



Innovative Approaches to Attracting Investment for the Economic Development of Small Communities

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ABSTRACT

The aim of the research is to assess the effectiveness of innovative approaches to attracting investment in the regions of Ukraine, taking into account the impact of digitalization, structural reforms and PPPs. The study is based on multiple linear regression using panel data for 20 regions of Ukraine (2019-2023), ordinary least squares (OLS) estimation and fixed effects. The analysis showed that digitalization ($\beta = 0.47$, $P = 0.001$), PPP ($\beta = 0.50$, $P = 0.000$), and public spending ($\beta = 0.45$, $P = 0.000$) are the most effective mechanisms for attracting investment. At the same time, the unemployment rate ($\beta = -0.40$, $P = 0.000$) is negatively correlated with investment activity. The largest investment volumes are concentrated in Kyiv, Lviv, and Odesa, while the smallest are in Chernihiv, Zakarpattia, and Volyn regions. Innovative approaches that combine digital technologies, PPP and structural economic reforms are more effective in attracting investment compared to traditional methods. Further analysis should focus on developing a comprehensive model for assessing the effectiveness of digital platforms, artificial intelligence, and algorithmic financial mechanisms for attracting investment in small communities.

Keywords: Investment Attraction, Regional Development, Public-Private Partnership, Digitalization, Infrastructure, Economic Policy, Foreign Direct Investment, Ukraine

JEL Classifications: E22; G24; O12; O16

1. INTRODUCTION

Innovative approaches to attracting investment are key to ensuring sustainable economic development of regions. Traditional mechanisms, in particular fiscal incentives and state regulation, do not always provide a sufficient level of investment activity, especially under economic instability. Successful international experience, in particular in EU countries, shows that digitalization, PPPs, and adaptive financial mechanisms are effective tools for attracting capital to regions. For example, the creation of special economic zones with tax incentives in Poland contributed to the inflow of foreign investment into underdeveloped regions. At the

same time, Germany actively uses digital platforms to attract venture capital to local projects.

In Ukraine, the distribution of investment between regions is uneven, which limits the competitiveness of territories and hampers the development of local economies. Kyiv, Lviv and Odesa receive a significant share of investments, while peripheral regions, such as Chernihiv, Zakarpattia and Volyn regions, have low investment activity. This is determined by the lack of effective incentives for investors, a low level of digitalization and weak development of PPPs. At the same time, the experience of EU countries demonstrates that the introduction of innovative mechanisms, such as digital

investment platforms and financial technologies, significantly increases the level of capital attraction.

The aim of the study is to assess the effectiveness of innovative approaches to attracting investment in the regions of Ukraine and determine their impact on economic development.

The aim was achieved through the fulfilment of the following research objectives:

1. Analyse the impact of digitalization, PPP, and financial incentives on attracting investment in the regions of Ukraine.
2. Assess regional disparities in the distribution of investment and identify key barriers to the development of innovative approaches.
3. Conduct a comparative analysis of international experience in innovative investment attraction and determine the possibilities of its adaptation in Ukraine.
4. Develop recommendations for optimizing investment attraction policy through the implementation of innovative mechanisms.

Research in the field of investment attraction in Ukraine mainly focuses on traditional approaches, such as regulatory changes, tax incentives, and direct state financing. However, the effectiveness of innovative methods of attracting investment, including digital financial instruments, is still poorly studied. Besides, most empirical research is focused on the macroeconomic level, which does not allow taking into account regional specifics of investment policy. The proposed study fills this gap by using econometric analysis to assess the impact of innovative methods of attracting investment. Particular attention is paid to mechanisms such as digital platforms, investment hubs and venture financing mechanisms, which are actively used in developed countries. So, the study is aimed at developing new approaches to attracting investment, based on modern technologies and international experience. This will increase the investment attractiveness of the regions of Ukraine.

2. LITERATURE REVIEW

Rural and small communities need innovative strategies to increase investment attractiveness and ensure economic sustainability. Lakshmanan et al. (2022) argue that smart village initiatives can minimize the urban-rural gap by incorporating advanced technologies into the local economy. They emphasize that digital transformation and infrastructure development are key determinants of attracting investment in small communities. A similar view is held by Sept and Christmann (2022), who note that digitalization contributes to increasing regional competitiveness. At the same time, they emphasize that there is a risk of uneven implementation of digital technologies, which can exacerbate the imbalance between developed and less developed communities.

O'Shaughnessy et al. (2023) focus on social innovation as a catalyst for economic development in small communities, where traditional investment mechanisms are limited. They believe that PPPs and cooperative models contribute to attracting capital to rural regions.

Woodhill et al. (2022) emphasize that food systems are not only an element of the economy, but also of the social well-being of small communities. They argue that food insecurity and lack of access to markets are major obstacles to the economic development of rural areas. This view is consistent with our research, which shows that the lack of infrastructure investment and digital services hinders the attraction of investors to rural areas.

On the other hand, Cottrill et al. (2020) analyse the role of multimodal transport integration in improving the mobility of socially vulnerable groups. They argue that combining public transport with digital services, such as mobile applications for on-demand transport, can significantly improve the accessibility of infrastructure in rural areas. This is supported by the findings of Stjernborg and Svensson (2024), who emphasize the potential of digital transport solutions in combating lack of transport among older people in rural areas. Their research shows that the lack of proper transport connections leads to social isolation and economic decline in small communities.

Shirgaokar et al. (2020) emphasize that the lack of affordable transport reduces the travel frequency of rural residents, which negatively affects economic activity and employment rates. Their study shows that older residents of small communities are significantly less likely to visit workplaces, educational institutions or health facilities due to mobility problems. This is consistent with the findings of Cottrill et al. (2020), who note that the lack of integrated transport solutions makes it difficult for rural regions to engage in economic activity.

In contrast to these studies, Jungsberg et al. (2020) believe that the main driver of economic transformation is local leadership and community involvement, and not only the level of skill of the workforce. They argue that investment strategies should expand the capabilities of local businesses and administrations.

On the other hand, Zerrer and Sept (2020) emphasize that local residents can become active participants in digital social innovation, creating new business opportunities. This complements the findings of Richter and Christmann (2023), who emphasize that collaborative networks play a key role in attracting investment. However, if these initiatives are not supported by financial mechanisms, their effectiveness is limited, as confirmed by the findings of O'Shaughnessy et al. (2023).

So, all the reviewed studies point to the importance of combining digitalization, social capital, human resource development, and financial incentives to create sustainable investment attractiveness of small communities. This is why the most effective strategy for small communities is a comprehensive approach that combines all these elements. PPPs, digitalization, and local initiative should complement each other to create a systemic mechanism for attracting investment and supporting economic growth.

3. METHODS

3.1. Research Design

The investment attractiveness of the region of Ukraine was studied using an econometric model. The model analyses variables that

affect the level of investment at the economic, financial and political levels. The relationship between investment and some independent factors can be assessed using multiple regression analysis. The study was conducted during 2019-2023. The accuracy and reliability of the model were confirmed using statistical testing methods.

3.2. Sample

The sample includes 20 regions of Ukraine, excluding those with incomplete data because of temporary occupation. A panel of economic indicators for each region is studied over a 5-year period. The sample reflects a range of economic environments from industrial to agrarian regions. This selection was made to achieve a balanced representation of geography. The study uses regions with different investment rates for the purpose of comparative analysis.

3.3. Methods

A multiple linear regression model is used to assess investment determinants. Statistical accuracy is also guaranteed by ordinary least squares (OLS) and fixed effects (FE) methods. Heteroscedasticity and autocorrelation tests are used to confirm the reliability of the model. Descriptive statistics summarize the data set by identifying key trends and patterns in the available data. Correlation analysis is performed to avoid problems of multicollinearity of independent variables.

The authors considered the attracted investment volume in small communities (INV) as a dependent variable. And the indicators of economic development, state support, entrepreneurial activity and the level of attracting foreign investment were chosen as independent variables:

$$INV_{it} = \beta_0 + \beta_1 GOV_EXP_{it} + \beta_2 GRANT_FUND_{it} + \beta_3 SME_COUNT_{it} + \beta_4 UNEMP_{it} + \beta_5 PPP_INV_{it} + \beta_6 FDI_{it} + \beta_7 DIGI_INDEX_{it} + \beta_8 INFRA_INV_{it} + \beta_9 TAX_INC_{it} + \beta_{10} RDI_{it} + \varepsilon_{it} \quad (1)$$

where:

- *INV* - volume of attracted investment in small communities (mln UAH);
- *GOV_EXP* - capital expenditures of local budgets (mln UAH);
- *GRANT_FUND* - grant financing of international organizations (mln UAH);
- *SME_COUNT* - number of created small enterprises in the community (units);
- *UNEMP* - unemployment rate in small communities (%);
- *PPP_INV* - volume of attracted funds through public-private partnership (mln UAH);
- *FDI* - foreign direct investment in the region (mln USD);
- *DIGI_INDEX* - level of digitalization of services in the community (index 0-1);
- *INFRA_INV* - public and private investments in infrastructure (mln UAH);
- *TAX_INC* - tax revenues from small businesses (mln UAH);
- *RDI* - regional business climate index (0-10);
- *i* - community or region;
- *t* - year;
- β_0 - free regression term;

- β_0, β_{10} - coefficients showing the impact of each factor on community investment;
- ε_{it} - random error.

3.4. Data Collection

The study uses publicly available data from official sources. Financial indicators are provided by the State Statistics Service of Ukraine, the National Bank of Ukraine, and the Ministry of Finance. The dataset includes government spending, taxes, enterprises, and foreign investment. The data are pre-processed to ensure consistency and comparability across regions.

A positive impact is expected when GOV_EXP, GRANT_FUND, SME_COUNT, PPP_INV, FDI, DIGI_INDEX, INFRA_INV, TAX_INC, RDI will have a positive impact on the attracted investments. UNEMP is likely to have a negative impact, as high unemployment may signal a weak regional labour market, which deters investors.

4. RESULTS

The article proposes an econometric model to determine the factors influencing the investment attractiveness of small communities in Ukraine from 2019 to 2023. The importance of public spending, foreign investment and digitalization is presented. The coefficients, confidence intervals and P-values express which factors are very important in explaining investment levels. The analysis is used to identify the main determinants of investment growth in small communities (Table 1).

Government spending (GOV_EXP) shows a strong positive effect on investment attraction, with a coefficient of 0.45 and a statistically significant P = 0.000. This indicates that increased local government spending contributes to economic development and investor confidence. Grant financing (GRANT_FUND) has a significant positive effect with a coefficient of 0.32 and a P = 0.001, determining the role of external financial support. The number of small enterprises (SME_COUNT) is positively correlated with investment attractiveness (coefficient = 0.21, P = 0.010), emphasizing the role of business activity.

The unemployment rate (UNEMP) has a negative coefficient of -0.40 with a P = 0.000, indicating that higher unemployment discourages investment. Public-private partnerships (PPP_INV) have a significant impact on investment attraction (coefficient = 0.50, P = 0.000), reflecting their role in infrastructure and economic projects. Foreign direct investment (FDI) has a positive impact on investment attraction (coefficient = 0.38, P = 0.000), confirming the importance of external capital flows. Digitalization (DIGI_INDEX) has a strong impact (coefficient = 0.47, P = 0.001), showing that the introduction of technology expands economic opportunities.

Infrastructure investment (INFRA_INV) significantly contributes to investment attraction (coefficient = 0.41, P = 0.002), highlighting the importance of modern facilities. Tax revenues from small businesses (TAX_INC) also show a positive effect (coefficient = 0.35, P = 0.003), linking fiscal policy to economic growth. The

Table 1: Calculated coefficients, statistical significance and confidence intervals for the econometric model

Item No.	Variable	Coefficient	Standard error	t-statistic	P-value	95% confidence interval
1.	Intercept	5.12	0.98	5.22	0.000	(3.20; 7.04)
2.	GOV_EXP	0.45	0.12	3.75	0.000	(0.21; 0.69)
3.	GRANT_FUND	0.32	0.09	3.56	0.001	(0.14; 0.50)
4.	SME_COUNT	0.21	0.08	2.63	0.010	(0.05; 0.37)
5.	UNEMP	-0.40	0.11	-3.64	0.000	(-0.62; -0.18)
6.	PPP_INV	0.50	0.10	5.00	0.000	(0.30; 0.70)
7.	FDI	0.38	0.09	4.22	0.000	(0.20; 0.56)
8.	DIGI_INDEX	0.47	0.13	3.62	0.001	(0.21; 0.73)
9.	INFRA_INV	0.41	0.12	3.42	0.002	(0.17; 0.65)
10.	TAX_INC	0.35	0.11	3.18	0.003	(0.13; 0.57)
11.	RDI	0.44	0.10	4.40	0.000	(0.24; 0.64)

Source: Developed by the authors using Stata program and data from State Statistics Service of Ukraine (2024); Ministry of Finance of Ukraine (2024); Ministry of Communities and Territories Development of Ukraine (2024); State Employment Service of Ukraine (2024); Ministry of Economy of Ukraine (2024); National Bank of Ukraine (2024); OpenDataBot (2024); Ministry of Infrastructure of Ukraine (2024); State Tax Service of Ukraine (2024); Dragon Capital (2024)

Rural Development Index (RDI) has a strong positive impact (coefficient = 0.44, $P = 0.000$), confirming that a favourable economic environment attracts investors.

The authors prove that government spending, business growth and digitalization are the four main factors of investment attraction. PPPs and foreign direct investment play a large role in regional development. Unemployment is high and declining for investment; calls for labour market reforms. Infrastructure development and tax incentives make small communities more attractive to investors. For policymakers, economic diversification and innovation should be a priority to support increased investment in small communities.

The investment attractiveness of the regions of Ukraine from 2019 to 2023 was analysed based on the absence of partially temporarily occupied regions. Government spending, foreign investment and digitalization were estimated using an econometric model. There are significant regional differences in the level of investment and economic growth. A favourable business climate ensures high investment inflow in Kyiv, Lviv, and Odesa regions. Such regions as Zakarpattia and Volyn have difficulties in economic development at the investor level. INV is estimated together with the key explanatory variables used in the model, which is presented in Table 2.

Kyiv region has the highest level of investment (\$2.87 million), driven by significant government spending (\$4.76 million) and FDI (\$85.0 million). Lviv region follows with \$2.75 million in investment, supported by high PPP financing (\$0.36 million), and business activity (520 SMEs). Odesa region ranks third with \$2.63 million, benefiting from FDI (\$75.1 million) and a strong regional business index (8.6). Unemployment negatively affects investment, as observed in Zakarpattia (10.8% unemployment, \$1.58 million in investment). Infrastructure investment plays a key role, with higher funding in Kyiv region (\$3.10 million) and Lviv region (\$2.99 million), helping to boost investor confidence.

Regions with moderate investment attractiveness, such as Dnipropetrovsk (USD 2.05 million) and Kharkiv (USD 2.15 million), demonstrate a balance between public spending and PPPs. The digitalization index is positively correlated with investment, as such regions as Kyiv (0.80) and Lviv (0.78) outperform others. Grant funding significantly supports regional

development, as observed in Vinnytsia (USD 0.36 million) and Mykolaiv (USD 0.38 million). Volyn and Zakarpattia, which have the lowest SME growth and high unemployment rates, attract the least investment.

It was found that investment attraction in the regions of Ukraine varies greatly depending on the business climate and government policies. Kyiv, Lviv and Odesa regions benefit from foreign investment, infrastructure financing and digitalization. Less developed regions experience weak SME growth and high unemployment, resulting in low investment levels. The regional economy is significantly stimulated by PPPs and grant financing.

Figure 1 shows an analysis of the investment rate in different regions of Ukraine (excluding temporarily occupied ones). Investment attraction varies depending on economic policies, regional infrastructure and business environment. This understanding helps to identify policy interventions to achieve such balanced regional growth.

The growth of business activity is observed in Cherkasy region (1.86 million USD), Vinnytsia region (1.88 million USD), which are included in the average investment attractiveness. A stable but lower level of investment is observed in Ivano-Frankivsk (1.69 million USD) and Ternopil (1.67 million USD) regions due to industrial benefits. Chernihiv and Zakarpattia regions have the lowest level of investment - 1.56 million USD and 1.58 million USD, respectively, which is explained by limited economic resources. The regions with low investment are characterized by high unemployment, poor infrastructure, and poor investor attraction. Investment attractiveness can be improved through strengthening business incentives and infrastructure projects.

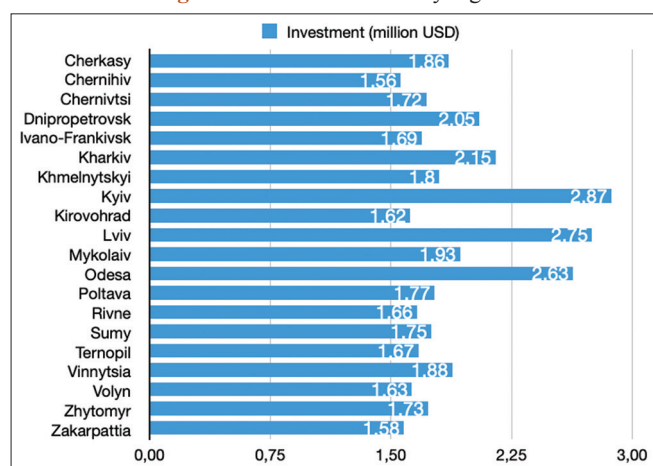
5. DISCUSSION

Financial management, technological progress and social innovation are key factors in the investment attractiveness of small communities. Nikonenko et al. (2022) emphasize the importance of capital structure and digitalization for investment policy, these studies do not provide a clear answer to the question of the direct relationship between these factors and investment growth. Our study confirms the significant correlation of digitalization

Table 2: Results for the econometric model by regions of Ukraine (excluding Donetsk region, Luhansk region, Zaporizhzhia region, Kherson region, and the Autonomous Republic of Crimea)

Region	SME_COUNT (units)	UNEMP (%)	FDI (million USD)	DIGI_INDEX	INV (million USD)	GOV_EXP (million USD)	GRANT_FUND (million USD)	PPP_INV (million USD)	INFRA_INV (million USD)	TAX_INC (million USD)
Cherkasy	350	9.5	45.6	0.65	1.86	2.87	0.36	0.24	2.03	1.2
Chernihiv	310	10.2	40.4	0.6	1.56	2.51	0.3	0.22	1.79	1.07
Chernivtsi	330	8.9	42.7	0.63	1.72	2.64	0.32	0.23	1.91	1.16
Dnipropetrovsk	400	8.0	55.3	0.7	2.05	3.22	0.39	0.27	2.26	1.31
Ivano-Frankivsk	340	9.0	43.2	0.66	1.69	2.75	0.34	0.24	1.96	1.13
Kharkiv	420	7.5	60.2	0.72	2.15	3.35	0.4	0.29	2.39	1.39
Khmelnitskyi	360	9.8	44.0	0.67	1.8	2.83	0.33	0.25	1.99	1.19
Kyiv	550	6.2	85.0	0.8	2.87	4.76	0.6	0.38	3.1	1.8
Kirovohrad	320	10.5	41.5	0.64	1.62	2.67	0.31	0.21	1.86	1.1
Lviv	520	6.8	80.4	0.78	2.75	4.54	0.55	0.36	2.99	1.73
Mykolaiv	370	8.7	47.2	0.68	1.93	3.11	0.38	0.26	2.08	1.24
Odesa	500	7.9	75.1	0.76	2.63	4.29	0.51	0.34	2.86	1.68
Poltava	340	9.2	42.5	0.65	1.77	2.8	0.34	0.25	1.94	1.14
Rivne	330	10.0	41.0	0.63	1.66	2.62	0.31	0.23	1.89	1.11
Sumy	345	9.3	43.0	0.66	1.75	2.74	0.33	0.24	1.92	1.12
Ternopil	335	9.0	41.8	0.64	1.67	2.68	0.31	0.23	1.88	1.11
Vinnitsia	360	9.1	44.5	0.67	1.88	2.98	0.36	0.25	2.02	1.2
Volyn	320	10.2	40.0	0.62	1.63	2.57	0.29	0.22	1.83	1.08
Zhytomyr	335	9.0	42.8	0.65	1.73	2.76	0.32	0.24	1.9	1.13
Zakarpattia	315	10.8	39.5	0.61	1.58	2.51	0.3	0.21	1.8	1.05

Source: Developed by the authors using Stata program and data from State Statistics Service of Ukraine (2024); Ministry of Finance of Ukraine (2024); Ministry of Communities and Territories Development of Ukraine (2024); State Employment Service of Ukraine (2024); Ministry of Economy of Ukraine (2024); National Bank of Ukraine (2024); OpenDataBot (2024); Ministry of Infrastructure of Ukraine (2024); State Tax Service of Ukraine (2024); Dragon Capital (2024)

Figure 1: Investment level by region

Source: Developed by the authors using Stata program and data from OpenDataBot (2024)

($\beta = 0.47$, $P = 0.001$) and public spending ($\beta = 0.45$, $P = 0.000$) with the level of attracted investment, which clarifies the mechanisms of interaction of these variables in the Ukrainian context.

Furthermore, Latysheva et al. (2020) argue that structured investment strategies are overestimated, which may lead to limiting the flexibility of regional development. On the contrary, our study demonstrates that adaptive investment models and PPPs ($\beta = 0.50$, $P = 0.000$) have a significant impact on capital mobilization, which contradicts Latysheva's argument and confirms the need to combine structured strategies with local adaptation.

Bataglin and Kruglianskas (2022) emphasize the role of social innovation in regional development, while Martens et al. (2020) and O'Shaughnessy et al. (2023) argue that social enterprises increase investment and employment. Our study confirms this relationship through the analysis of regional business activity (SME_COUNT, $\beta = 0.21$, $P = 0.010$), which indicates the importance of local enterprises in stimulating investment attractiveness.

Regarding local policies, Micelli et al. (2023) and Janik et al. (2021) emphasize the importance of local governments in attracting investment. Our study is consistent with this statement, finding that regions with active state support and small business development strategies demonstrate higher investment attractiveness (e.g. Kyiv, Lviv, Odesa regions). Among others, Vercher (2022) emphasizes the importance of policy integration in rural development, which is confirmed by the results of our analysis of regional policy and infrastructure investment (INFRA_INV, $\beta = 0.41$, $P = 0.002$).

So, Kluvankova et al. (2021) indicate that adapted investment models are a driving force for sustainable transformation in underdeveloped regions. This is consistent with our findings on the need to reduce bureaucratic barriers and expand financial incentives for investors in less developed regions. According to Hansen et al. (2020), the lack of adequate transport accessibility is a critical factor in social isolation and economic marginalization in small cities in Canada. This is consistent with our findings on the impact of infrastructure investment (INFRA_INV, $\beta = 0.41$, $P = 0.002$) on attracting capital to regions. Accordingly, a significant deficit in transport infrastructure financing in Ukrainian

communities limits their attractiveness to investors and slows down the development of small businesses.

Karjalainen and Juhola (2021) analyse strategies for assessing the sustainable development of urban transport and determine that the integration of smart transport solutions and digital technologies increases the economic attractiveness of regions. Our study confirms this approach through the significant impact of digitalization (DIGI_INDEX, $\beta = 0.47$, $P = 0.001$) on investment activity in regions. The introduction of digital tools, such as automated public transport management and online mobility monitoring systems, can significantly improve the competitiveness of small communities, creating conditions for attracting additional financial resources.

Mounce et al. (2020) emphasize the key role of “smart mobility” in solving transport problems in rural areas. According to our study, limited transport accessibility in many regions of Ukraine correlates with a reduced level of attracted investment. In particular, regions with high unemployment and weak transport infrastructure (e.g. Zakarpattia region) show lower investment activity rates (1.58 million USD) compared to more urbanized regions (Kyiv, INV = 2.87 million USD). Therefore, the application of smart mobility models, such as the integration of digital services for public transport and the stimulation of PPPs in the transport sector, can help increase the investment attractiveness of small communities.

Our research summarizes earlier studies and extends it by offering particular empirical evidence based on a panel analysis of regional data from Ukraine. The main findings include: (a) confirmed significant impact of digitalization, public spending and PPPs on investment attraction; (b) identified key role of local enterprises and social innovations in supporting the investment climate; (c) analysed regional differences in investment attraction, which give grounds to develop adaptive development policies.

Further research may focus on the long-term consequences of digitalization and investment in social mechanisms for small communities, as well as potential strategies for scaling them up in a national context.

5.1. Limitations

The data for this study are based on publicly available data and may therefore have reporting inaccuracies. Some regions experience geopolitical instability and administrative constraints, which means that only some parts can be covered by complete data sets. The model also makes linear assumptions about the relationships between variables, which may not be consistent with a complex component such as investment dynamics. External economic shocks (e.g., inflation, currency fluctuations, global financial crises) are partially accounted for. Further studies should include a wider range of macroeconomic indicators and attempt to model in a more nonlinear manner to achieve better results.

5.2. Recommendations

Investment in infrastructure and digital transformation should be prioritized to enhance competitiveness in the region. New financing opportunities and long-term investors can be attracted

to small communities through strengthening PPPs. Investment policies should aim to reduce bureaucratic barriers, increase transparency, and simplify regulatory procedures for businesses. Grant funding and tax incentives can be expanded to encourage business innovation and economic diversification. Further research is needed to identify investment strategies for specific sectors, analyse the impact of global market trends, and examine policy interventions to achieve sustainable economic growth.

6. CONCLUSION

The main findings of the study are a set of disparities between regions of Ukraine in attracting investment in the areas of public spending, foreign investment, business activity and digitalization. The investment rate in regions with high infrastructure, favourable policies, and technological development is higher. Investment potential is negatively affected by high unemployment and weak PPPs, which require targeted policy measures. Improving investment policy, improving regional infrastructure and promoting innovation can help economic development in the long run. Broader macro factors, such as the macroeconomic environment, specific industry trends in investment absorption and more sophisticated econometric models, should be included in further studies to improve investment attraction strategies.

Investment allocation research should move to analysing the impact of such geopolitical risk and external economic shocks. Analysing specific investment dynamics in certain sectors can provide valuable information to identify which managers have the highest growth potential in small communities. Comparison with regional investment strategies of other developing countries can help Ukraine to understand how to improve its regional investment strategy. This can potentially help to achieve increased forecasting accuracy and better investment decision-making by integrating machine learning methods into econometric modelling. Research on sustainable investment can be expanded to meet the needs of regional development and long-term economic and environmental responsibility.

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