

COMPARATIVE ASSESSMENT OF THE BASIC FACTORS OF FINANCIAL AND ECONOMIC RESTORATION OF GLOBAL COMPETITIVENESS OF UKRAINE IN THE POST-WAR PERIOD

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Abstract: *The purpose of this study is to define the essence and methodological approaches to the comparative assessment of the main financial and economic factors of Ukraine's competitiveness that can shape its competitive advantages in the post-war period and to find ways for restoration and sustainable growth of the country's competitiveness in the global dimension in the long term. The index method of forming the country's global competitiveness is the main tool of this study. Such general scientific research methods as grouping, comparison, graphical, systematization and generalization were used to conduct a comparative study of the main indicators that form the global competitiveness rating of Ukraine according to IMD (state of the economy, efficiency of government and business, state of infrastructure). The results of the analysis of the basic trends in the country's development according to these groups of indicators allowed to formulate the main external and internal factors of change in its competitive position to determine its basic strategic advantages. The defined methodological approaches to the comparative assessment of Ukraine's rating position in relation to the EU neighboring countries and leading countries in terms of the state of their economy and infrastructure, the effectiveness of government and business, allowed to identify negative and positive factors of external and internal influence, primarily financial and economic, basic development trends and strategic competitive advantages of Ukraine, which allowed to formulate proposals for restoring Ukraine's strategic efficiency in the post-war period. The article proves that the positive impact of endogenous factors should be considered as competitive advantages that should be focused on in the post-war period, since in an extremely dynamic and rapidly developing world, in order to achieve success, one should focus on the most promising strategic direction, avoiding dispersion on all existing trends, which can lead to the loss of valuable resources.*

Keywords: *competitiveness; competitive advantages; Ukraina; post-war period.*

JEL Classification: *F01, F43, G14, G18.*

INTRODUCTION

Russia's full-scale war against Ukraine has not only caused a humanitarian and economic shock, but also increased the risk of the country's debt sustainability and significantly reduced its national competitiveness, deepening the dependence of the national economy on large-scale international financial support. In the future, the consequences of full-scale hostilities, the destruction of infrastructure, the need to return a significant part of the population to the country and new geopolitical realities will require prompt action to revive the competitiveness of the national economy as a guarantee of its further sustainable development. In such circumstances, it becomes relevant to study the complex of various factors that shaped the growth of Ukraine's global competitiveness in the pre-war period (until February 24, 2022) and which, in our opinion, will allow to ensure the country's financial and economic recovery in the post-war period not only through long-term loans and grants from Western countries, financial assistance through the funds of international organizations, in particular the UN, but also by attracting investment in a fiercely competitive environment. It is about finding factors to restore Ukraine's competitive position on the world stage by identifying existing competitive advantages and effective ways to use them in order to ensure the successful functioning of the state of Ukraine as an element of the global macro system in the postwar period.

On the other hand, while identifying global challenges for the economies of the world, we can state that the negative impact of the COVID-19 pandemic, which has led to deepening differences between individual countries, has been much less than the degree of instability that is growing as a result of the new war in Europe. After all, the data of the Global Risks Report as of the beginning of 2023 indicate not only significant negative consequences for the economy of a single country, Ukraine, but also for other countries of the world (World economic forum, 2023). At the global level, the main weapon of this war is the basic threats to their economic security, such as threats to food and energy security, which cause inflation to rise rapidly to levels not seen in decades, the globalization of the cost of living crisis, and the incitement of social unrest as a result of geo-economic confrontation, large-scale forced migration, etc. The changes in monetary policy mark the end of an economic era characterized by easy access to cheap debt. In the future, we believe this will have significant implications for governments, companies, and individuals alike, by increasing inequality within and between countries on a global scale.

Since the duration of the conflict between Russia and Ukraine is already approaching a year, we can state that the competitiveness of most economies, especially in Europe, will not have an easy and simple way to recover from the ongoing upheavals. According to the World Economic Forum, this will take at least two years (World economic forum, 2023). The persistence of the above crises is already changing the world we live in, provoking economic and technological instability. Accordingly, finding a foundation for national resilience in strategic sectors will come at a price that only a few economies can bear. Geopolitical dynamics also pose significant obstacles to global cooperation, which often acts as a frontier for global risks that threaten the competitiveness of countries.

Thus, there is a need of identifying the main geopolitical threats to Ukraine's economy and ways to overcome them in the postwar period, which is the purpose of

this study. Namely, we have tried not only to define the essence and methodological approaches to a comparative assessment of the main geopolitical, primarily financial and economic factors of Ukraine's competitiveness, but also, based on the dynamics of its competitive position over the past ten years, we have identified those factors that can shape the country's competitive advantages in the postwar period in order to identify, on this basis, the main means of restoring and sustainably increasing the country's competitiveness in the global dimension in the long term.

LITERATURE REVIEW AND DETERMINATION OF METHODOLOGY

The relevance of studying the issues of formation, maintenance and restoration of national competitiveness, determination of competitive advantages is important both for ensuring the development of the country and for increasing the economic security of the state and protecting the nation in the future, which is emphasized by the interest of both foreign and domestic scholars and practitioners. At the same time, such foreign scholars as (Porter, 1980; Sachs & Larrain, 1993) and others have created the necessary theoretical framework, outlining in their works the foundations of national competitiveness related to the country's ability to maintain high growth and employment over a long period of time, and (Fleisher & Bensoussan, 2002) and others have defined a methodology for assessing such competitiveness based on the determination of competitive potential in order to realize existing and create new competitive advantages.

The processes of globalization and further acceleration of the pace of scientific and technological progress have led to the multifactorial nature of the process of determining the competitiveness of national economies by most scientists. In particular, a representative of a group of foreign scientists from the Institute for Management Development (IMD), A. Bris, identifies the effectiveness of the government (legislation and institutional framework as a channel of government influence on competitiveness), business efficiency, economic performance and the state of infrastructure as the main factors. It has been determined that there is a non-linear relationship between these factors, and their interaction can enhance the result – the ability of a country to create an environment in which enterprises as economic entities can create sustainable value to ensure long-term profitability, despite the negative impact of the external environment (Bris, 2016).

A significant practical contribution to the methodology of the competitiveness of the national economy and the factors influencing it has been made by Ukrainian scientists, including such as (Sevruk & Tropykina, 2019; Dernova, Borovyk, & Kravchenko, The global dimension of Ukraine's competitiveness, 2020; Oleynikova, Formation of a competitive taxation system in Ukraine: monograph., 2015; Radzievska, Competitiveness and integration prospects of Ukraine: a monograph, 2012) and many others. In fact, they define national competitiveness at the global level as the ability of a country to create conditions in which enterprises can generate sustainable economic growth, ensure long-term profitability and create new jobs.

Despite the fact that various aspects of national competitiveness assessment are reflected in the works of many Ukrainian and foreign scholars, in our opinion, they do not sufficiently study the interaction between individual competitiveness factors and, accordingly, pay insufficient attention to those that are competitive advantages and are

able to create and enhance synergistic effects¹, especially under adverse influences (in particular, such as external military aggression).

In particular, Oleynikova L. (Oleynikova, 2015) studied the peculiarities of the formation of the country's competitive advantages in a rather narrow aspect – by a single factor (the effectiveness of the government's tax policy), and foreign scientists from the International Institute for Management Development (IMD) Bris A. (Bris, 2016; IMD World Competitiveness Center, 2022),, the World Economic Forum (WEF), Schwab K, Zahidi S. (Schwab K. & Zahidi, 2020; World economic forum, 2023) and others, having their own methodologies of IMD and WEF, only annually compile and publish their own country competitiveness rankings, providing a statistical comparative assessment of their development at the global level without identifying the main factors that can form the main competitive advantages of the country.

Thus, despite the significant number of publications on this issue, it remains important to address the issue of the strategy of behavior of the country, its economic entities and the government in the context of growing negative imbalances due to external military aggression. Accordingly, restoring Ukraine's competitive position in the global market requires finding the main, primarily financial and economic, competitive advantages based on identifying the main trends in Ukraine's competitiveness, taking into account the results of a comparative assessment of the impact of the main factors that can shape and enhance a positive result in the future.

Accordingly, this requires a comprehensive and thorough assessment of the ability of the national economy to compete in global markets, which is achieved by gaining competitive advantages in world markets through the accumulation of the country's labor and resource potentials, internal and external capital.

At the same time, national competitiveness itself can be measured both qualitatively and quantitatively. According to most foreign and domestic scholars, the most effective method of assessing the competitiveness of a state, based on the use of mathematical and statistical methods of analysis, is the use of the method of an integral indicator, which accumulates the values of various factors and allows to determine the competitive position of the country in global competitiveness rankings, as well as to find ways to strengthen competitive advantages based on the study of strengths and weaknesses in the country's economy (Sevruk&Tropynina, 2019) quantitative assessments can be complemented by qualitative characteristics of the factors that influence the growth of competitive advantages and strengthening of national competitiveness (Radzievska, 2012; Dernova, Borovyk, & Kravchenko, 2020).

Today, in our opinion, the most informative in determining competitive advantages on the basis of ranking assessments are studies conducted by the World Economic Forum (WEF)² and the Institute for Management Development (IMD)³ for more

¹ A synergistic effect is an added value (effective value) that results from the combined action of several different factors, while each factor alone does not lead to this phenomenon

² The World Economic Forum (WEF) is an international non-governmental organization that aims to develop international cooperation on a global scale, as well as at the level of individual regions and areas of activity (Schwab K. & Zahidi, 2020; World economic forum, 2023)

³ It should be borne in mind that in 2022 there was a war in Ukraine and the main data on the country's global ranking according to IMD was not compiled, so this year was not taken into account in this study

than thirty years, which have been the standard by which political and business leaders have been identifying weaknesses and strengths in national economies, assessing the effectiveness of economic policy and institutional reforms. At the same time, the results of Ukraine's ranking according to the WEF Global Competitiveness Index have been studied by domestic scholars who point out such negative factors of the country's decreasing competitiveness rating as low quality of institutions (insufficient openness of the economy in terms of the rule of law, government restrictions, regulatory efficiency and market openness), ineffective antitrust policy, negative impact of taxation on the desire to invest (Radzievska, 2012; Dernova, Borovyk, & Kravchenko, 2020) (Sevruk & Tropynina, 2019) (Radzievska, 2012; Sevruk & Tropynina, 2019; Dernova, Borovyk, & Kravchenko, 2020).

On the other hand, the IMD Global Competitiveness Rating, which has received less attention, based on a study of 64 economies selected on the basis of the availability of comparable international statistics and calculated on the basis of 334 competitiveness criteria, allows us to determine long-term trends in the development of these countries, including taking into account such competitive advantages as the level of innovation, digitalization of society, social benefits and social cohesion of the country's population, which is achieved by an increased level of investment. This is the methodology we will use to conduct the study.

ASSESSMENT OF BASIC TRENDS AND THE STATE OF UKRAINE'S ECONOMY IN THE GLOBAL COMPETITIVENESS RANKING ACCORDING TO THE IMD

An assessment of the basic trends in Ukraine's attractiveness as an international partner based on changes in its position in the IMD Global Competitiveness Ranking for 2010-2021 (Graph 1) shows that regardless of changes in the key indicators underlying the rating analysis (namely, the state of the economy, government effectiveness, business environment, and infrastructure), significant fluctuations were caused not by internal factors but by external influences, by which we mean Russia's military aggression. At the same time, we do not see a significant impact on Ukraine's overall competitiveness rating from such global risks as the consequences of the COVID-19 pandemic or others that have had a decisive impact on many other countries (Schwab K. & Zahidi, 2020).

Namely, as shown in Fig. 1, the occupation of parts of Donetsk and Luhansk regions of Ukraine and the annexation of Crimea in 2014 sharply reduced the country's ranking position from 49th in early 2014 to 60th in 2015-2017 (a decrease of 11 positions). Despite the ongoing hostilities and the negative impact of the COVID-19 pandemic on economic competitiveness in the world, our country managed to restore its ranking to 54th position (an increase of 6 positions in this global ranking over the past 4 years), but Russia's full-scale invasion leveled these achievements.

Graph 1. Comparative rating of global competitiveness of Ukraine according to the IMD version among 64 countries of the world



Source: IMD World Competitiveness Center, <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness> and calculations of the authors

Summarizing the IMD global competitiveness ranking of Ukraine among 64 countries, it should be noted that the closest ranking positions at the end of 2021 among the European Union (EU) countries were Romania and Greece, which, like Ukraine, had positive dynamics (increasing their positions from 50 and 57 in 2017 to 48 and 46 in 2021, respectively), as well as EU countries whose rankings have had negative dynamics over the past five years: Poland (from 38th to 47th) and Bulgaria (from 49th to 53rd), the latter of which became the closest neighbor in the ranking. At the same time, the worst ranking among the EU countries (included in the IMD ranking) was Croatia, which, with minor fluctuations, had a ranking of 59 (IMD World Competitiveness Center, 2021), meaning that at the end of 2021, Ukraine was 5 positions ahead of this country.

To understand the basic competitive advantages of Ukraine, let's trace the changes in domestic ranking positions in the main components of the IMD Global Competitiveness Ranking over the past 5 years before the war of 2022 (with the aim of abstracting from the macroeconomic impact of military aggression), and with them the positions of the leading countries in this version (Switzerland and Sweden (IMD World Competitiveness Center, 2021)) and territorial neighbors in the ranking from the EU countries included in the ranking.

Namely, one of the main indicators of the IMD competitiveness ranking analysis of countries is an assessment of the state of their economies by such key criteria as the volume and rate of change of gross domestic product (GDP), the country's share in world GDP, household consumption expenditures and government consumption expenditures, gross capital formation, gross domestic savings (billion USD), GDP per capita, inflation and unemployment rates, changes in international trade (exports, imports) and investment, as well as forecasts of the results of the ranking comparative analysis of Ukraine and individual countries in terms of the state of their economies are presented in Table 1 and show that, despite having certain competitive advantages in 2017 and being ahead of such countries as Croatia and Greece in terms of economic development (55th position versus 57th and 61st, respectively), Ukraine was unable to

maintain its growth potential during the covid crisis (due to the COVID-19 pandemic) and already at the beginning of 2021 had the worst ranking position in the selected group of countries by this indicator.

Table 1. Comparative rating of the state of the economy of Ukraine according to the IMD version among the countries-leaders and neighbors according to the rating from the EU countries in the pre-war period

2017		2018		2019		2020		2021	
Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating
Switzerland	15	Poland	18	Poland	18	Switzerland	18	Switzerland	7
Sweden	17	Sweden	24	Sweden	21	Sweden	22	Sweden	16
Poland	27	Switzerland	25	Switzerland	23	Poland	29	Poland	27
Bulgaria	37	Bulgaria	28	Bulgaria	47	Bulgaria	34	Romania	40
Romania	49	Romania	34	Romania	49	Croatia	45	Bulgaria	41
Ukraine	55	Croatia	56	Croatia	55	Romania	46	Croatia	50
Croatia	57	Ukraine	58	Ukraine	56	Ukraine	54	Greece	52
Greece	61	Greece	61	Greece	60	Greece	55	Ukraine	54

Source: IMD World Competitiveness Center, <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness> and calculations of the authors

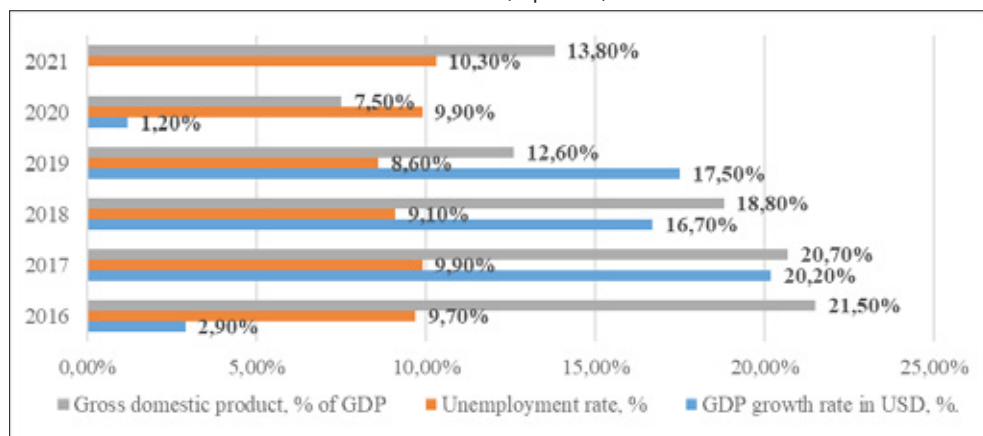
As shown in Graph 2, the main reasons for the deterioration of Ukraine's economic rating in 2021 were a sharp decline in both Ukraine's GDP growth in USD from 20.2% in 2017 to 1.2% in 2020, as well as the gross capital⁴ formation rate, respectively, from 20.7% to 7.3%, which failed to recover in 2021.

And according to J. M. Keynes, who is a representative of the theory of economic growth, it is the accumulation of capital for investment that is the main factor of economic growth (Keynes, 2007). At the same time, the decline in investment in Ukraine's economy in 2020-2021 was explained by weakening of external and domestic demand, uncertainty in the legal framework for certain sectors, including alternative energy (internal factors), and uncertainty in 2021 due to the expectation of a military invasion (according to US intelligence) by the aggressor country in the fall of 2021, with little impact from such global risks as the spread of COVID-19 and (macroeconomic factors).

That is, despite having a significant domestic economic potential, Ukraine was unable to realize it in the analyzed period due to the negative macroeconomic impact, by which we mean Russia's military aggression. It should be borne in mind that in 2022 and 2023, this negative factor became global and had a destabilizing effect, primarily on the economies of the EU countries.

⁴ Gross capital formation is an aggregate indicator that characterizes the net acquisition (excluding disposals) by residents of goods and services produced and provided in the current period but not consumed in it. It includes the following elements: gross fixed capital formation; changes in inventories of tangible current assets; acquisitions excluding disposals of valuables.

Graph 2. Changes in the main criteria that determined the state of the economy of Ukraine according to the IMD version (in percent)



Source: Ministry of Finance of Ukraine, <https://mof.gov.ua/uk>; NBU, <https://bank.gov.ua/ua/statistic/supervision-statist/data>; Worldbank, <https://data.worldbank.org/> indicator and calculations of the authors

Thus, we can assert that monitoring of changes in the competitive position of the economy of the country is the most important prerequisite for achieving its strategic goals, forming national competitiveness based on the ability of economic entities to operate effectively in a competitive market environment.

The point is that in order to achieve the restoration of Ukraine's national competitiveness in the postwar period at the global level, it is not enough to ensure the reconstruction of the country's economy by achieving stable levels of profitability of enterprises in various industries, given the large-scale destruction and losses observed in 2022 due to military aggression, it is necessary to use effective ways to realize its own competitive advantages on the basis of strategic planning tools that can provide a more significant involvement of the international community. After all, the international community, considering Ukraine as a potential recipient of investments, wants to have reliable information about the partner state in order to avoid potential risks and to establish effective cooperation.

ASSESSING THE IMPACT OF KEY FINANCIAL AND OTHER CRITERIA ON UKRAINE'S POSITION IN THE GLOBAL COMPETITIVENESS RANKING ACCORDING TO THE IMD

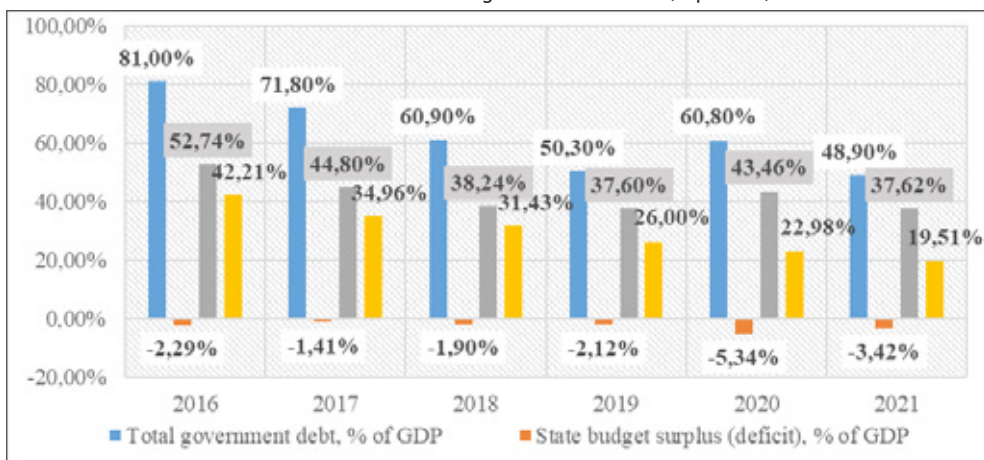
When analyzing Ukraine's competitive advantages in the pre-war period, special attention should be paid to the change in the country's ranking position in terms of the effectiveness of its government, which according to IMD is assessed by the effectiveness of public finance, tax policy, institutional structure, business legislation, and social structure (IMD World Competitiveness Center, 2021). The positive dynamics of the main criteria allowed Ukraine to increase its rating position in terms of government effectiveness from 59th position in 2017 to 53rd in 2021, ahead of Poland and Croatia (respectively, 56th and 57th positions in 2021, Table 2).

Table 2. Comparative rating of the effectiveness of the government of Ukraine according to the IMD version among countries - leaders and neighbors according to the rating from EU countries in the pre-war period

2017		2018		2019		2020		2021	
Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating
Switzerland	2	Switzerland	2	Switzerland	4	Switzerland	2	Switzerland	2
Sweden	14	Sweden	11	Sweden	16	Sweden	14	Sweden	9
Bulgaria	39	Bulgaria	37	Bulgaria	42	Bulgaria	39	Romania	44
Poland	44	Poland	40	Poland	44	Poland	43	Bulgaria	47
Romania	47	Romania	51	Romania	51	Romania	49	Greece	52
Croatia	57	Croatia	56	Ukraine	54	Greece	52	Ukraine	53
Ukraine	59	Ukraine	59	Croatia	58	Ukraine	58	Poland	56
Greece	61	Greece	61	Greece	60	Croatia	59	Croatia	57

Source: IMD World Competitiveness Center, <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness-and-calculations-of-the-authors>

As shown in Graph 3, the effective budget, tax, and debt policies implemented by the Government of Ukraine during the analyzed period allowed to keep the budget deficit at a low level (ranging from 1.41% in 2017 to 5.34% in 2020, Table 3) and ensured a significant reduction in the level of total public debt by almost 2 times (from 81% in 2016 to 48.9% at the end of 2021, Table 3).

Graph 3. Changes in the main financial criteria that determined the efficiency of the government and business of Ukraine according to the IMD version (in percent)

Source: Ministry of Finance of Ukraine, <https://mof.gov.ua/uk>; NBU, <https://bank.gov.ua/ua/statistic/supervision-statist/data>; Worldbank, <https://data.worldbank.org/indicator> and calculations of the authors

In turn, this ensured an increase in Ukraine's credit rating according to the international rating agencies Standard and Poor's (S&P), Fitch Ratings (Fitch) to B (stable

with positive growth), Moody's Investors Service (Moody's) to B3 (stable with positive growth) in 2021, which significantly increased Ukraine's investment potential (Ministry of Finance of Ukraine, 2022).

However, in 2022, the war in Ukraine significantly worsened Ukraine's debt position to negative (Caa3 according to Moody's and other rating agencies (Ministry of Finance of Ukraine, 2022) and essentially halted its economic development. In the future, of course, there will be the issue of post-war reconstruction, which will require the government to find and attract resources to restore the economy, infrastructure, and industry. The main sources of such resources will obviously be mainly long-term loans, and to a lesser extent grants, from Western countries, as well as financial assistance through the funds of international organizations, including the UN. As a result, this could lead to a debt crisis, which Greece has experience in overcoming, having one of the lowest ratings for government effectiveness according to IMD (61st position out of 64 countries in 2017-2018, Table 2), and by the end of 2021, it managed to raise its rating position to 52, ahead of Ukraine.

The point is that due to the large share of the public sector in the economy, low retirement age and a corrupt tax system with huge amounts of tax evasion, Greece was in a pre-default state (adequate to Ukraine's today) at the end of 2010. To overcome it, in 2010-2013, it received loans totaling more than €300 billion from the International Monetary Fund, the European Central Bank and the EU on the condition that it would introduce «austerity» (with corresponding cuts in public spending and tax increases) to ensure timely debt repayment. However, despite repeated cuts in public spending and tax increases, the Greek economic downturn almost doubled the ratio of Greek public debt to GDP, reaching 252.3% in 2020 (The World Bank Group, 2023). After all, cuts in public spending or significant tax increases lead to a corresponding decline in the economy, foreign investment, and a further drop in tax revenues.

In general, the experience of Greece shows that in order to avoid negative consequences, Ukraine's public debt management policy in the postwar period should be focused on long-term (up to 10-30 years) restructuring, tax policy should be focused on reducing the level of taxation to stimulate foreign investment, and budget policy should be focused on increasing public spending, provided that public revenues are restored to the budget to ensure the growth of both the country's social standards and restore its competitiveness in global markets. At the same time, it is important to accelerate reforms and European integration processes in Ukraine aimed at improving the country's competitiveness criteria, such as:

- institutional structure, the effectiveness of which is achieved through full transparency of government decisions, and a regulatory framework in various sectors of the country's economy that significantly reduces the levels of bureaucracy, bribery and corruption;
- business legislation, which should not impede business activities and the opening of new enterprises, but prevent unfair competition (especially from state-owned enterprises and large oligarchic businesses), include investment incentives attractive to foreign investors, private and state-owned companies, and stimulate the reduction of the shadow economy;
- social structure, especially in terms of effective judicial reform.

On the other hand, Table 3 shows that Ukraine's business efficiency has im-

proved, which has led to a corresponding increase in the country's ranking position in this indicator from 59 in 2017 to 50 in 2021, outperforming such EU countries as Romania, Poland, Bulgaria, and Croatia.

Such positive results in terms of business efficiency were obtained despite the negative dynamics of the Ukrainian banking sector shown in Graph 2. Specifically, this data indicates a systemic decline (starting in 2014 due to the outbreak of hostilities) in the volume of banks' activities, measured by their assets in the GDP structure (down from 52.7% in 2017 to 37.6 in 2021, i.e., by 15.1%, Graph 2), with an even more significant decline in financing of GDP growth in the analyzed period by bank loans (more than halved, from 42.2% in 2017 to 19.5% in 2021, Graph 2). These negative changes occurred even though the NBU's key policy rate was cut from 18% in 2018 to 6% at the beginning of 2021 (National Bank of Ukraine, 2023).

That is, macroeconomic efficiency, measured by the impact of banks and the banking system as a complex evolving system on economic development and living standards, was negative and tended to decline.

Table 3. Comparative rating of business efficiency of Ukraine according to the IMD version among countries - leaders and neighbors in the rating from EU countries in the pre-war period

2017		2018		2019		2020		2021	
Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating
Switzerland	5	Sweden	4	Sweden	6	Sweden	3	Sweden	2
Sweden	9	Switzerland	9	Switzerland	9	Switzerland	9	Switzerland	5
Poland	37	Poland	37	Poland	36	Poland	40	Greece	44
Romania	52	Romania	52	Ukraine	50	Ukraine	49	Ukraine	50
Bulgaria	56	Ukraine	55	Romania	51	Greece	51	Romania	52
Greece	57	Bulgaria	57	Bulgaria	54	Bulgaria	53	Poland	57
Ukraine	59	Greece	59	Greece	58	Romania	54	Bulgaria	59
Croatia	63	Croatia	62	Croatia	63	Croatia	63	Croatia	64

Source: IMD World Competitiveness Center, <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness-and-calculations-of-the-authors>

And according to Chihak M., Demirguc-Kunta A., Feyen E., and Levin R., in modern conditions, it is macroeconomic efficiency that determines the effectiveness of the transfer mechanism of finance to economic development, which functions through the performance by banks of the functions of mobilizing deposit resources with their subsequent redistribution for investment purposes, which contributes to economic development. In essence, we are talking about a decrease in the effectiveness of such a mechanism in Ukraine in terms of financial depth and access to financial services for enterprises (Čihak&Demirguc-Kunt&Feyen&Levine, 2013) as a result of the crisis processes, caused by both Russia's military aggression and the withdrawal of more than a hundred banks from the Ukrainian market due to stricter requirements from the

regulator in the context of European integration (from 179 banks licensed by the NBU at the beginning of 2014 to 71 banks in 2021 (National Bank of Ukraine, 2023).

Ukraine's main competitive advantage in terms of financial sector development efficiency was the rapid growth of its stock market during this period. This is evidenced by the growth of Ukraine's position in the global stock market ranking based on its key index⁵, which has been calculated by one of the two largest domestic exchanges, the PFTS (First Stock Trading System), since 1997. Namely, the PFTS index showed high growth rates (from 315.06 in 2017 to 522.77 in 2021) with a more than 3-fold increase in trading volumes during this period, reaching a record high of UAH 221,579 million at the end of 2021, while American, Asian and European major stock indices showed a decline due to the decline in the stock market around the world (National Bank of Ukraine, 2023).

Until the outbreak of full-scale hostilities in February 2022, such positive dynamics of the PFTS index remained and was determined not only by the realization of pent-up demand for shares of domestic companies, but also by the positive performance of their issuers (in particular, such as Centrengo, Kryukiv Carriage Works, Motor Sich, Raiffeisen Bank Aval, Ukrnafta, and others). At the same time, it should be borne in mind that the equity market in Ukraine has only just begun to develop compared to other financial instruments, the main one being government war bonds.

Another significant factor in the growth of business efficiency before the war, in terms of labor market development, was the IT sector of Ukraine, which was winning competition with world leaders in terms of employee salaries, as the level of purchasing power of a specialist was higher than in Europe. At the same time, the country was losing out to its competitors in terms of quality of life and comfort of the environment: Poland, the UK, Denmark, the US, etc. Due to the full globalization of Ukraine's IT sector, it can be stated that the industry will continue to develop and grow after the war. However, the pace of this growth depends on the government. Ukraine can become a global IT leader if the state provides four key components that enable the rapid development of this sector: public investment in IT education, maintaining a comfortable tax law, supporting the development of product companies and startups, as well as creating a comfortable and safe environment and respecting human rights.

In order to maintain the positive dynamics of business development efficiency in Ukraine to ensure the restoration of its global competitiveness in the post-war period, it is also important to:

- ensure productivity and efficiency, primarily by improving the efficiency of activities in accordance with international standards of both large corporations and small and medium-sized enterprises by creating conditions for their modernization and technical re-equipment, and providing state support for the development of priority high-tech industries;

- improve the efficiency of the management system, first of all, of the economic entities of the public sector of the economy with appropriate corporatization of state-

⁵ The PFTS index is a Ukrainian stock exchange (stock market) index calculated daily based on the results of PFTS trading on the basis of weighted average prices for transactions and deals. The PFTS index, along with the UX index, is the main indicator of the Ukrainian financial market. The "index basket" includes the most liquid stocks with the largest number of transactions (National Bank of Ukraine, 2023).

owned enterprises (especially in the energy and mining sectors of the economy) in order to increase trust in senior managers in society and ensure transparency and social responsibility in strategic decision-making;

- ensure a positive attitude to globalization in society by improving Ukraine's image abroad to simulate business development and national culture through economic and social reforms that allow further implementation of the digital transformation of the economy.

It should be borne in mind that one of the worst indicators characterizing the global competitiveness rating of Ukraine according to IMD in the pre-war period among the analyzed countries was the indicator of its infrastructure development (Table 4).

Table 4. Comparative rating of the state of Ukraine's infrastructure according to the IMD version among countries - leaders and neighbors in the rating from EU countries in the pre-war period

2017		2018		2019		2020		2021	
Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating	Country	Ray rating
Switzerland	1	Switzerland	2	Switzerland	2	Sweden	1	Switzerland	1
Sweden	3	Sweden	5	Sweden	4	Switzerland	3	Sweden	2
Poland	34	Poland	34	Poland	36	Poland	35	Greece	39
Greece	39	Greece	40	Greece	41	Greece	39	Poland	42
Croatia	46	Croatia	46	Romania	48	Romania	47	Romania	48
Bulgaria	47	Romania	49	Croatia	49	Croatia	48	Croatia	50
Romania	50	Bulgaria	51	Bulgaria	50	Bulgaria	50	Ukraine	51
Ukraine	53	Ukraine	53	Ukraine	52	Ukraine	54	Bulgaria	54

Source: IMD World Competitiveness Center, <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness> and calculations of the authors

This situation was due to the fact that despite the high competitive position in terms of basic infrastructure (large arable land, access to water, development of roads and air transport), as well as the level of education (primary, secondary and higher), the main factors hindering the development of the country's competitiveness remained:

- insufficient level of technological infrastructure due to uneven provision of telecommunication services and limited access to them for users (especially in rural and mountainous areas);

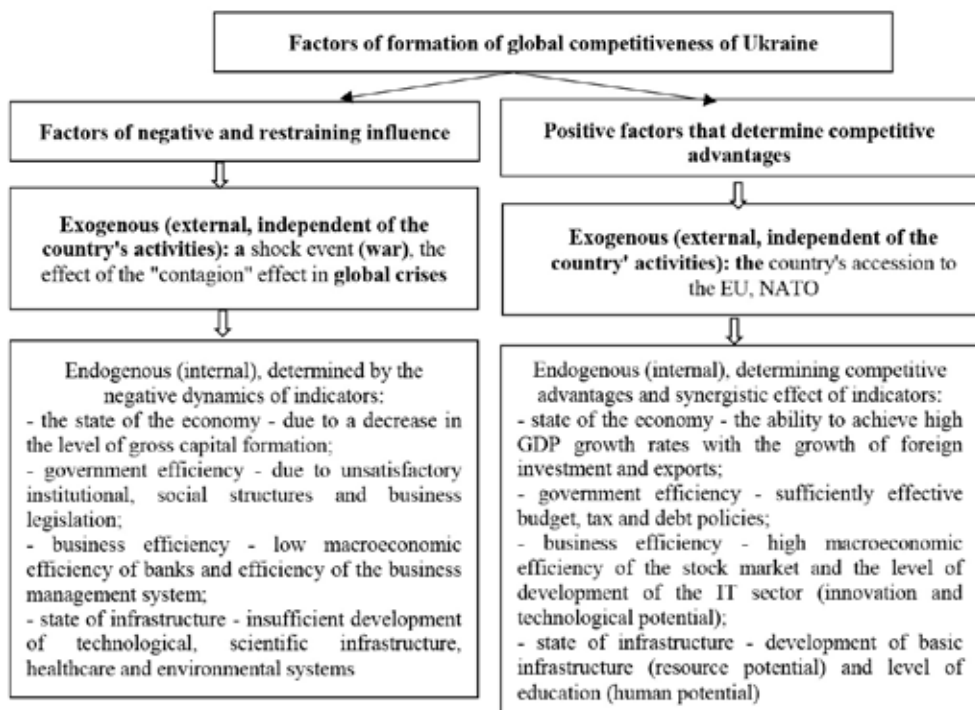
- despite the rather significant development of the country's scientific infrastructure in the field of training of scientists (candidates and doctors of sciences) in engineering, mathematics and natural sciences, with a sufficiently significant number of publications of scientific articles, monographs, etc., there are no Nobel laureates in physics, chemistry, physiology or medicine and economics awarded since 1950, a low share of added value obtained through medium and high-tech production, outdated research legislation, and virtually no transfer of knowledge

- the development of healthcare infrastructure does not meet the needs of society, as evidenced by a lower overall healthcare coverage index than in EU countries, lower life expectancy at birth and significantly lower healthy life expectancy with a correspondingly high mortality rate, unsatisfactory development of environmental technologies, and unresolved environmental pollution problems.

CONCLUSION

In general, the results of a comparative study of the main factors that determined Ukraine's global competitiveness according to IMD among the leading countries (Switzerland and Sweden) and its EU neighbors in the pre-war period allowed us to identify the main factors of negative, deterrent influence, the main of which over the past 8 years has been the exogenous impact of such a shock event as the military invasion by Russia (the peaks of negative changes in Ukraine's rating position occurred in 2014 and 2022), nullifying the country's efforts for its own development, as well as factors of positive influence, which are competitive advantages, and which, in our opinion, will allow achieving a synergistic effect at the global level to restore Ukraine's competitiveness in the postwar period (Figure 1).

Figure 1. System of positive and negative factors of formation of global competitiveness of Ukraine in the post-war period



Source: author's development

Thus, we can argue that in order to ensure Ukraine's competitive strategic position in the long term, in the postwar period, it is necessary to focus on expanding com-

petitive advantages through the effective restoration and use of resource, human, innovation, and technological potentials. After all, the experience of Switzerland, which was ranked first in the IMD Global Competitiveness Index among the 64 countries analyzed, shows that innovation, digitalization, social benefits, and social cohesion are key to economic performance in the 2021 ranking. Namely, the data in Tables 1-4 show that this country ranks first in terms of the global ranking's components only in terms of infrastructure development, second in terms of government and business efficiency, and 7th in terms of the country's economy. In fact, the ability of this country to take advantage of globalization, such as the mobility of human potential, the immediacy of the spread of advanced technologies, wide access to mutual investment flows among the EU countries and the free world market, has allowed Switzerland to form an open and strong economy with stable development dynamics, which today determines the high status of this country as a competitor or a profitable partner in world markets.

Thus, the global competitiveness of a country is a multifaceted category that is formed under the influence of both external (exogenous) and internal (endogenous) factors that can have both negative (restraining) and positive (stimulating) effects.

It has been determined that the methodology for assessing competitiveness is quite diverse, but at the global level, the index method is more common, on the basis of which world rankings of competitiveness of countries are formed. Based on their results according to the IMD, we have conducted a comparative analytical assessment of the main factors of changes in Ukraine's competitive position.

The results of this assessment show that the most important role in shaping national competitiveness is played by external (exogenous) factors that can be associated with both global trends and the negative impact of shock events (crises due to contagion, war, etc.).

At the same time, while the formation of global trends in the developed world over the past five years has been determined by the global crisis caused by the COVID-19 pandemic, for Ukraine, the war has had a decisive negative impact on its competitive position for many years, and it can only be protected by continuing European integration processes with the country's further accession to the EU and NATO.

The article proves that the positive impact of endogenous (internal) factors should be considered as competitive advantages that should be focused on in the post-war period, since in an extremely dynamic and rapidly developing world, in order to achieve success, one should focus on the most promising strategic direction (taking into account the experience of Switzerland and Greece), avoiding dispersion on all existing trends, which can lead to the loss of valuable resources. It should be borne in mind that the driving forces of global competition in the modern world are innovation, technology, and human potential, the restoration of which will be a priority for post-war Ukraine. After all, stopping migration requires restoring the country's economy, which is possible only through restoring the resource potential not only through loans from international institutions, but, above all, by attracting investment. To do this, it is necessary to intensify European integration processes, carry out structural reforms to create the most favorable conditions for investors (low taxes, reformed judicial and anti-corruption systems, stimulating business legislation, etc.)

That is why our further research is aimed at determining the government's actions to increase national competitiveness by finding the most effective tools for for-

mulating public policy aimed at creating a competitive environment and favorable conditions for doing business in Ukraine.

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