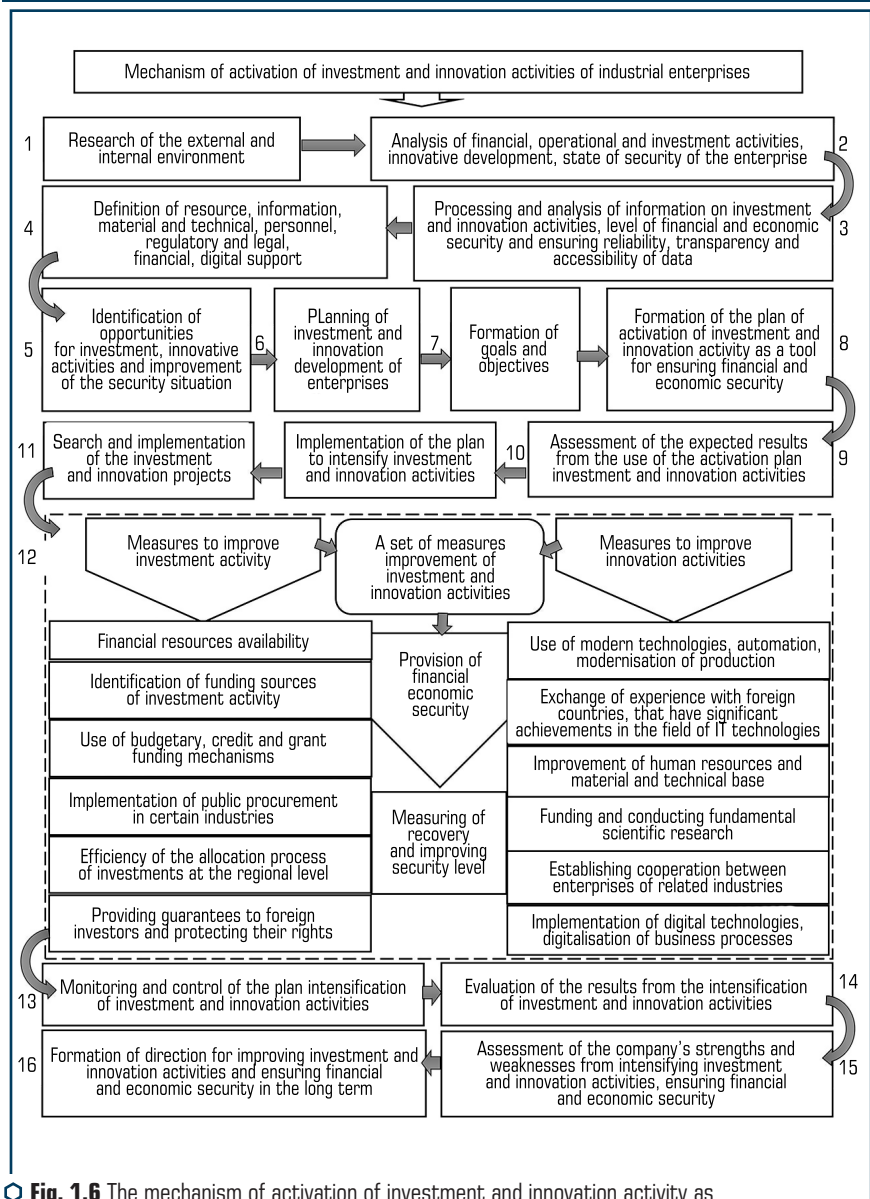


Fig. 1.6 The mechanism of activation of investment and innovation activity as a tool for ensuring the financial and economic security of industrial enterprises
 Source: compiled by the author based on [2–5, 7, 8, 18, 19, 20, 22]

- development of the network of state investment projects by allocation of funds from the state and local budgets;
- export support and protection of Ukrainian business interests on the foreign market;
- creation of conditions for the arrival of investors after the war;
- attraction of long-term loans and grants;
- implementation of government orders in certain industries, such as light industry and engineering for reconstruction, defense needs;
- restoration of industrial infrastructure in the liberated territories in the direction of reducing the energy consumption of production, improving the quality of production;
- development of the transport network in the direction of the EU countries and reconstruction of the energy infrastructure;
- maintaining the interests of own producers;
- financing investment projects at the local government level.

In order to activate the innovative activity of enterprises, the following measures should be taken:

- exchange of experience with foreign countries that have significant achievements in the use of modern technologies;
- preservation of own raw material base and rationalization of use of raw materials, implementation of waste-free production;
- transition from excessive use of raw materials to saving them, replacing them with other materials;
- introduction of technologies to reduce emissions into the environment and greening of production;
- implementation of digital technologies;
- digitization of business processes and all spheres of activity;
- development and support of innovative projects in industry;
- attracting technologies to industrial enterprises;
- formation of business support programs and individual regions;
- funding of scientific research at the state level and conducting fundamental scientific research;
- renewal of industrial enterprises through the introduction, use of modern technologies, renewal of production.

An important prerequisite for the establishment of investment and innovation activities of enterprises, the attraction of foreign investors is the stabilization of the political situation, obtaining security guarantees, reforming the economy, and carrying out judicial reform.

The implementation of measures to improve investment and innovation activity will also contribute to the restoration of the state of financial and economic security, which

will ensure the stability of financial and economic activity. In addition, in order to increase the level of financial and economic security, the following measures should be identified:

- rational distribution and use of financial resources;
- investment attraction;
- adjustment of production and its automation;
- use of digital technologies for data collection, planning, business processes, implementation of software products for operating, financial, investment activities;
- personnel training, attracting qualified personnel;
- improvement of the management system, logistics;
- establishing interaction with suppliers, partners;
- updating the advertising policy;
- production of quality products taking into account the needs of customers;
- implementation of information and communication technologies, for example, creating your own website, setting up access to the Internet, using social media.

In addition, many measures were taken at the state level in 2020–2021 to increase Ukraine's investment attractiveness, in particular: the Law of Ukraine "On Amendments to the Law of Ukraine "On Industrial Parks" and Some Other Legislative Acts of Ukraine on Attracting Investment in the Industrial Sector of the Economy by Stimulating the Creation of Industrial Parks" was signed. In other words, conditions have been created to intensify the attraction of investment capital through the creation of industrial parks [37]; the Law of Ukraine "On State Support for Investment Projects with Significant Investments in Ukraine" was signed, which defines the principles of providing state support for investment projects with significant investments, the specifics of preparing an application and deciding on the feasibility or inexpediency of concluding a special investment agreement, and guarantees the rights of investors with significant investments [38].

As a result of the war in Ukraine, the metallurgical, machine building and chemical industries, which are located in dangerous regions and have long logistics cycles, suffered significant losses. Many light industry, machine building and food production companies moved to the western regions. An important role in improving the performance of enterprises after the situation stabilizes is played by exports, government orders, protection of domestic producers, employment of the unemployed, and availability of loans [39].

In general, some industrial enterprises will be able to fulfil state orders for reconstruction and defence needs, which will allow them to resume their financial and economic activities. After the war is over, international organizations and the state will be the main investors, which will allow enterprises to resume investment activities and gradually intensify their innovative development. All this will facilitate the establishment of cooperation between enterprises and international organizations of the EU countries and increase their competitiveness. Accordingly, the establishment of investment and innovation activities will guarantee innovative development and the introduction of digital technologies,

which will help improve financial and economic security. All of this will ensure the stability of financial and economic activities and increase the competitiveness of enterprises.

Establishing investment and innovation activities of industrial enterprises requires security guarantees, stabilization of the political situation, and economic reform. There has been a gradual recovery in production at enterprises in safe regions, but the metallurgical industry and machine building have suffered significant losses. Attracting additional sources of funding, i.e. intensifying investment activity, plays an important role in the resumption of operations. This will help to normalize financial and economic performance, restore production, increase competitiveness and identify areas for development. The formed mechanism for the activation of investment and innovation activity as a tool for ensuring financial and economic security makes it possible to develop and implement a plan for the activation of these types of activities, measures to increase the efficiency of activities, the level of safety, directions for improvement in the long term, which will affect the efficiency of the functioning of industrial enterprises. In addition, the use of the mechanism at industrial enterprises covers the study of financial, operational, investment activities, innovative development, the state of security, the introduction of information and communication technologies, taking into account the influence of factors of the market environment, which will ensure the activation of investment and innovation activities. Thus, the activation of investment and innovation activity will ensure the improvement and restoration of the state of economic security of enterprises, which will guarantee the efficiency of their functioning.

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