

**Kyiv National University of Trade and Economics**  
**Department of International Economic Relations**

**FINAL QUALIFYING PAPER**

on topic:

**«Influence of the Image of the Country on Its International Investment  
Attractiveness»**

(on materials of the Ministry of Economic Development and Trade of Ukraine,  
Kyiv)

Students of the 2nd year, 2AM group,  
specialty 051 "Economics"  
International Economics Specialization

Derii Olha

Scientific supervisor  
Candidate of Sciences (Economics)  
Senior Lecturer

Tunitska Yuliia

Guarantor of the educational program  
Candidate of Sciences (Economics)  
Associate professor

Kravets Kateryna

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## SUMMARY

Derii O. «INFLUENCE OF THE IMAGE OF THE COUNTRY ON ITS INTERNATIONAL INVESTMENT ATTRACTIVENESS» (on materials of the Ministry of Economic Development and Trade of Ukraine, Kyiv).

Final qualifying paper for the specialty 051 «Economics» specialization «International Economics». – Kyiv National University of Trade and Economics - Kyiv, 2018.

The final qualifying paper is devoted to the investigation of theoretical and practical aspects of the influence of the image of the country on its investment attractiveness and substantiate ways of its improvement.

In the final qualifying paper, the theoretical and methodological principles of an influence of the image of the country on its investment attractiveness have been studied, the system of factors influencing the image and investment attractiveness of Ukraine has been investigated, the proposals on improving investment attractiveness by improving the image of Ukraine have been developed.

*Keywords:* image, investment attractiveness, factors, international rankings, foreign direct investment, influence.





## АННОТАЦІЯ

Дерій О.С. «ВПЛИВ ІМІДЖУ КРАЇНИ НА ЇЇ МІЖНАРОДНУ ІНВЕСТИЦІЙНУ ПРИВАБЛИВІСТЬ» (за матеріалами Міністерства економічного розвитку і торгівлі України, м. Київ).

Випускна кваліфікаційна робота за спеціальністю 051 «Економіка» спеціалізацією «Міжнародна економіка». - Київський національний торговельно-економічний університет - Київ, 2018 р.

Випускна кваліфікаційна робота присвячений дослідженню теоретичних та практичних аспектів впливу іміджу країни на його інвестиційну привабливість та обґрунтування шляхів його вдосконалення.

У випускній кваліфікаційній роботі досліджено теоретичні та методологічні засади впливу іміджу країни на її інвестиційну привабливість, досліджено систему факторів, що впливають на імідж та інвестиційну привабливість України, розроблено пропозиції щодо підвищення інвестиційної привабливості шляхом вдосконалення іміджу України.

*Ключові слова:* імідж, інвестиційна привабливість, фактори, міжнародні рейтинги, прямі іноземні інвестиції, вплив.

**Kyiv National University of Trade and Economics**  
**International economic relations department**

**SUMMARY**  
**TO THE FINAL QUALIFYING PAPER**  
**«Influence of the image of the country on its international investment**  
**attractiveness»**  
**(based on the data of Ministry of Economic Development and Trade of**  
**Ukraine, Kyiv)**

Student of the 2<sup>nd</sup> year, group 2am,  
specialty 051 «Economics»,  
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economics»

\_\_\_\_\_

Derii Olha

Scientific adviser  
Candidate of Sciences (Economics),  
Senior Lecturer

\_\_\_\_\_

Tunitska Yuliia

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Final qualifying paper: 108 p., Figures - 37, Tables - 16, References - 92

**The object of investigation** is the investment attractiveness of the country.

**The subject of investigation** is the process of the image influence on investment attractiveness of Ukraine.

**The basis for writing master's degree final qualifying paper** is Ministry of Economic Development and Trade of Ukraine.

**Purpose of final qualifying work** is to determine the degree, direction and aspects of the influence of Ukraine's image on its investment attractiveness.

**Tasks of the final qualifying paper:** to define the essence and interconnections of concepts of image and investment attractiveness; identify the factors affecting the image and investment attractiveness; develop a methodology for determining the impact of the image on investment attractiveness; define the image of Ukraine; carry out an analysis of the factors of the image of Ukraine in accordance with the proposed methodology; determine the impact of Ukraine's image on investment attractiveness; develop ways to improve the image of Ukraine in order to increase investment attractiveness; substantiate the effectiveness of the proposed measures to improve the investment attractiveness of Ukraine by improving the image of Ukraine; prediction of Ukraine's investment attractiveness as a result of the implementation of the proposed measures to strengthen the image.

**Methods of investigation:** supervision of personal perception of image of Ukraine and personal experience; comparison; generalization; abstraction while determining the scope of of study, influential factors and in order to build regression models; formalization while building a regression model; an axiomatic method by taking some statements axiomatically, analysis while investigating the factors of image and investment attractiveness; and synthesis while compiling the integrate image of Ukraine; induction and deduction while making conclusions and developing strategies; analogy; hypothetical method alongside with idealization; ranking method; historical method while investigating the factors that have shaped the image of Ukraine throughout its history; and logical methods to be able to make logical links and conclusions.



**In the introduction** to the work the actuality and the practical value of the chosen topic are explained; the purpose and the urgency of its practical significance are formulated, the research object, the subject of research and its tasks are represented. Also methodological and theoretical part of the study, methods that were used in the work are described.

**In the first part** of the paper “theoretical methodological means of impact of the country's image on its investment attractiveness”, the essence and interconnections of concepts of image and investment attractiveness was defined; the factors affecting the image and investment attractiveness were identified; the methodology for determining the impact of the image on investment attractiveness was developed.

**In the second part** of the paper “The study of the impact of Ukraine’s image on its investment attractiveness”, the image of Ukraine was investigated; the analysis of the factors of the image of Ukraine in accordance with the proposed methodology was carried out; the impact of Ukraine's image on investment attractiveness was determined.

**In the third part** of the paper “Directions of improvement of the image of Ukraine as a factor of investment attractiveness”, ways to improve the image of Ukraine in order to increase investment attractiveness were developed; the effectiveness of the proposed measures to improve the investment attractiveness of Ukraine by improving the image of Ukraine was substantiated; the forecast of Ukraine's investment attractiveness as a result of the implementation of the proposed measures to strengthen the image was produced.

**Conclusions and proposals** contain theoretical generalization and ascertain solutions to the given scientific problem, the essence of which is in the comprehensive study of the degree, direction and aspects of the influence of country’s image on its investment attractiveness.



## LIST OF ABBREVIATIONS

- CPI – Corruption Perception Index
- EBA – European Business Association
- DI – Direct Investment
- FDI – Foreign Direct Investment
- GCI – Global Competitiveness Index
- GDP – Gross Domestic Product
- GPI – Global peace Index
- SDG – Sustainable Development Global
- SMA – Simple Moving Average

## INTRODUCTION

**Actuality of research.** In the context of the current stage of civilization development, which takes place under the auspices of fast and global development of communication technologies characterized by large volumes and the high speed of dissemination of information, in order to achieve its strategic goals Ukraine needs to find its place in the international space. That is why the importance to study the concept of image in the framework of investment attractiveness arises. Today the question of the country's image is a matter of national security, the issue of economic development and the implementation of democratic transformations for Ukraine.

The relevance of the topic is compounded by the lack of a governmental image strategy for Ukraine, through which Ukraine now has an uncertain, blurry or even distorted image among the international community that represents Ukraine worse than it actually is. This creates an urgent necessity to focus on the analysis of Ukraine's image and on its basis to develop an image strategy in order to attract investment resources to propel achieving Ukraine's strategic goals and safeguarding against potential threats.

The necessity to determine its impact on investment attractiveness is a researched topic among many Ukrainian and foreign scholars: Olshansky D., Taranova V., Tkachik F., Pankrukhin A., Tsirenzhapov Z., Buhman A., Janes B., Brown L., Popovich N., Kachinskaya N., Abramovich I., Lichova G., Fishbein M., Peresada A., Strunina V., Ivashchuk I., Peshko A., Kotler P., Savitska O., Gutkevich S., Martin I., Anholt S., Hagiev K., Graby F., Bohush D., Tretyak N., Shkodina I. Nevertheless, the majority of researched papers offer a multitude of factors of the image without distinguishing the degree of influence between them and assess the relationship between the image of Ukraine and its investment attractiveness in a qualitative aspect, according to an expert approach, which requires to question the objectiveness of their research.

**The purpose of the final qualifying paper** is to determine the degree, direction, and aspects of the influence of Ukraine's image on its investment attractiveness.

**The object of investigation** is the process of the image influence on investment attractiveness of Ukraine.

**The subject of the investigation** is theoretical, methodological and practical aspects of the image influence on investment attractiveness of the country.

**The tasks of the final qualifying paper:**

- define the essence and interconnections of concepts of image and investment attractiveness.
- identify the factors affecting the image and investment attractiveness.
- develop a methodology for determining the impact of the image on investment attractiveness.
- define the image of Ukraine
- carry out an analysis of the factors of the image of Ukraine in accordance with the proposed methodology.
- determine the impact of Ukraine's image on investment attractiveness
- develop ways to improve the image of Ukraine in order to increase investment attractiveness.
- substantiate the effectiveness of the proposed measures to improve the investment attractiveness of Ukraine by improving the image of Ukraine.
- forecast of Ukraine's investment attractiveness as a result of the implementation of the proposed measures to strengthen the image.

**The methods of analysis used in the final qualifying paper** the following: the supervision of personal perception of image of Ukraine and personal experience; comparison; calculation; measuring while doing the SWOT analysis; generalization; abstraction while determining the scope of study, influential factors and in order to build regression models; formalization while building a regression model; an axiomatic method by taking some statements axiomatically. analysis while investigating the factors of image and investment attractiveness; and synthesis while



compiling the integrate image of Ukraine; induction and deduction while making conclusions and developing strategies; analogy; hypothetical method alongside with idealization; ranking method; historical method while investigating the factors that have shaped the image of Ukraine throughout its history; and logical methods to be able to make logical links and conclusions.

All the necessary calculations have been performed in Excel software.

**Theoretical and informational basis of the research** consists of periodical and monographic editions, legislative base, fundamental provisions of economic theory, materials of international and Ukrainian scientific conferences, statistical materials of the State Statistics Committee of Ukraine and other international databases.

**Practical value:** the results obtained during the research can be used to improve the foreign economic relations to develop positive influence of Ukraine's image on its investment attractiveness.

The final qualifying paper consists of three chapters. The first part covers theoretical and methodological aspects of the research of county's image influence on its investment attractiveness. In the second one, analysis of the factors of the image of Ukraine was carried out and its on investment attractiveness was determined. In the third, ways to improve the image of Ukraine were developed, effectiveness of the proposed measures was substantiated and forecast of Ukraine's investment attractiveness as a result of the implementation of the proposed measures to strengthen the image was produced.



## **CHAPTER 1. THEORETICAL METHODOLOGICAL MEANS OF IMPACT OF THE COUNTRY'S IMAGE ON ITS INVESTMENT ATTRACTIVENESS**

### **1.1. The Essence and the Interdependence of Image and Investment Attractiveness of the Country**

Withing the current level of importance of international investment worldwide and in the economy of a country as well as the role that Image of the country plays in it, to disclose the topic of the influence of the image of the country on its international investment attractiveness primarily it is necessary to determine the essence and the interdependence of image and investment attractiveness of the country.

Image (from Latin *imago*, *imitari* - "immitate") - artificial imitation or representation of the external form of any object, especially the person. The term first appeared in 1806 in the dictionary of Noah Webster [1].

The image of an object is an idea of a rational or emotional nature about an object (man, object, system) that arose in the psyche of a group of people based on an image formed in their psyche as a result of perception of one or another of the characteristics of the object.

Image is a sign characteristics in which both form and content are available.

The image, as a multifaceted phenomenon, which reflects both the essential and the external sides.

Public relations treat the image as a thought-based idea of a person, product or institution, which is aimed at shaping in the mass consciousness through the media with such funktions:

- 1) cognitive (informational),
- 2) nominative,
- 3) aesthetic,
- 4) address.

As image has functions, the notion includes features as well.

Image features:

- the image is simplified compared with the object, but at the same time it emphasizes its specificity and originality;
- the image is specific but flexible. it is constantly changing and adapting to certain situations;
- the image is to some extent consistent with the advertised object and, at the same time, idealizes it;
- the image is associated with the prototype but lives on its own laws in accordance with the dominant spiritual orientation of consciousness.

As image has functions and features the notion can be structured to have types as they are described at figure 1.1 below.

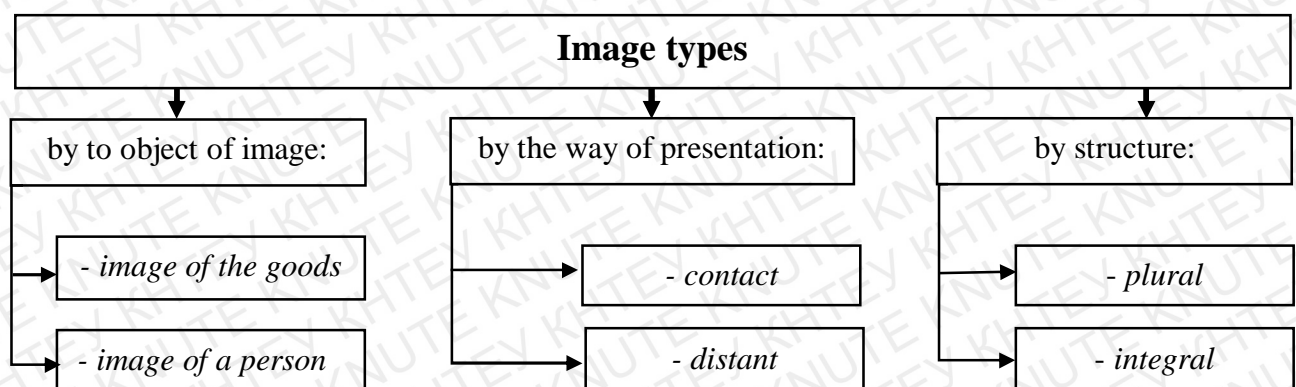


Figure 1.1. Types of Image by Object, by Way of Presentation and by Structure

Source: composed by author based on [2]

The image of a person can be personal, group (corporate), mirror, desirable, target, demonstrative, current).

At any given time, the territory may be in one of five image positions [3].

The concept of image was researched by many scholars and has long been included into the conceptual apparatus of such sciences as economics, sociology, political science, psychology, philosophy, cultural studies, etc., and every year it is becoming more widespread and used in new fields of knowledge and spheres of activity.

In the sphere of international relations, a special role belongs to the creation of the image of the state. The five image position of a territory are in table 1.1 below.

*Table 1.1*

**The Five Image Position of a Territory**

<b>Positions</b>	<b>Description of positions</b>
very attractive image	the high demand of the territory by its target groups, which entails related problems
positive image	an attractive image of the territory for living, doing business and recreation; adequate positive perception of territory by its target groups
weak image	may be a consequence or insufficiency of the potential of the territory, or insufficient illumination of its advantages in the information space. Such territories may have attractive characteristics, but are not capable of transforming them into competitive advantages
controversial image	diametrically opposite mass representations of the territory, which have a significant impact on its image as a whole
negative image	attributed to territories that are clearly unattractive to tourists, businesses and even the residents themselves

*Source: composed by author based on [3]*

The image of the state is a complex of objective interdependent characteristics of the state system (economic, geographical, national, demographic), which were formed in the process of evolutionary development of the state as a complex multifactorial subsystem of the world system, the effectiveness of the interaction of which determines the trends of socio-economic, socio-political, national-confessional and other processes [4].

The definition that the international image is a combination of emotional and rational representations arising from the comparison of all the features of the country, own experience and rumors influencing the creation of a certain image are quite successful [5].

Having considered the existing definitions of "image of the state", one can generalize that it is diverse, and at present, the main channel for the formation, transformation and replication of the image of the state is the mass media [12].



Table 1.2

**The Topic of Image of a Country Disclosed by Ukrainiam Scientists**

<b>Scientists</b>	<b>Image of a country disclosed by scientists</b>
Olshansky D.	political image of the state is the imaginary image of a certain state, which is formed in the consciousness of the citizens of the country and the foreign audience. It is formed in the process of communicative interaction of subjects of economic, social and political life both within the country and beyond its borders.
Taranova Y.	goals of forming a positive image of the country are: attraction of investments and access to the international market.
Tkachik F.	image of the state contributes to the formation of conditions under which the economy becomes susceptible to investment. Instead, an unfavorable climate inhibits economic development, exacerbates economic, social, institutional and other problems.
Pankrukhin A.	image of the state exists on several levels - domestic, socio-economic, business, financial, and others. He is influenced by, first of all, psychological, political and economic factors and is the result of their interaction.
Tsirenzhapov Z.	image of the state is the nature of the stereotype, the emotionally colored set of ideas about the country in the main spheres of its life: political, economic, social, scientific, cultural, sports. Communicative elements of the image of the state are code, symbol, stereotype, and brand.

*Source: composed by author based on [6-11]*

Appearance of the state, its reputation is often based on the elements of myth, generalized stereotypes about the ethnos. The share of such "myths" in politics is great. Thinking stereotypes is characteristic of human psychology, the use of a clichus saves effort in orientation in the surrounding reality, simplifies the process of cognition. However, country stereotypes often cause enormous damage [13].

The emerging international image of the country is the most generalized form of manifestation of the place of the national economy in the world economic system. Of particular importance is the problem of forming a positive international image for countries that are at the stage of transformations.

For them, there is a danger of negative manifestations of forced globalization, such as the imposition of outdated technological processes, low standards of living,



resource depletion and environmental problems. The formation of a positive international image of the country, which is a means of strengthening its international competitiveness, also ensures the formation of a system of national economic security and the preservation of its own national identity [14].

The World Tourism Organization defines the image of the country / territory as a combination of emotional and rational ideas that arise from all the peculiarities of the territory, the personal experience of people and rumors [15].

The invariant core of this category should be considered dichotomy: the internal image of the state (for citizens) - the external image of the state (for the world community). On the other hand, the category "image of the state" combines a number of relevant categories of image: "the image of women", "the image of the youth", "the image of the elderly". Each of the categories reflects the characteristics of the internal and external image of the state. All components of such a complex organized category as "the image of the state" are in close interaction and dynamics and are subject to continuous transformations [16].

The economic essence of the country's image serves as the positioning of a particular territory as a conducive business environment, as in table 1.3.

*Table 1.3*

### **Typology of Formation of Beliefs about Country**

<b>Beliefs about countries may be</b>	<b>Ways that believes are formed</b>
descriptive beliefs	are established through experience
informative beliefs	are shaped by information from external sources (e.g. media, friends)
inductive beliefs	originate from the perception of a relationship between some past event and a stimulus in the present

*Source: composed by author based on [17]*

People base their decisions and actions toward social entities on their cognitive representations (images) of these entities. The way individuals, organizations and countries can function in their respective social environments is strongly determined

by their image among the people and groups that make up these environments. For countries this is the image among foreign publics.

Moreover, as an antecedent of people's behavior towards a country, the image of the country as an attitudinal construct can strongly affect foreign direct investment, national tourism industry prosperity, domestic labor markets and education systems, world commodity export and services success, as well as international relations and the degree of a country's political influence. Research shows that the image of the country, as the cognitive representation that a person holds about a particular country, has a wide range of effects: country images have a critical impact on foreign direct investments; national tourism industry prosperity; domestic labor market attractiveness and educational systems; as well as the stability of international relations; and the degree of a country's political influence in the international system.

Moreover, country images have a major impact on the effectiveness of exports, since they affect people's way of evaluating products and services and, consequently, affect people's willingness to pay. The growing importance of country images has raised the need to analyze and compare these constructs and their effects both in research and practice [18].

It explains the interdependence of concepts: the image of the country and its investment attractiveness. It is important to ensure sustainable development of the country's economy and the development of its positive image and investment attractiveness. Investing to a large extent influences the resolution of socio-economic problems faced by any country.

The concept of investment attractiveness is important in the processes of interregional and interstate level transfer of capital, as one of the main factors of economic development. Due to the large territorial uneven distribution of economic factors in general and capital in particular, countries and regions are competitors in the struggle for resources [19].

Often the investment attractiveness of a particular territory is identified with the concept of "investment climate", which in turn has numerous interpretations, in particular in table 1.4 below.

Table 1.4

**The Topic of Investment Climate of a Country Disclosed by Scientists**

<b>Scientists</b>	<b>Investment climat of a country disclosed by scientists</b>
Varvariuk Y.	multifactorial system of purposeful actions and actions that is deliberately formed at the state and regional levels in the interests of wider involvement of additional resources in a specific territory both in monetary and in material forms.
Petkova L.	set of political, legal, economic, organizational and social conditions that determine the attractiveness and feasibility of investing in a particular economic system.
Peresada A.	characteristic of the degree of attractiveness of the state (region, industry) in relation to investments that can be attracted.
Strunina V.	set of political, socio-economic, financial, socio-cultural, organizational-legal and geographical factors that are present in one or another country that attract or reject investors.
Ivashchuk I.	set of factors that includes the state of the economy, socio-economic stability, the level of development of the legislative framework, investment infrastructure, productive forces, currency and fiscal policies, the state of the financial and credit system and the investment market, the status of a foreign investor.
Peshko A.	set of factors that the investor takes into account when making a decision on investing.

*Source: composed by author based on [19-24]*

The investment attractiveness of a country is a multidisciplinary concept at the crossroads of the economy of development, financial economics, comparative law and political science [25]. It is aimed at tracking and contrasting the relative attractiveness of different territories and jurisdictions that compete for the "limited" inflow of investment through quantitative and qualitative calculation through a special series. variables such as GDP growth, tax rates, repatriation of capital, etc. Investment attractiveness of the country is a combination of political, social, institutional, environmental, macro and microeconomic conditions of the functioning of the national economy, which ensure the stability of investment activity of domestic and foreign investors, a collection of objective and subjective conditions that contribute or hinder the process of investing in the national economy at the macro,



meso and micro levels. [26]. More investment attractiveness of a country disclosed in table 1.5.

Table 1.5

**The Topic of Investmentt Attractiveness of a Country Disclosed by Ukrainiam Scientists**

Scientists	Investmentt attractiveness disclosed by scientists
Savytska O.	distribution of the actual volume of attracted investments in the region.
Hutkevych S.	establishment of a stable cumulative economic effect of production and economic activity.
Petkova L.	integral set of criteria of the reality of conditions and factors that ensure investors' interest in investing capital.

*Source: composed by author based on [27-29]*

After analyzing the entire scope of definitions of the country's image, investment attractiveness and investment climate in this work, a scheme of representation of the relationship of these concepts with respect to each other, taking into account the common, differences and general directions of influence in this system determinants of the final volume of investment inflow, has been developed.

Needed to mention that such notions as image and investment climate are not equal. Image is considered to be a factor of investment attractiveness and a component of investment climate. The interconnection of notions is depicted on figure 1.2 as below.

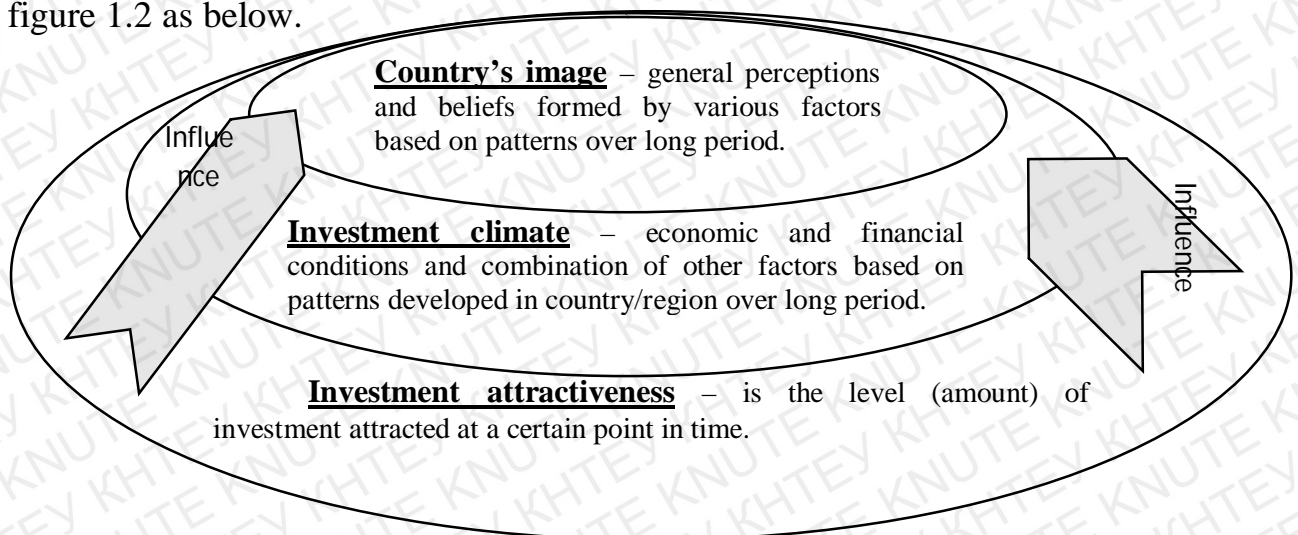




Figure 1.2. Interrelations of Notions: County's Image, Investment Climate and Investment Attractiveness

*Source: composed by author based on [15, 23, 26]*

The development of any country is tightly connected with investment resources provision that forms basis for sustainable development. Volume of international investment, irrelevant to its form and type, is considered one of the most important indicators of national economy prosperity, and changes in volume of investment indicates changes in demand, volume of production and level of employment [30, 31].

You should also outline another concept that relates to the above system. Recent publications view a new approach and consider country image allied to country branding and apply the concept of "country value" by the analogy to "brand value". In the perspective of globalization, this means that countries compete against each other in the same way as brands do. Therefore, powerful "country brands" have a huge competitive advantage. The expression country marketing has already been present in literature. However, the "country as a brand" approach and "country branding" is relatively recent notion. Branding, nevertheless, is a vastly broader concept [32].

The objectives of country branding are primarily of economic nature. "Selling" the country essentially includes three aspects: growth of tourism, captivating foreign investments and enhance exports.

Therefore, it is schematically possible to show the relationship of the conceptual category "brand" in the system of mutual relations of the concepts of investment attractiveness, investment climate and the image of the country. Purposeful change of the image of the country with a certain purpose transforms the notion of image into the concept of the brand.

There is a so-called spontaneous image to each country, which can be transformed into a consciously shaped image to be positioned and valued in the marketplace.

This process is called country image building, country branding or country rebranding. Country branding does not simply comprise creating a new logo, slogan or brand name but mainly stands for an overall in-depth process that implicates the procedures of positioning and various communication methods [32].

## 1.2. The Influential Factors for Image and Investment Attractiveness of the Country

In the image of the state, the spontaneous and artificially constructed myths, symbols, rumors and stereotypes that are actively replicating mass channels of communication are bizarrely combined with spontaneous and purposefully formed lines.

It is important to emphasize that in today's information society, to realize the strength and power of information, the image of the state can not be given to the detachment of spontaneous public opinion: it is created and replicated by the purposeful efforts of the state itself, using the entire complex of technical means and channels of information and ideological support [33] .

In modern political science there are several key characteristics of the image of the state as in table 1.6.

*Table 1.6*

### Key Characteristics of the Image of the Country

Characteristic of image	Description of characteristic of image
simplicity and schematics	are achieved through reduction, that is, information to a single denominator of many contradictory elements. It is precisely this that seeks for the compactness of the image, its simplicity and accessibility to the general population;
saturation	information that carries a large emotional load with the help of a limited set of symbols;
dynamism	ability to quickly and efficiently interpret the constantly changing internal and external realities;
camouflaged idealization	involves its filing with a certain set of ideas, in a favorable frame, which should not contradict the

	attitudes and changing psychological expectations of the target audience;
information and technology	here we are talking about the forms, means and ways of its "sale" or distribution, where advertising and PR-technologies play a key role;
socio-cultural	reflecting the political and cultural features of the country.

*Source: composed by author based on [34]*

In defining factors of investment attractiveness and image of the country, it should be noted that they are determined by all of the state as such. An integral part of the image are national-state symbols and ideals, emblems, flags and other attributes embodying the idea of national state unity and majesty.

When forming the image of the state it is necessary to take into account the influence of the whole system of values that have developed in this society, which makes study of socio-cultural and historical traditions, which have been formed in the past and which are passed from generation to generation, quite necessary task.

The determinants system of the image of the state by Anholt S. as follows:

- basic values and traditions;
- natural and geographical factors;
- resource potential of the state;
- geopolitical position of the country;
- the form of the state system;
- internal and external policy of the state;
- national interests;
- the image of the leading political leaders;
- socio-psychological sentiment in society;
- information in the leading channels of mass communications [35].

Another model was also presented that determines the image factors for the country. The 4D model represents four dimensions of the country image in table 1.7.

*Table 1.7*

#### **Dimensions of the Country Image by Buhman A.**

<b>Dimentions</b>	<b>Discription of dimentions</b>
-------------------	----------------------------------



functional	specific beliefs regarding the competences and competitiveness of the country, its political and economic efficiency and effectiveness;
aesthetic	specific beliefs about the aesthetic qualities and beauty of the attractiveness of the country as a cultural and picturesque place;
normative	specific convictions on the integrity of the country, its norms and values;
emotional	affective component of the image of the country.

*Source: composed by author based on [18]*

The image of the country, like any other image, is not one-dimensional. The researchers found / researched several, often overlapped dimensions.

Based on the above-mentioned factors, factors and constituent notions of the image and image of the country, the so-called "Identity prism" of the country (as well as the concept of corporate style consists of various dimensions in table 1.8

*Table 1.8*

### **"Identity Prism" Dimensions of the Country Image by Graby F.**

<b>Dimintions</b>	<b>Discription of dimintions</b>
internalization	extent to which country expresses foreign publics' psyche elements
reflection	controlled image conveyed to foreign customers and others
relations	with governments, international organizations
personality	name, flag, celebrities
cultural	history, culture, arts
physical	geography, resources, demographics

*Source: composed by author based on [36].*

With regard to various interpretations of measurements and conclusions of the literature, a content analysis from studies devoted to measuring the image of the country was conducted in order to study the most important factors of the influence of the design of that image.

Considered factors and sub-elements are as follows on figure 1.3:

- economy (sub-factor: labor market);
- politics (sub-factor: international relations);
- geography (sub-factor: environment);
- history;



- people;
- culture;
- similarity;
- feeling [37].

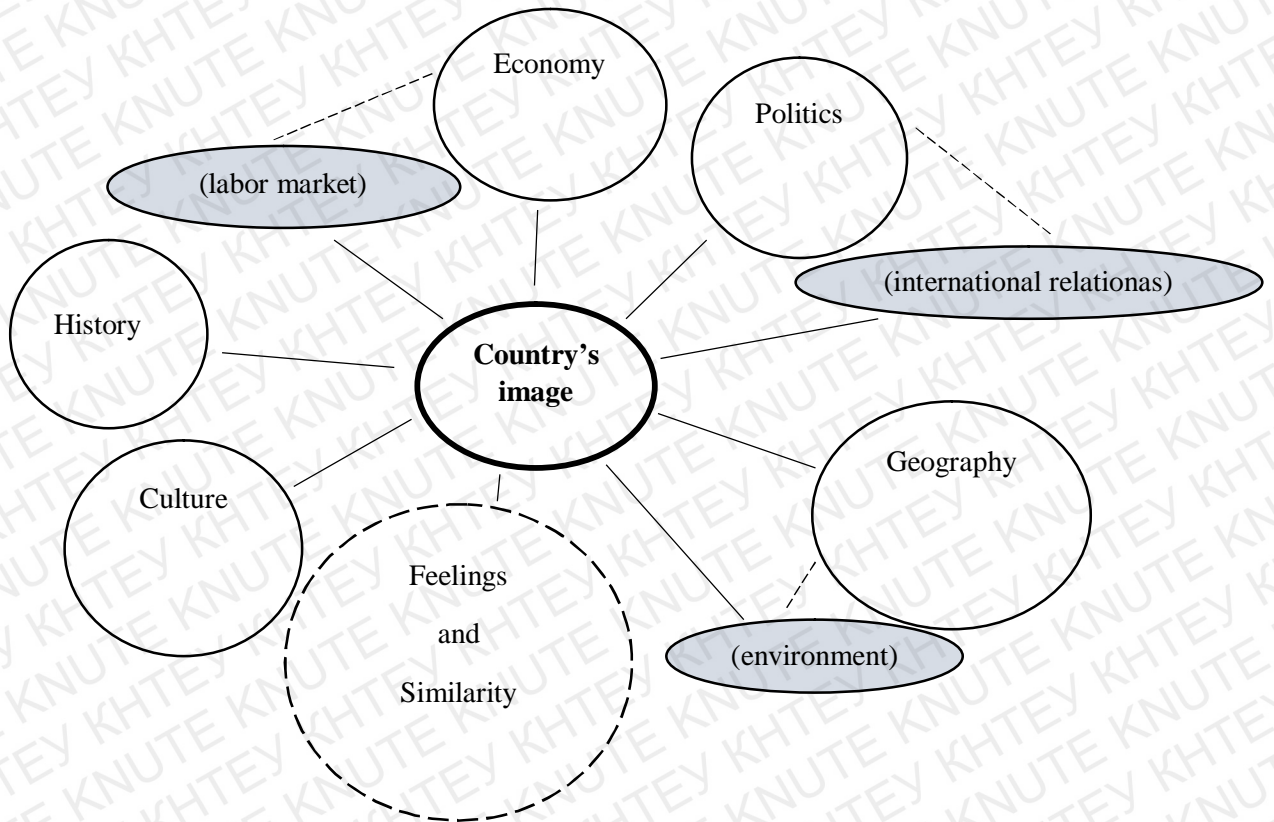


Figure 1.3. Dimensions of Country Image by Janes B.

Source: composed by author based on [37]

All the variety of factors, components, dimensions and elements of image developed by Anholt S., Graby S., Buhman A. and Janes B. can be summarized and amalgamated into such categories as in table 1.9 below.

Table 1.9

**Dimensions of the Country Image by Graby F.**

<b>Dimensions</b>	<b>Description of dimensions</b>
natural	geolocation, resources, climate,
cultural	values and traditions, history, people,

political	geopolitics, state system, leaders, international relation
perceptive	chanes of communication, people's beliefs

*Source: composed by author based on [18, 35, 36, 37]*

In turn, the image of the country, as mentioned earlier in this paper, acts as an interconnected factor of investment attractiveness.

According to UNCTAD methodology, the following factors of investment attractiveness of territories (countries, regions) are defined:

- attractiveness of the market;
- price, quality and availability of labor,
- availability of necessary infrastructure,
- natural resources [38].

Undoubtedly, the UNCTAD resolutions have the character of recommendations and a model of excellence in world experience.

A detailed analysis of the investment attractiveness of the region may have the following hierarchy of factors as in table 1.10.

*Table 1.10*

### **Hierarchy of Factors of the Investment Attractiveness of the Region**

<b>Factors</b>	<b>Discription of factors</b>
economic and geographical position	proximity of the region to the state borders, development of industrial infrastructure, in particular, the availability of transport corridors, border terminals, oil, gas pipelines, transmission lines of national importance, proximity to Kyiv and other developed industrial centers of Ukraine, etc.
naturally resource potential	economic evaluation of mineral, land, forest, recreational resources.
labor potential	availability of labor resources; educational and qualification level of labor resources; labor cost; economic potential: it is most expedient to determine it by volume of gdp (per capita); capacity of the consumer market; infrastructure potential; scientific and technical potential; investment preferences; investment risks (political risk; economic risk; social risk; environmental risk).

*Source: composed by author based on [39]*

The favorable political, economic, social and environmental situation is a guarantee of a stable social "well-being" in the region, the investor avoids various losses due to circumstances that are independent of it and can not be controlled by it.

Investment risks are far from a secondary factor that determines the investment attractiveness of the territory [39].

By accumulating approaches to the allocation of factors of investment attractiveness, it can be schematically argued that a set of indicators, which determine the level of investment attractiveness of the regions, is systematized into three large groups of factors that determine the level of attractiveness of the territory for investors.

These groups of factors are captured as:

- 1) factors influencing the level of investment potential of the region (natural geographic, labor, industrial, innovative, institutional, infrastructure, financial, consumer potential);
- 2) factors determining the level of non-commercial investment risks (legislative, political, social, economic, environmental and criminal risks);
- 3) investment activity (concentration and distribution of investment capital, activation of the introduction of new production capacities, development of direct and portfolio investments) [39, 40].

The research of the aforementioned scientists makes it possible to assert that the factors of formation of investment attractiveness are forces that provide the creation of advantages for economic entities in the struggle for limited investment resources.

That is, in this case, the investment attractiveness of the country is presented as a combination of factors that determine the behavior of existing and potential investors.

The high investment attractiveness of the region makes it possible to attract large investments for its development and guarantee the profit for investors.



In conclusion, it should be noted that at this stage, research on the factors of the image of the country and investment attractiveness have a very wide variation in defining of these same factors.

In my opinion, this is due to the fact that actually, such multilevel concepts as image and investment attractiveness are determined by an extremely large number of factors.

That is why different scientists distinguish for themselves the different level of inclusiveness of factors in the research methodology and the varying degree of detail of these factors.

If we observe the relationship between the factors of the image and the investment attractiveness, then the scheme of the relationship of these concepts from subsection 1.1 is confirmed.

That is, we can say that image is one of many components of investment attractiveness of the country, and at the same time, the image of the country has a significant impact on the investment attractiveness - that is, on the ability of the country to attract investment.

However, in order to disclose the topic of influence of image of the country on its investment attractiveness quantitatively we need to walk over from abstract descriptive image factors, dimensions and elements to quantitative and sustainable in time image factors that will represent accurately and wholesomely the real picture.

Therefore, the image factors should be presented as such international index rankings:

- Corruption Perception Index Ranking;
- Global Peace Index Ranking;
- Human Development Index Ranking;
- Doing Business Index Ranking;
- Global Competitiveness Index Ranking;
- Legatum Prosperity Index Ranking.

Those index ranking taken as international image factors take into account economic perspective as well as others that influence one and give way to go over to quantitative categories.

Investment attractiveness of the country is formed under the influence of a variety of factors and the influence of patterns of development of mass socio-economic phenomena and processes.

Part of these factors can be described using statistical indicators that also characterize various aspects of socio-economic development of the country.

Therefore, on the one hand, the attractiveness of a particular country for potential investment decisions is on the forefront, which clearly expresses the economic prospect.

On the other hand, economic factors can only partly reflect the situation in the country, as political, legal, social and cultural aspects also play a role and ultimately affect the place of the country in the ranking.

The assessment of investment attractiveness contributes to the growth of understanding of the overall economic situation, determines the direction of the formation of a favorable investment environment.

In economic literature the notion of competitiveness of the region as the place for location of different kinds of activities is associated with the notion of its attractiveness. And the region has to be attractive not only for enterprises but also for people as one of the main resources ensuring the development of the territory. High competitive positions of the region create favourable conditions for the development of business, high living standards, while low standards get people move to more attractive places. The absence of favourable conditions for business doesn't stimulate the creation of the enterprises of the final production sector, service sector and high-technology sector, which consolidates the raw material focus of the region.

Competitiveness of the country depends on the goals and strategies of regional development directed to achieve the advantages of the region not only in the production of a particular product, but also in the growth of its attractiveness for the development of small and big business, and, consequently, active growth of all life

spheres of people. The experience of the developed countries it should be noticed that the main goal of regional development is the raise of quality of the territory as the place for life and business. These are two factors states compete on, i.e. on attracting people and business to their territory.

A lot of scientists emphasize that a territory may not be competitive in all economic sectors.

An assessment of the investment attractiveness of the states is an important aspect of any investment decision that has an impact on the consequences for both the investor and the economy of the region and the country as a whole.

### **1.3. Methodological Approaches to the Evaluation of the Image's Impact on the Country's Investment Attractiveness**

In times of globalization and mediatization, the image a country projects is becoming more important: as a recent historical trend the modern establishment of external observers of the state system — such as international organizations and media — has enforced new forms of competition between countries, shifting the focus onto ‘soft goods’ such as image and reputation.

Increasingly, countries are publicly rated and compared according to their economic development, political stability, the effectiveness and morality of their national and international policies or the attractiveness of their culture [18].

Today, there are many methods for assessing investment attractiveness. The basis of all research methodologies for such multi-factor and abstract categories as image and investment attractiveness is the approach of integrating indexes and ratings.

Different variations of these approaches to the assessment of qualitative categories in the development of science and economics form specific integrated indexes and ratings developed by international organizations and trusted eminent rating agencies, which are discussed further in the paper.



The science of developing comparative assessments of investment attractiveness and image of countries or regions is relatively young, and its history is about 40 years old [41].

In the conditions of the globalization of the economic space, the acceleration of international integration processes and the strengthening of interdependence of countries, the use of ratings as analytical tools becomes increasingly relevant in determining the comparative advantages of subjects of world economic relations [42].

Therefore, factors in determining the image, as well as the investment attractiveness of the country are various international ratings.

The methods of the most significant and well-known ratings that will be used in this work are indicated below.

Dozens of international organizations (the United Nations, the World Bank, the World Economic Forum, the European Business Association (EBA), and the IMD World Competitiveness Yearbook, etc., according to special methods, rank the countries that determine the position for each of them depending on complex assessment their features, and on the basis of official statistics. Information about the state is systematically monitored by publications [43].

One of the most well-known international indicators is the International Business Compass, which the international company BDO estimates from 2012, estimates the investment attractiveness of the country, presenting information in three dimensions: economic factors, politico-legal field and socio-cultural conditions. [44].

Assessing ratings of image / brand of the country, Simon Anholt, Bloom Consulting, FutureBrand Brand Finance, Potland's "soft Pover", East West Global Index 200 and East West Communications are the most famous and recognized in their methodology [45].

Firstly, The Anholt-GfK Nation Brands Index (NBI) helps governments, organizations and businesses understand measure and ultimately build a strong national image and reputation. It measures the power and quality of each country's "brand image".

Conducted annually, the study measures the image of 50 countries, with respect to Exports, Governance, Culture, People, Tourism and Immigration/Investment. In 2016, a total of 20,353 interviews were conducted online in 20 panel countries with adults aged 18 or over. Data are data weighted to reflect key demographic characteristics of the 2016 online population in each country, including age, gender and education.

The peak called "people" is the most important: if the brand does not find understanding, sympathy and support in the majority, the strategy will not succeed [46].

Secondly, Bloom Consulting – Country Brand Ranking Methodology. Creating a country brand strategy rely on five dimensions. Each dimension has a target audience. Each target audience has a specific need as presented in table 1.11.

*Table 1.11*

**Country Brand Ranking Methodology by Bloom Consulting**

<b>Dimensions</b>	<b>Target audiences</b>	<b>Needs</b>
investment	investors	advantage
tourism	tourists	experience
talent	workforce	lifestyle
prominence	general public	admiration
exports	companies	uniqueness

*Source: composed by author based on [47]*

The objective of the ranking is to classify how well each country is doing in terms of branding, that is, to measure how effective their brands are in the most tangible and realistic manner.

To classify the effectiveness of each Country Brand, Bloom Consulting analyses 4 key variables for each of the 187 countries featured in the Brand Ranking: economic performance; digital demand D2 (as total global online searches performed specifically for tourism or investment); Country brand strategy (CBS) Rating; Online performance [47].

Thirdly, FutureBrand – Country Brand. The methodology of consists of:

- Quantitative Research: collected quantitative data from 3600 frequent business and leisure travelers and opinion-formers in 18 countries around the world.
- Expert Opinions: gathered the opinions of experts in tourism, export, investment and public policy in different cities.
- Co-creative Insights: crowd-sourcing and online and co-creative community.

Also, FutureBrand uses the proprietary Hierarchical Decision Model to determine how key audiences (including residents, investors, tourists and foreign governments) relate to a country brand, from mere awareness to full advocacy[45].

Fourthly, East West Communications in 2008, developed a Global Index based on perceptions: “How is your country viewed by others?”.

This Global Index ranks 200 countries and territories and it establishes how they are described in major media [48].

The East West Nation Brand Perception Indexes uses a Natural Language Processing text analysis system [49].

In July 2015, Portland Communications launched the first “Soft Power” Ranking, based on a composite index that analyses the strength of soft power assets at the disposal of countries.

The ranking is measured in six categories: Government, Culture, Education, Engagement, Enterprise, and Digital [50].

It should be noted that due to the fact that country image research and country brand ranking are relatively new notions therefore the studies done by various consulting agencies are inconsistent through time. Moreover, there is a lack of research done for Ukraine in particular due to the absence of prominent image and brand as well.

Unfortunately, the methodology of each index presented earlier in this paragraph is impossible to reproduce in this paper due to lack or absence of statistical data and complexity of calculation performed by major well-known companies and international organizations.

Nevertheless, Ukrainian scientists that study image analysis approach this problem by developing their own methodology in each scientific paper. Nevertheless,



they all apply common approach, such as using international indexes as image factors and analyzing their influence.

Therefore, in order to figure out which international indexes rankings to use it is necessary to conduct SWOT analysis of Ukraine image and detect the most prominent features of Ukraine’s image and use international index ranking in order to reflect those features quantitatively.

Then, by using the rule of transitivity (if  $a = b = c$ , means that  $a = c$ ), in our case if international indexes are the factors of image and image is the factor of investment attractiveness as a result we can assume that international indexes as factors and as representatives of Ukraine’s image dimensions transitively influence the investment attractiveness of Ukraine as it is shown on figure 1.4 below.

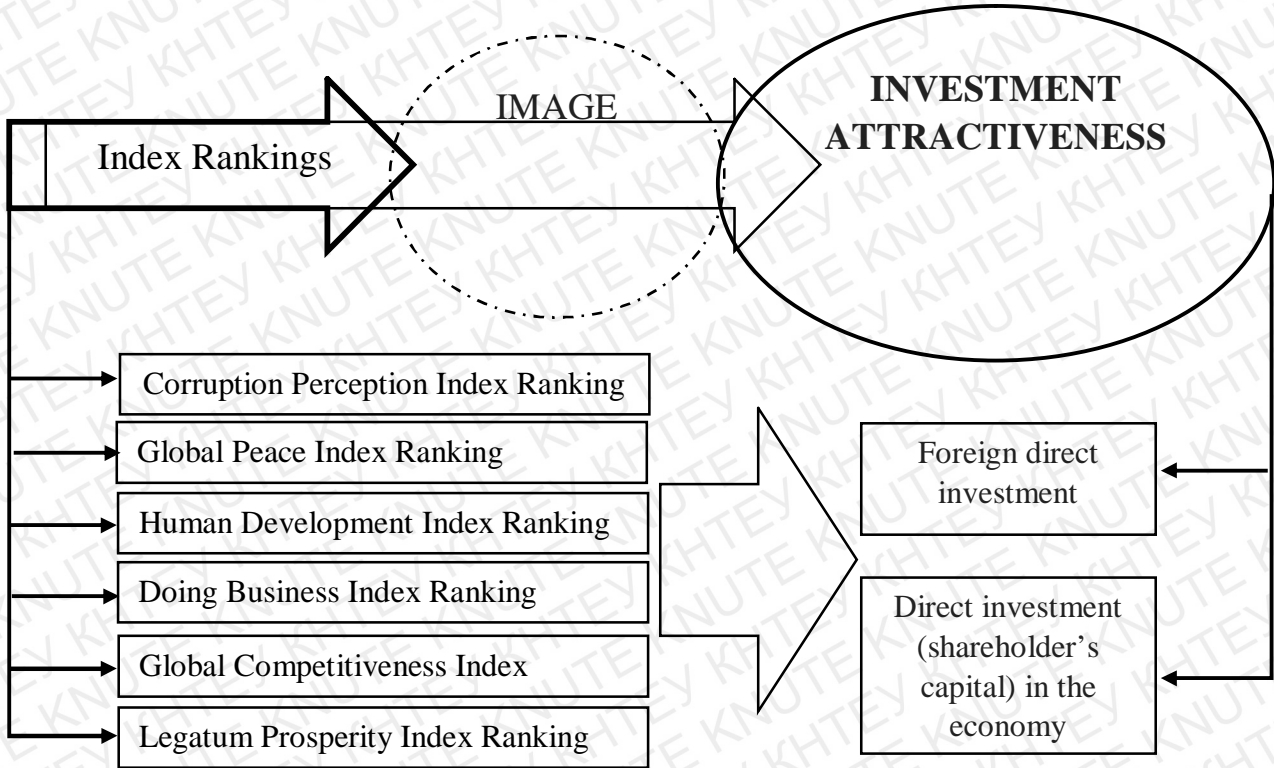


Figure 1.4. International Indexe Rankings as Factors and as Ukraine’s Image Dimensions Transitively Influence the Investment Attractiveness

Source: composed by author based on [51-56]

Based on foregoing and referring to studies of Ukrainian scientists such international ratings, in particular can be suggested:

1. Corruption Perception Index by Transparency International. The Corruption Perceptions Index (CPI) scores countries on how corrupt their governments are believed to be. It is published by Transparency International, an organization that seeks to stop bribery and other forms of public corruption. A country's score can range from zero to 100, with zero indicating high levels of corruption and 100 indicating low levels. Transparency International launched the index in 1995, and today it scores 180 countries and territories. According to Transparency International, the methodology involves four basic steps, including selection of source data, rescaling source data, aggregating the rescaled data and a statistical measure indicating the level of certainty. A quality control mechanism is also incorporated into the process. This consists of independent data collection and calculations by two in-house researchers and two independent researchers from academia [51].

2. Global Peace Index. GPI measures the relative position of nations' and regions' peacefulness. The GPI ranks 163 independent states and territories according to their levels of peacefulness. The GPI is a report produced by the Institute for Economics and Peace (IEP) and developed in consultation with an international panel of peace experts from peace institutes and think tanks with data collected and collated by the Economist Intelligence Unit. The Index was launched in 2007, and it is claimed to be the first study to rank countries around the world according to their peacefulness.

GPI investigates the extent to which countries are involved in ongoing domestic and international conflicts. It also seeks to evaluate the level of harmony or discord within a nation. The assertion is that low crime rates, minimal incidences of terrorist acts and violent demonstrations, harmonious relations with neighboring countries, a stable political scene and a small proportion of the population being internally displaced or refugees can be suggestive of peacefulness.

In 2017, 23 indicators were used to establish each country's peacefulness score. The scores for each indicator are normalized on a scale of 1-5. In the past decade, the GPI has presented trends of increased global violence and less peacefulness [52].

3. Human development index. (HDI) is a statistic composite index of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers of human development. A country scores a higher HDI when the lifespan is higher, the education level is higher, and the GDP per capita is higher. The index does not take into account several factors, such as the net wealth per capita or the relative quality of goods in a country [53].

4. Doing Business index ranking where higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.

Empirical research funded by the World Bank to justify their work show that the economic growth impact of improving these regulations is strong. A nation's ranking on the index is based on the average of 10 subindices: starting a business; dealing with construction permits; getting electricity; registering property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; resolving insolvency [54].

5. Global Competitiveness Index (GCI) integrates the macroeconomic and the micro/business aspects of competitiveness into a single index. The report "assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources.

Therefore, the GCI measures the set of institutions, policies, and factors that set the sustainable current and medium-term levels of economic prosperity." GCI has twelve pillars of competitiveness.

These are: 1) institutions; 2) appropriate infrastructure; 3) stable macroeconomic framework; 4) good health and primary education; 5) higher education and training; 6) efficient goods markets; 7) efficient labor markets; 8) developed financial markets; 9) ability to harness existing technology; 10) market



size, both domestic and international; 11) production of new and different goods using the most sophisticated production processes; 12) innovation.

In the factor-driven stage countries compete based on their factor endowments, primarily unskilled labor and natural resources, pillar 1-4. The efficiency-driven stage of development, pillar 5 – 10. Finally, as countries move into the innovation-driven stage, pillar 11-12 [55].

6. The Legatum Prosperity Index is an annual ranking developed by the Legatum Institute, a division of the private investment firm Legatum. The ranking is based on a variety of factors including wealth, economic growth, education, health, personal well-being, and quality of life.

The 2017 Legatum Prosperity Index is based on 104 different variables analysed across 149 nations around the world. The 104 variables are grouped into 9 sub-indexes, which are averaged using equal weights.

The 9 sub-indexes are: Economic Quality; Business Environment; Governance; Education; Health; Safety & Security; Personal Freedom; Social Capital; Natural Environment. For example, Personal Freedom includes freedom of speech and religion, national tolerance for immigrants and ethnic and racial minorities.

The Social Capital sub-index includes the percentage of citizens who volunteer, give to charity, help strangers, and who feel they can rely on family and friends [56].

Therefore, the methodology for determining the influence of image on investment attractiveness of Ukraine on the second part of this paper will be presented with the algorithm in the following steps:

- 1) investigation of the image of Ukraine and determining its most prominent features;
- 2) taking into account the dimensions of the most prominent features of Ukraine's image select international rating (most probably those that are mentioned above) that Ukraine is a part of and those that will represent those dimensions in the best way;

- 3) to run the correlation analysis between indexes scores and amount of investment (foreign direct investment as well as direct investment (shareholder's capital) in the economy) as a numerical representation of investment attractiveness of Ukraine;
- 4) to run the correlation analysis between indexes ranks among other countries (because countries compete for investment) and amount of investment (foreign direct investment as well as direct investment (shareholder's capital) in the economy) as a numerical representation of investment attractiveness of Ukraine;
- 5) to compare correlation coefficients and to choose those that show the high or significant level of correlation in order to proceed with a regression model with the index being an influential factor;
- 6) to proceed with a regression model with the index being influential factor and amount of investment as the dependent variable (for foreign direct investment; or for direct investment (shareholder's capital) in the economy; or both; or none);
- 7) to proceed with a regression model to develop a regression equation with rank being an influential factor and amount of investment as a dependent variable (for foreign direct investment; or for direct investment (shareholder's capital) in the economy; or both; or none);
- 8) to build trendlines for influential factors for obtaining influential factors data for future periods in order to make a forecast;
- 9) to put forecasted influential data into a regression equation in order to make a forecast of the amount of investments (foreign direct investment; or direct investment (shareholder's capital) in the economy; or both; or none) for future periods.

In addition, the SWOT analysis method is used, the results of which identify both internal strengths and weaknesses, as well as external opportunities and threats of investment attractiveness of the country [57].

SWOT analysis enables the development of strategic actions to protect from internal weaknesses and counteract external threats.

Identifying the strengths and weaknesses that affect the investment attractiveness of the country serves as an indicator of the need to implement measures to overcome deficiencies and create wider opportunities for increasing the competitive advantages and investment attractiveness of the country.

Moreover, the use of existing opportunities will allow realizing the existing potential and will become a prerequisite for the gradual strengthening of the country's competitive position and adaptation of the national economy to global transformations.

Also it is crucial to include the most resonance period in Ukraine's latest history known as EuroMaydan of 2012 into a data while analyzing the image influence on investment attractiveness for the analysis to reflect the reality without a distortion and with the major event consequences taken into account.

Therefore, in order to calculate and measure the image influence on the investment attractiveness of Ukraine we will use such index rankings as: Corruption Perception Index Ranking; Global Peace Index Ranking; Human Development Index Ranking; Doing Business Index Ranking; Global Competitiveness Index Ranking; and Legatum Prosperity Index Ranking thought the mentioned earlier time period.

## **Conclusions to Chapter 1**

The concept of an image was researched by many scholars and has long been included into the conceptual apparatus of such sciences like economics, sociology, political science, psychology, philosophy, cultural studies, etc., and is studied in each of these sciences according to the scope of application and use.

The emerging international image of the country is the most generalized form of manifestation of the place of the national economy in the world economic system.

The image of the country as a positive design can greatly affect foreign direct investment; the prosperity of the national tourism industry, the attractiveness of the domestic labor market and educational systems, the export of goods and services



globally, as well as international relations and the degree of political influence of the country.

Studies show that the image of the country as a "cognitive image of what a person has about a given country" has a wide range of effects: the image of countries has a critical impact on foreign direct investment, the prosperity of the national tourism industry; the attractiveness of the domestic labor market and educational systems, as well as the stability of international relations and the degree of political influence of the country in the international system. The image of the country has a significant impact on the success of exports, as they affect how people value the quality of products and services and affect the willingness of people to pay. Investment attractiveness – is the level (amount) of investment attracted at a certain point in time.

Investment climate – economic and financial conditions and a combination of other factors based on patterns developed in country/region over a long period.

Country's image – general perceptions and beliefs formed by various factors based on patterns over a long period.

The change of the image of the country with a certain purpose transforms the concept of an image into the notion of a brand.

Research on the factors of the country's image and investment attractiveness claim that image is one of the many components of the investment attractiveness of the country and has a significant impact on the investment attractiveness - that is, the ability of the country to attract investment.

Scientific research on the factors of the image of the country and investment attractiveness have a very wide variation in the definition of these same factors. This is due to the fact that in fact, such multilevel concepts as image and investment attractiveness are determined by an extremely large number of factors. That is why different scientists distinguish for themselves the different level of inclusiveness of factors in the research methodology and the varying degree of detail of these factors. If we observe the relationship between the factors of the image and the investment attractiveness, then the scheme of interconnection of these concepts is confirmed.

Various variations of these approaches to the assessment of qualitative categories in the development of science and economics formulate specific integrated indexes and ratings developed by international organizations and trusted eminent rating agencies.

Ukrainian scientists that study image analysis do it differently, but they all apply common approach, such as using international indexes as image factors and analyzing their influence. By using the rule of transitivity we assume that international indexes as factors and as representatives of Ukraine's image dimensions transitively influence the investment attractiveness of Ukraine.

Unfortunately, the methodology of each index presented earlier in this paragraph is impossible to reproduce Therefore we developed a methodology for determining the influence of image on investment attractiveness of Ukraine that includes correlation and regression analysis as well as SWOT analysis.

## **CHAPTER 2. THE STUDY OF THE IMPACT OF UKRAINE'S IMAGE ON ITS INVESTMENT ATTRACTIVENESS**

### **2.1. Investigation of the Image of Ukraine**

To start to investigate Ukraine's image it is primary to state that the location of Ukraine in the southeastern part of Europe, at the intersection of three huge geopolitical arrays - the Euro-Atlantic, Eurasian and Islamic - creates a unique civilization space. In this, you can see both certain advantages and huge problems, but such an arrangement is crucial for the fate of Ukraine. Therefore, Ukraine as a young independent state must realize itself in such a geopolitical context, to define its geopolitical interests, taking into account the complex system of interests of different countries and the modern balance of forces - economic, political, military, spiritual [58].

The rather unfortunate discovery comes from Ukraine's own image research or development surfacing the absence of those or any activity of the Ukrainian government or other institutions aimed at Ukrainian image branding, both internationally or within the country up to 2018. Unfortunately, it took 27 years of being a sovereign state for the Ukrainian government to launch a wholesome marketing campaign for building the Ukraine brand in the World.

Referring to the image research conducted by "banda agency" it is stated that worldwide Ukraine is perceived as and associated with "corruption", "revolution" and "war action". Those 3 dimensions of information that come out through media now have formed the basis of Ukraine's image. Therefore, any other information about our country regardless bad or good will be constructed over those 3 pillars of Ukraine's image. Moreover, people who either haven't been to Ukraine or have very limited access to knowledge about the country (which is the majority of population abroad) tend to imagine Ukrainian population as closed, aggressive and intolerant people. Needless to say that this kind of image constructed by what you can hear and see in



the news does not reflect the reality and is an adverse factor for Ukraine's economic situation destimulating investment and tourist inflow.

Taking into account mentioned above the research shows proof that Ukraine's perception abroad is critically distorted. Factually, people who have been to Ukraine at least one-time note to be positively surprised to see the opposite of what they expected to see. Particularly noted areas are the warm hospitality of Ukrainians, picturesque sceneries, cultural heritage, and architecture etc [59].

In order to explain such situations, it is important to state that if there is no positive image reinforcement strategy supported throughout country's activities and international interaction due to the nature of current mass media in satisfying public's need for entertainment it will disseminate, multiply and dramatize negative information that eventually is damaging for Ukraine.

To investigate Ukraine's image further it is necessary to research how Ukraine is being depicted by biggest consulting agencies, which study country's image and country branding. The image of Ukraine has been investigated alongside with other countries by consulting companies that have the biggest volume of research dimensions with the widest scope of countries. Ranking gives a more or less objective assessment, which contains not only "absolute" information, but also "relative" - a comparative one, which allows you to see the country in the context of others and in their background [60, 61].

It needs to be mentioned, that the first conclusion out of the Ukraine international image research is the absence of prominent or noticeable description of image rather due to Ukraine image itself being almost absent in the international information field [62].

Firstly, the most recent and consistent throughout the years study done by BrandFinance that determines the brand rank trough the brand value. The dynamics is depicted on figure 2.1.

In 2017 Ukraine took 61<sup>st</sup> place out of 100 by increasing its value by 22% up to 68 USD billions with the nation brand strength equal to "A-" [68].



Figure 2.1. Ukraine's Brand Rank, by BrandFinance, in 2010 – 2017

*Source: composed by author based on [67]*

The impact of the conflict on Ukraine has been even greater however. However, a turn towards western values of transparency and democracy has certainly had some impact in improving Ukraine's reputation in Europe, the US and beyond. Continuing instability is a major problem for its nation brand. In losing Crimea, Ukraine has lost not just a significant landmass and economic base, but the better part of its tourist industry. Ukraine's brand value mln, USD for 2010 – 2017 in figure 2.2 below.

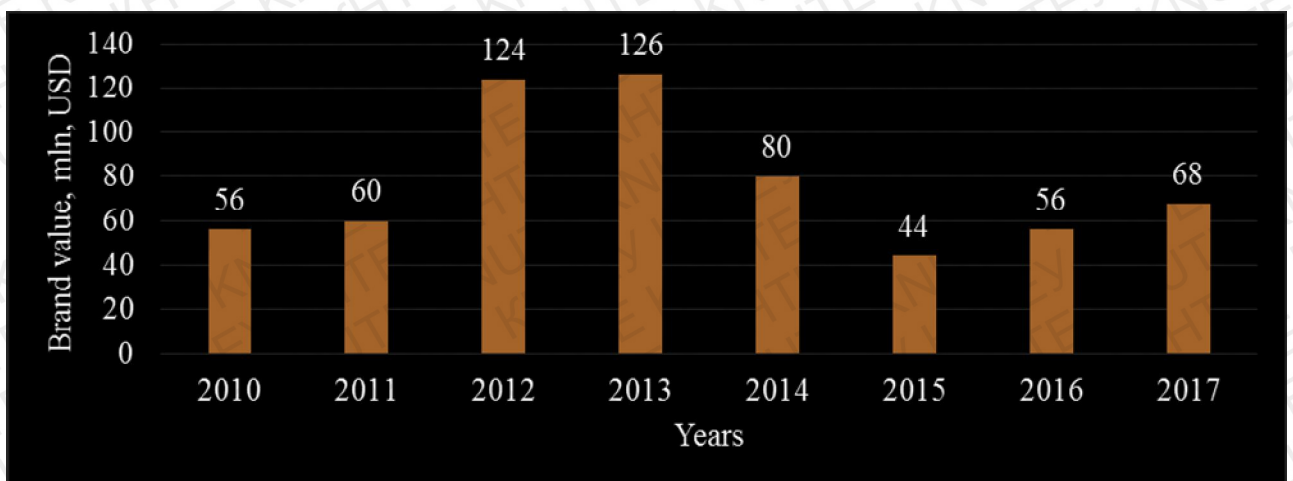


Figure 2.2. Ukraine's Brand Value, by BrandFinance, in 2010 – 2017, mln USD

*Source: composed by author based on [67]*

With a continuing war in the east, as sympathetic as western investors would like to be, Ukraine remains a very risky prospect. A perhaps unsurprising consequence is that Ukraine has suffered the most dramatic drop in nation brand value of any country this year; total nation brand value is down 37% to \$80 billion.

Given the fact that country brand often do not have immediate economic returns the studies disclosed below include cumulative assessment of image of the country for a period of time average five years.

Secondly, Bloom Consulting that studied the image of Ukraine following its methodology assesses the impact of perceptions in both Trade and Tourism.

Bloom Consulting calculates its figures as an average of a country's total annual figures over a five-year period (2010-2014) and over 3-year period (2015-2017).

Ukraine Nation Brand appeal from a tourism perspective was ranked 84th out of 193 countries worldwide (going down 3 places lower), and 32 out of 41 in Europe region with Country Brand Strategy in tourism rated "A" in 2017.

Ukraine Nation Brand appeal in 2017 of from a trade perspective ranked 44th out of 193 countries worldwide (going down 3 places lower from 2015), and 18 out of 41 in Europe region with Country Brand Strategy in tourism rated "BBB". Bloom Consulting noted that the Ukraine has one of the weakest performers, falling to the 44th spot of the Ranking.

Digital Country Index Measures the Brand appeal of countries and territories in the Digital World and consists of five categories - digital country index dimensions.

The 100% of the image is distributed as such: Investment – 1%; Tourism – 9%; Talent – 12%; Prominence – 11%; Exports – 67%.

Needed to be mentioned that if ranked by the dimensions of digital country index: in Investment Ukraine ranked number 15 among European countries, in Tourism – 32, in Talent - 26, in Prominence - 23, Exports 21 [63].

Worldwide: in Investment Ukraine ranked number 43, in Tourism – 93, in Talent - 61, in Prominence - 63, Exports 60 [64].

Bloom Consulting evaluates Ukraine's brand puts low in ratings



Moreover, rating of components of Ukraine digital country index dimensions presented in figure 2.3 below.

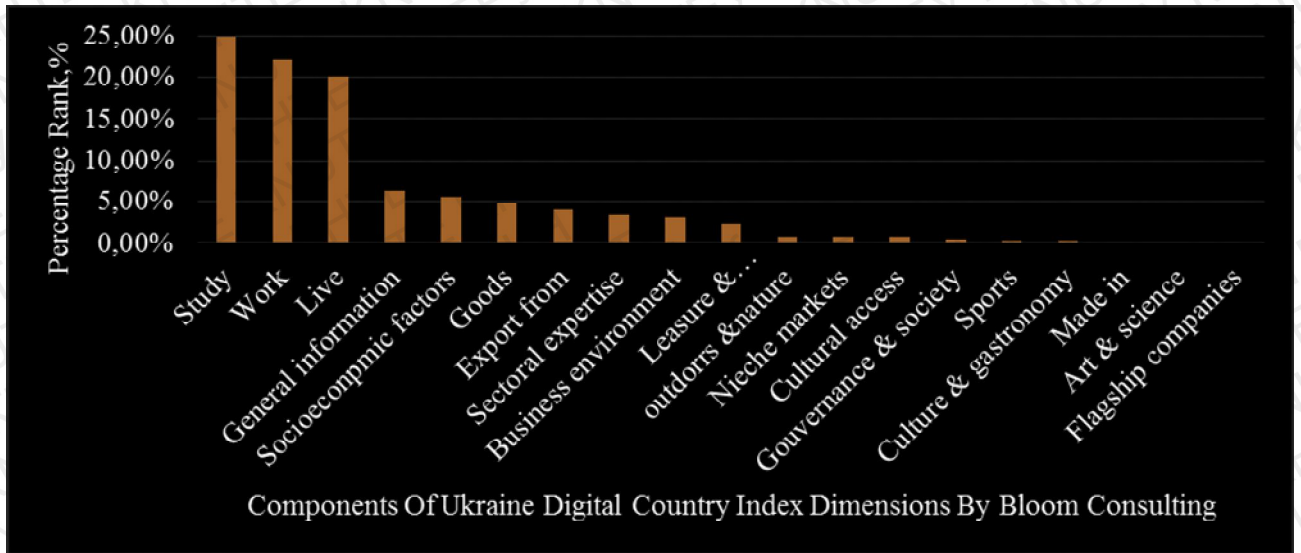


Figure 2.3. Rating of Components of Ukraine Digital Country Index Dimensions, by Bloom Consulting, in 2017

Source: composed by author based on [66]

Overall Ukraine in Digital Country Index is ranked 61<sup>st</sup> out of 243 countries in the World (going down 9 ranks since 2015), and in Europe 24<sup>th</sup> out of 55 countries [65].

Thirdly, FutherBrand had the latest investigation if country's image in 2017 with its Country Brand Index methodology with the results presented on figure 2.4.



Figure 2.4. Ukraine's County Brand Investigated by FutherBrand, in 2017

*Source: composed by author based on [67]*

Moreover, as you see on figure 2.3 Ukraine is in the bottom left square named as “just countries” which have weaker than average perceptions overall against both status and experience dimensions, although some are stronger than others.

The important comparison is that Russia sits at the threshold of country brands in terms of perception strength, whereas, Ukraine (like Nigeria and Bangladesh) has the weakest perceptions overall. Overall Ukraine’s Country Brand Index rated 74th out of 75 studied countries in 2015 in the world and 29th out of 29 in Europe.

The fourth major researcher is Anholt with The Good Country Index. Over the years with available data from Anholt, it ranked Ukraine 99th in 2014 and marked the improvement giving the 73rd rank in 2016.

Currently in Good Country Index Ukraine takes 54th rank out of 163 countries in 2017. According to methodological dimensions of this index Ukraine ranked 1st in Contributions to Science & Technology; 62th in Contributions to Culture; 108th in Contributions to International Peace and Security; 57th in Contributions to World Order; 128 in Contributions to Planet and Climate; 72 in Contributions to Prosperity and Equality; 55 in Contributions to Health and Wellbeing [67].

In addition, Ukraine comes up in other research papers on country image and branding but as it was mentioned before due to lack of prominent worldwide image Ukraine does not get a full elucidation. For example, East West Global Index 200 ranks 200 countries and territories, including all 193 UN members, based on how they are described in major media. Perceptions of Ukraine in media scored 30.961, being mentioned 24,657 per year 2011 giving Ukraine 191<sup>st</sup> place worldwide [48].

The most up-to-date 2018 rating by Portland's in-house Content & Brand team Global Ranking of Soft Power in its report remarks Ukraine in the context of reputational security and stating the importance of strong national brand in provision of security. According to Portland Ukraine was best known for having been part of the Soviet Union and maintaining a complex set of interconnections to Russia which did not help when the Ukraine crisis struck. Rather the public’s knowledge of



Ukraine's former connection to the USSR made the Kremlin's narratives about loyal separatists seem plausible. Ukraine was not seen as contributing anything important as a singular and unified entity that would be lost if a neighbour's military intervention chipped away at a province or two. It did not help that a wave of disinformation and uncertainty confused the picture for the international public, but sympathy for Ukraine and its plight was plainly much more limited than, say, international concern for the integrity of Poland during the martial law crisis back in 1981-83 [69].

That example supports the conclusion of Ukraine having a major "gap" of international country's image perception and exemplifies the consequences of such country's strategic branding being absent for a long period of time.

In order to have a better understanding of image of Ukraine it is important to disclose the self-image of Ukraine as one of image aspects.

Thus, the results of the study by the Ilk Kucheriv Democratic Initiatives Foundation, together with the Razumkov Center's sociological service, showed Ukraine's perception of Ukraine.

Thus, 74% of the population (58% in 2014, 68% in 2015, 67% in 2016) believe that events in Ukraine are in the wrong direction, 14% believe in the correct course of events. (22% in 2014, 15% in 2015, 16% in 2016) and 12% (20% in 2014, 17% in 2015, 17% in 2016) p.) did not determine their opinion, on figure 2.5 below.

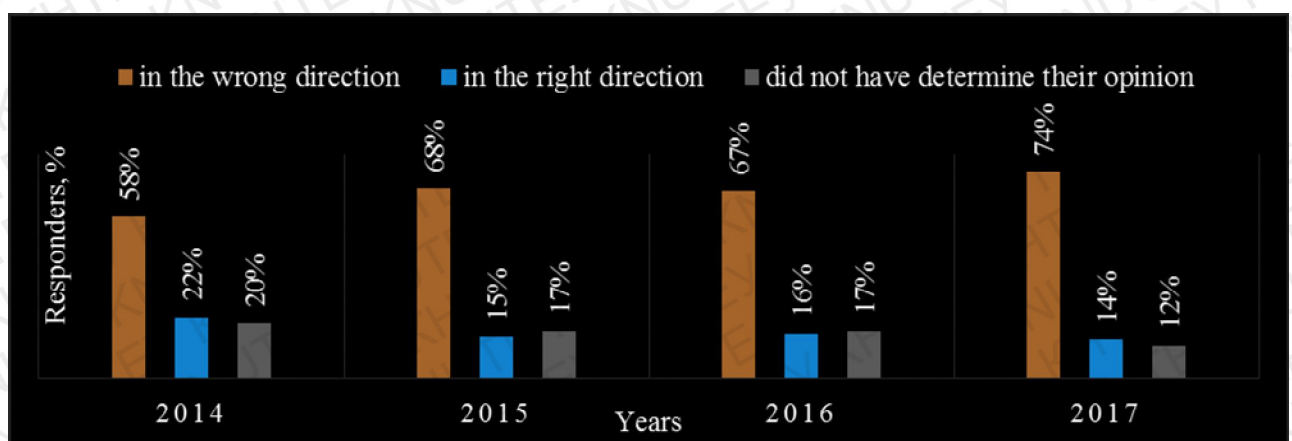


Figure 2.5: People's Ideas Concerning the Direction of Changes, in 2017

Source: composed by author based on [70]



For those who believe that Ukraine is in the right direction, the main arguments of this confidence are Ukraine's progress towards European integration - 76%. Other arguments are represented by the hierarchy on Figure 2.6.

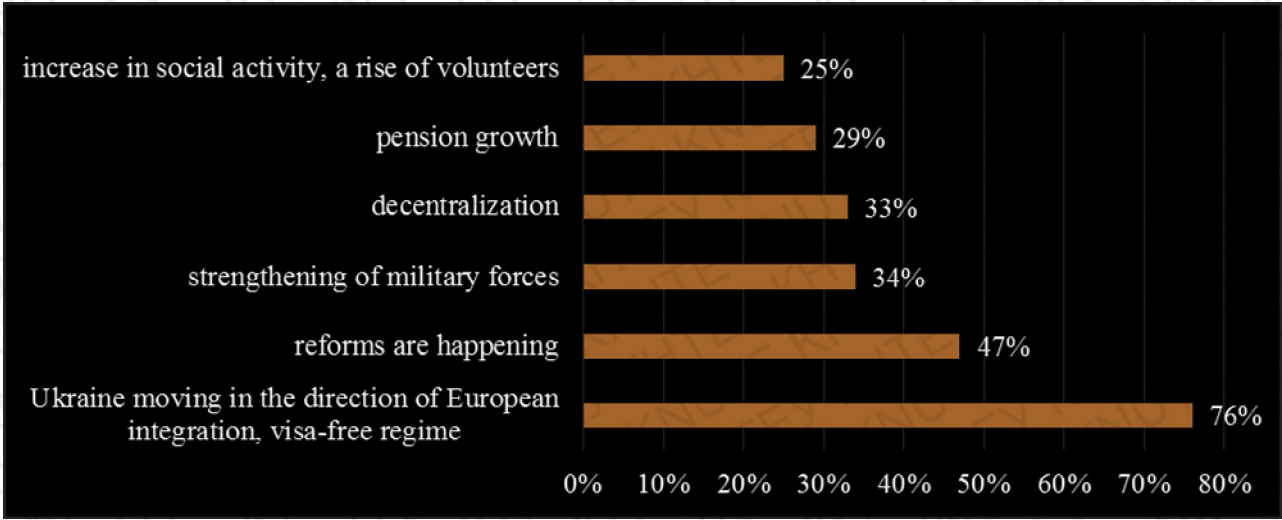


Figure 2.6: Arguments for Ukraine Is Moving in a Wright Direction, in 2017

Source: composed by author based on [70]

For those who believe that Ukraine is heading in the wrong direction, the biggest evidence of road falsehood is the argument that the war in the East continues 74%, Other arguments are represented by the hierarchy on Figure 2.7 below.

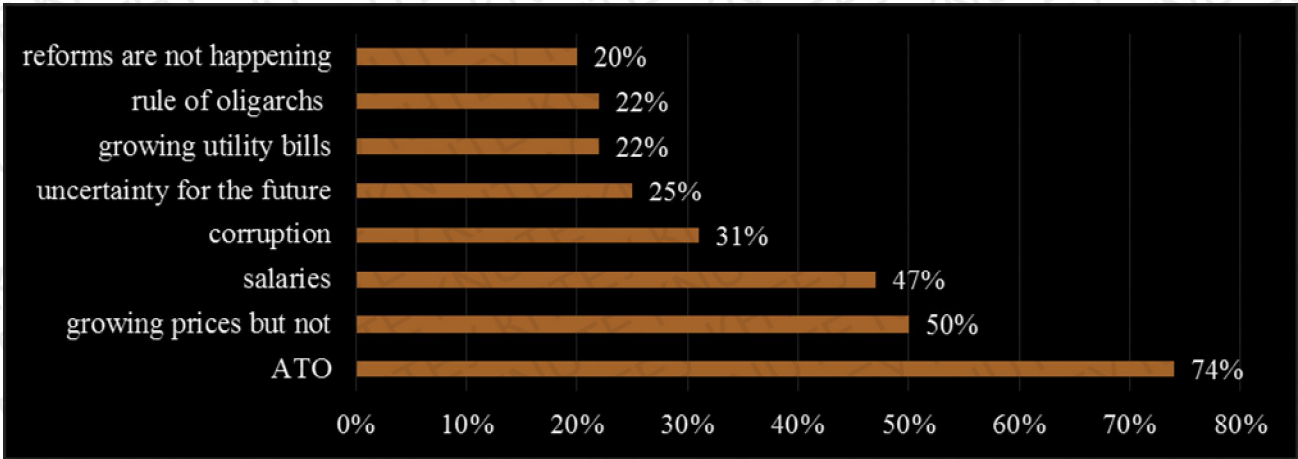


Figure 2.7: Arguments for Ukraine Is Moving in a Wrong Direction, in 2017

Source: composed by author based on [70]

For the majority of the population, the main signal that the country began to go "in the right direction" would be primarily the establishment of peace in the Donbass

(75%), the overall growth of the Ukrainian economy (50%), the general increase in people's living standards - pensions, salaries, scholarships (42%), prosecution of corrupt officials (46%), creation of new jobs (30%).

Only 21.5% of the population is certain that Ukraine is able to overcome the existing problems and difficulties in the next few years (although, in 2016, those were even less - 17%), 49% believe that this will happen, but in the longer term, and 15% are generally convinced of the country's failure on Figure 2.8 below.

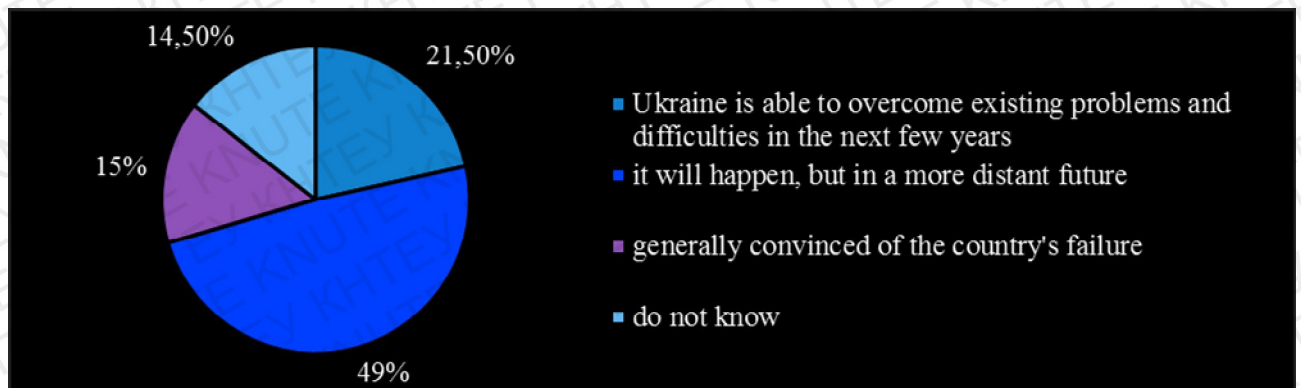


Figure 2.8: People's Beliefs about Ukraine Overcoming Its Challenges, in 2017

Source: composed by author based on [70]

According to citizens, in most areas of life, the situation in Ukraine in 2017 has deteriorated significantly. The most negative changes occurred: in the level of prices and tariffs - 87% of the population, as well as in the economic situation in Ukraine (72%), and in the level of stability (72%) noted this deterioration. The hierarchy on Figure 2.9 represents other dimensions of negative changes in the eyes of the population.



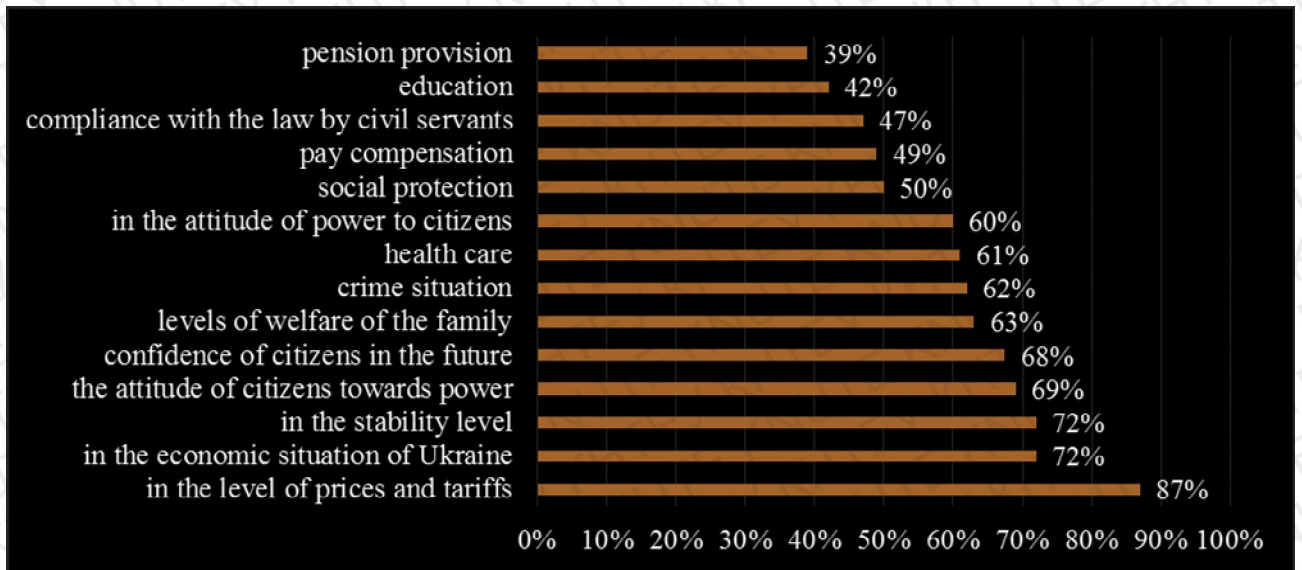


Figure 2.9: Aspects That People of Ukraine Believe Got Worse, in 2017

Source: composed by author based on [70]

Mostly nothing has changed in such areas as the situation of the Ukrainian-speaking and Russian-speaking population, religious and ethnic minorities, the level of freedom of speech and democracy, interethnic relations on figure 2.10.

Opinions about the situation of human rights are divided (40% believe that the situation has not changed, and 39% - that has changed for the worse).

The only area where citizens noted improvement is the defense capability of the country - 39% of the population saw changes for the best (for the worse - 21%).

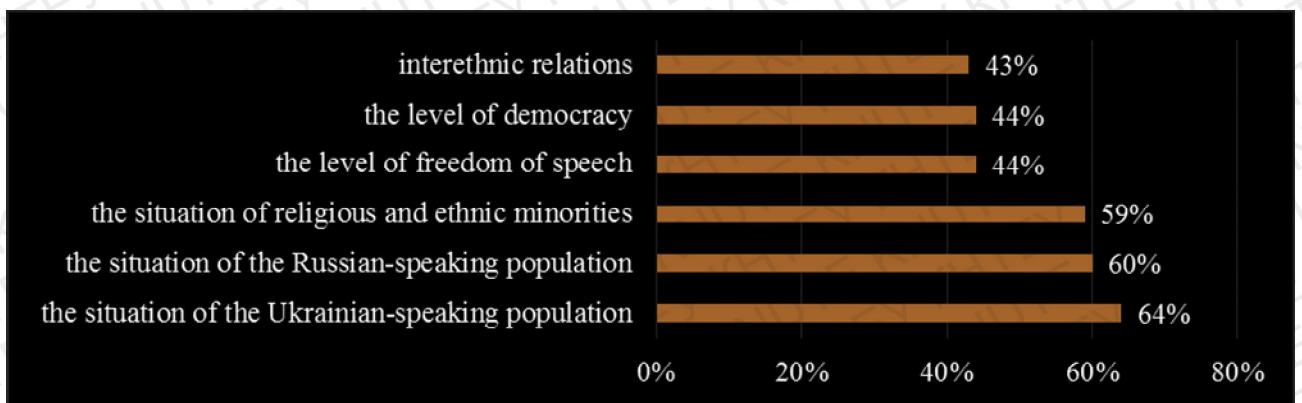


Figure 2.10: Aspects that People Believe No Changes Happened, in 2017

Source: composed by author based on [70]



Almost shared views on the international image of Ukraine: 24% of citizens believe that the image has changed for the better, 34% - for the worse, and 28% think that it has not changed on figure 2.11.

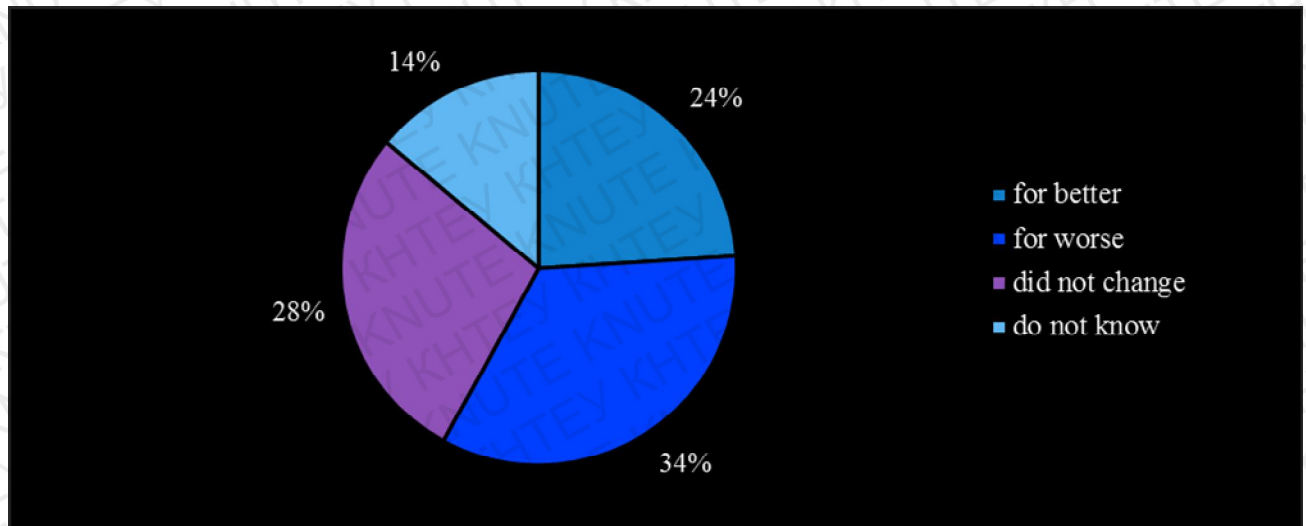


Figure 2.11: People's Beliefs about International Image of Ukraine, in 2017

Source: composed by author based on [70]

In general, the situation in the country, according to 69% of the population, has changed for the worse (in 2016 - 73%).

Compared to last year, in 2016, certain changes in public opinion were noted in the health sector (in 2016 53% of them noted, 61% in 2017), in education (36%, respectively, and 42%), in observance of the rights and freedoms of citizens (32% and 39%). At the same time, in certain areas of the population there was a clear change for the better: in 2016, only 4% of the population saw changes for better pensions, in 2017 they were already 22.5% (49% marked worse, 49.6% in 2016 %) and in wages - changes for the better in 2016 were marked by only 3%, whereas in 2017 - 15%.

In recent years, public opinion on the choice of foreign policy orientations is stable. In December 2014, 57% opted for EU membership and 16% for the Customs Union, in December 2015, respectively, 56% and 13%, in December 2016 - 58% and 11%, in December 2017 - 59 % and 11%. However, there is also a steady difference in the foreign policy orientations of the citizens between the regions: according to the poll, the western region is usually almost completely oriented towards the EU (82%

vs. 1%), the Central Region also has a pro-European orientation (67% vs. 7%), prevails pro-European orientation in other regions: Southern (38% vs. 14%), Eastern (37% and 26%), Donbass (37% and 9%). However, in the South and in the East, and especially in the Donbass, a significant part of the population with its orientations was not identified (respectively, 47%, 37% and 54%).

The introduction of a visa-free regime is considered to be important for 48% of Ukrainians. The most important "no-visa" is for residents of the Western region (61% of its inhabitants have noted it) and Central (50%). In other regions, the importance of a visa free regime is smaller, but it is still noticeable: 34% in the Southern region, 34% in the Southern region, and 30% in the Donbass region. Of course, the importance of a visa-free regime varies considerably from age: among young people under the age of 30, it is important for 64%, among people under 40 - 57%, at the age of 40-49 - 51%, 50-59 years - for 38%, and among the people who for 60 years, the importance of visa-free regime was noted by 26%.

Most people believe that joining NATO would be the best option for Ukraine's security - 38.5% believe this, and another 5% are hoping for a military alliance with the United States. The non-tribal status is defended by 29%, and the support of the military alliance with Russia and other CIS countries is already stable 5%. However, there are significant regional differences in this issue: NATO membership is supported in the Western (58%) and Central (43%) regions, while in the Southern (39%), Eastern (43%) regions and Donbass (44%) the advantage of the neutral status of Ukraine.

If a referendum on Ukraine's accession to NATO took place in the near future, 64% of the population would participate in it, of which 66% would vote for, 21% against (14% were not determined). At the same time, the results in different regions could be different: according to the poll, if a referendum on Ukraine's membership in NATO took place in December 2017, those who participated in the referendum would vote almost unanimously in favor of the Western region (90 %), most would vote in the Central region (69% - for, 23% - against) and in the South (63% and 26%

respectively). But in the Eastern region, the results would be opposite: 39% are ready to vote, 60% against it.

The main feelings of people when they think about the future of Ukraine are hope (51%), optimism (31%) and anxiety (28%). These feelings prevail in all regions of Ukraine, with the exception of Donbass, where the feeling of anxiety dominates (41%), but hope is also significant (38%), and, unlike the rest of the regions, the feeling of hopelessness (26%) is very pronounced.

The absolute majority of Ukrainians consider themselves primarily citizens of Ukraine (73%), regional identification prevails only in 16%.

In total, 59% of Ukrainians in 2017 were very or mostly happy.

The main political event of 2017 in Ukraine undoubtedly was the recognition of the introduction of a visa-free regime with the EU (26% of citizens noted this). The following are followed: war (9%), pension reform (6%). However, a quarter of respondents could not name a single event. The politician of 2017, 10% of the population, as well as last year (9.5%) called Peter Poroshenko. 43% of the citizens did not name any candidate [70].

## **2.2. The Analysis of Factors that Influence Ukraine's Image**

In the modern world, a bad image, or even a lack of it, is a significant shortage for a country that seeks to be competitive on the international scene. The image is considered as a necessary component of a strategic asset of the state.

Confirmation of Ukraine's negative perception in the world is an obstacle to protecting national interests, effective partnership cooperation with international organizations, receiving the same financial assistance in the aftermath of the crisis, in the end - to simplify the visa regime for Ukrainian citizens.

Since the image is a rather complicated construct, for further analysis of its characteristics and degree of optimality it is necessary to consider the factors that created the image of Ukraine and to determine the objective image of Ukraine at the given moment of time, that is, by 2018.



From the beginning of the formation of independent Ukraine, its international image was based on the image of the former USSR, where a large industrial, military and, to a large extent, intellectual resource was concentrated. This contributed to the promotion of the urgent foreign policy tasks of the Ukrainian state: recognition of its international sovereignty, consolidation of its new status in international organizations and regimes of providing international support for certain reforms of the authorities. However, the Ukrainian elite of the time did not support this as a brand, the information sphere was left to chance, or was mentioned as one-time, under-thought-out actions, not systematically. As a result, the image of Ukraine was formed as an unpredictable, criminal, autocratic, oligarchic, low-level public culture of state formation and a high level of corruption of the buffer between the European Union and the Eurasian Conformity states.

A negative factor in the international image of Ukraine is the frequent change in legislation, as it is a sign of the instability of the legislative framework of the state. One of the biggest problems is the rumors about the Ukrainian mafia and corruption, as well as the illegal migration of labor force from our country abroad.

In relation to the population - the image of it has acquired such signs, namely:

- 1) unable to nominate a charismatic leader of a nation capable of leading a majority of citizens;
- 2) politically passive, destitute in power.

In addition, an informational installation of anarchism was produced: where there are two Ukrainians, and then there are three hetmans, while the third one is waiting for them from abroad.

Considering the modern period of formation of the image of the Ukrainian state, the following factors are attributed to its features:

- 1) the dominance of the oligarchy formed in the state ownership of the industrial era, mainly the raw material economy (mining, metallurgy) in the state power bodies;
- 2) raiding;
- 3) corruption;

- 4) neglect of the constitutional principles of distribution of powers;
- 5) neglect of the rights of citizens;
- 6) non-compliance by the authorities with legislation on social protection of the population, curtailing the constitutional rights of employees by employers;
- 7) a significant increase in the economic gap between the rich and the poor, etc. [71].

Our state is rather weak and mainly represented from the negative side in the global information flow. The leading global media, such as the International Herald Tribune, the Wall Street Journal, the Financial Times, and others, devote enough of their space to Ukrainian news with a negative message [72].

At the same time, in the information sphere, the use of the achievements of information technologies for influence on consciousness, will and feelings of people in the form of historical, ethno-cultural and political myths, which have manipulative content for incitement between different ethnic components of society on a linguistic and regional basis, are underestimating the importance of the language of the state-building nation in the minds of the population.

It should be noted that nowadays in the world the formation of the image of the country, of the authorities, and of the state is carried out under the constant influence of growing opportunities of the Internet as mass media in the form of social networks, mass electronic telecommunications, which has become a trend. The influence of web resources on the formation of public moods in the country is increasing. At the same time, it becomes obvious dehumanization of the domestic mass-media space, which manifests itself in messages aimed at increasing population aggression [73]. Such a state of the national mass media creates favorable conditions for the implementation of external informational influences against citizens and the state, aimed at deconsolidating the society, reducing the level of trust between citizens and the authorities, creating sources of further tension between them.

Today, the main elements of the international image of Ukraine are also mainly related to public disobedience and dissatisfaction with the internal and external policies pursued by the government, the presence of victims among the participants

of the EuroMaidan, torture of citizens and the opening of criminal cases against activists, the adoption of a series of "dictatorial" laws of 16.01.2014 p., which was only canceled due to the powerful dissatisfaction of the public. On the other hand, it was Euromaydan that somehow saved the image of Ukraine in the world. One of the undeniable positive effects of the Maidan is that the world began to clearly distinguish Ukrainian power and Ukrainians. The opinion of some experts was that the Ukrainian community would be ready to immediately sign the Association Agreement with Ukraine, without any objections and discussions, if the Ukrainian authorities were to change [74].

On the other hand, one can even perceive the idea that the negative image of Ukraine is a result of purposeful work. The state is promoting the image of a disadvantaged country, a weak, inexperienced, and victimized from Chernobyl, a Holodomor, and an unfortunate victim of communism. Moreover, the victim's role is an exquisite form of consumption. Strategy - to push for pity and constantly ask for help from the IMF. Negative associations in the perception of Ukraine are the Orange Revolution of 2004, which did not substantially change anything in society, except to increase the frustration of citizens in their choice, as well as corruption and problems in relations with Russia.

Another factor that does not contribute to optimizing the image of Ukraine is the lack of diplomats and specialists in international media and cultural communications policy, and the Ukrainian press attache and other diplomats who are called to work with the public at Ukrainian embassies abroad are not sufficiently skilled. In the end, there is a lack of professionals in the field of imagemaking and public relations within the country, who could be entrusted with the formation of the external image of Ukraine.

Paradoxically, Ukraine, being a big European state, does not attract the attention of Western media (except for the events of EuroMaidan, and now it is the events in the East). The number of representatives of foreign media operating in Kiev has been constantly decreasing over the course of the 1990s, and today only, a few



are fully working. Therefore, many information materials about Ukraine, which are published in Western media, are written by Russian correspondents.

Thus, the image of Ukraine as a "non-serious" country with an unclear past, uncertain future and fuzzy geostrategic choices gradually emerged, which even encouraged the former President of Ukraine L. Kuchma to publish in 2004 a book with the eloquent title "Ukraine is not Russia". The creation of a negative image of Ukraine was also made by Russian officials who defined Ukraine as a "bankrupt country," which cannot even pay for Russian gas consumed by it. [75].

It should be added that today Ukraine's negative international image prevails over its achievements, especially in view of the violent suppression of public disobedience to EuroMaidan, the Anti-terrorist operation in the east, and so on. A state with such an image is problematic for concluding certain agreements, forming political and economic relations. In general, the state, which for a long time demonstrates internal turmoil, the permanence of crisis phenomena, cannot be perceived as an equal partner in geopolitical timescales.

Moreover, the differences between declared Ukraine's foreign policy strategy in the form of a desire for European integration and sluggish internal reforms, as well as between foreign policy preferences of the elite and the public, are obvious. Among Ukrainians, too, there is no consensus on the geopolitical strategy that contributes to the split in society. As noted earlier, the views on a priority geopolitical partner differ considerably among Ukrainian citizens, which contributes to the split in society.

However, the formation of an image should not suffer from changes in political elites; there should be a state consolidated position on politics, economy, investment and tourism opportunities that will strengthen Ukraine's position on the international arena.

To current negative factors of the image of Ukraine, it is necessary to include:

- 1) large tax burden for small and medium-sized businesses and a complex tax system.
- 2) corruption at all levels of power, non-transparency of decision-making procedures by executive authorities;

3) the inability of mechanisms for ensuring market rights and freedoms of investors, as well as the low level of investor protection [76];

4) military actions in the East of Ukraine, since the capital flows out of the occupied territories; there is also a high risk for the investor, in particular, foreign investors are confronted with uncertainty as to how their investments in Ukraine are protected during armed conflict and military occupation.

Our strengths are everything that does not relate to the economy and politics: culture, sports, history (football player A. Shevchenko, boxers Vitaliy and Volodymyr Klitschko, singer Ruslana Lyzhichko, Vera Serdyuchka and Jamal, bright Eurovision participants, in particular, EURO 2012 and 2017, high potential of domestic scientists, good nature, friendly and hard-working people, etc.). In the modern world, tired of the hyperpragmatic values of the consumer society, these things are important, especially for those of the high living standards of the "golden billion". It seems that with the right approach, these advantages of Ukraine can become "drivers" to improve the image. Only if we manage to overcome our general weakness - the lack of patriotism and the inability to sincerely be proud of our country, even in spite of the fact that it will be proved by representatives of the management elite.

In addition, the competitive advantages of Ukraine include:

- a large territory of 603 628 km<sup>2</sup>. The largest country in the territory of those whose territory lies entirely in Europe [77].
- Favorable geopolitical location. Ukraine has access to the Black Sea basin; located at the intersection of the transport routes Europe - Asia, North-South;
- prospects for agricultural activity - high fertility of soils, Ukraine has one of the best quality of soils in the world;
- high level of natural resource availability. Ukraine is known for the high amount of minerals (manganese ore, coal, iron ore, potassium salts, clay raw materials, etc.);
- cheap skilled labor - the average monthly salary of Ukrainians is much lower than the wages of workers of foreign countries.

It should be noted that the above-mentioned competitive advantages are due, unfortunately, not to the achievements of the Ukrainian economy, but to the potential provided by nature.

In addition, the presence of cheap labor shows the attitude of the state and employers to hired workers. The consequence of such behavior is the desire of the citizens who are the main labor and scientific qualification resources of Ukraine to leave our country.

All mentioned is well reflected in Sustainable Development Global index report (SDG). Ukraine was rated 39<sup>th</sup> out of 156 countries [78].

Sustainable Development Global index report (SDG) of 2018 gives an opportunity to the completely objective picture of Ukraine that represents current reality of our country in different directions.

According to Sustainable development report, Ukraine has no absolute poverty (square #1) and no problems in such areas as clean water and sanitation (6) and income inequalities.

The Ukraine's performance in Sustainable Development Global index 17 dimensions is depicted on figure 2.12, [78].



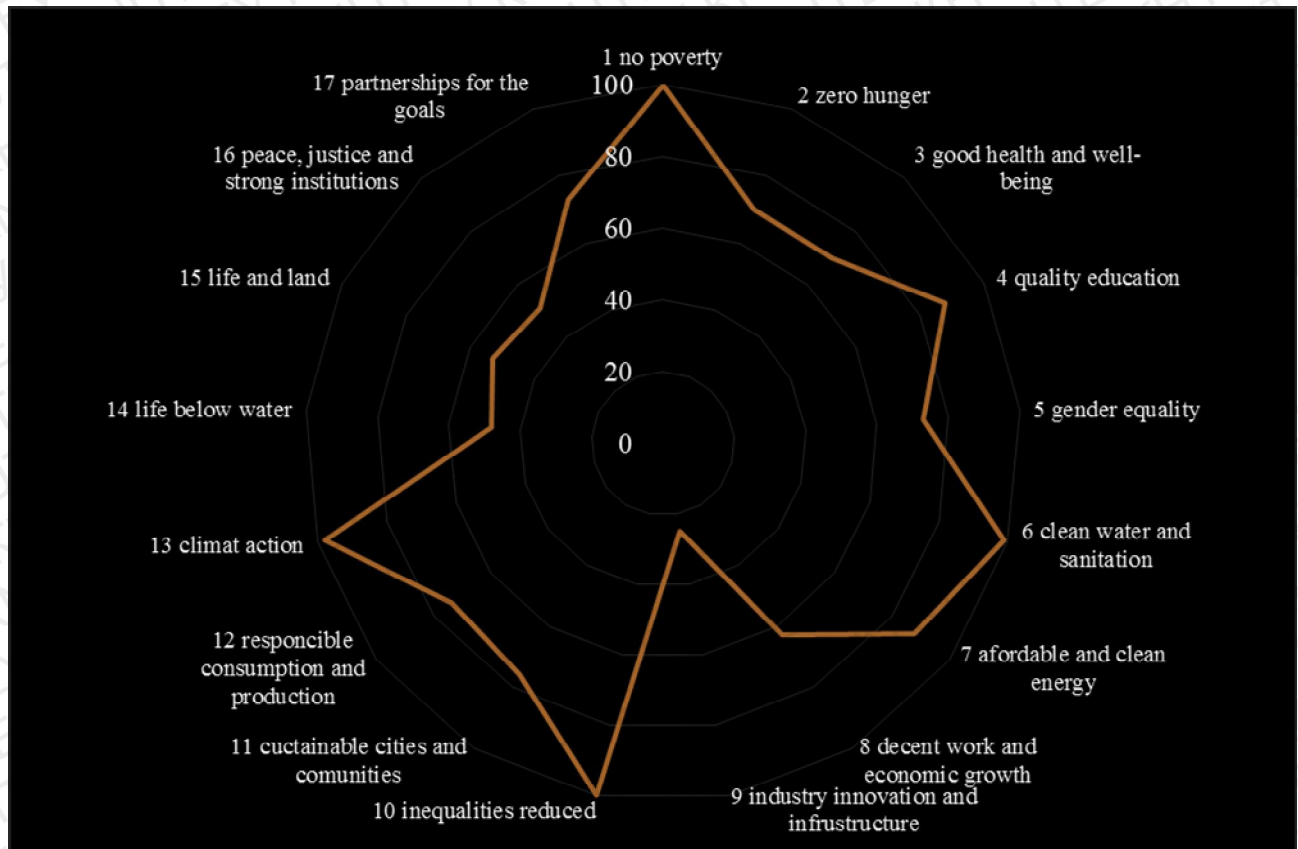


Figure 2.12: Ukraine's Performance in SDG Index 17 Dimensions, in 2018

Source: composed by author based on [78]

Slightly fewer positive prospects Ukraine has with numbers 4, 7, 17 as:

- education (literacy rate 100%, but net primary enrolment rate 92,4%);
- affordable and clean energy (emissions rate is higher than it could be);
- partnerships for the goals (Ukraine being tax haven brings only 19,6% of tax revenue in GDP to government consequently causing health and education spending to go down).

Average to low points Ukraine has in areas # 2, 5, 8, 11, 13, 15 as:

- zero hunger (no undernourishment but prevalence of obesity goes up);
- gender equality (weak point is the 12% of women in parliament);
- decent work and economic growth (negative adjusted gdp grows and 9,5% unemployment rate)
- sustainable cities and communities (only 85% of urban population has improved water source, and piped)

- climate action (energy-related co2 emissions per capita are going up fast, but climate change vulnerability index is 0);
  - life on land (high pace of deforestation of 7,2% per year).
- Bad situation described for Ukraine in areas # 3, 9, 12, 14, and 16 as:
- good health and well-being (tuberculosis; hiv prevalence; death rate due to cardiovascular disease, cancer, diabetes, and chronic respiratory disease are high; and subjective wellbeing and universal health coverage are low);
  - industry, innovation and infrastructure – the worst dimension (particularly low: research and development expenditure and mobile broadband subscriptions; only 52% of population are internet users and infrastructure and logistics are not efficient; number of scientific and technical journal articles is low);
  - responsible consumption and production (anthropogenic wastewater that receives treatment is low and production-based so2 emissions is high);
  - life below water (worsening situation with ocean health index-clean waters 59.6%; ocean health index-fisheries 53.5% and fish caught by trawling 90%);
  - peace, justice and strong institutions (high corruption and low government efficiency; high level of homicides and population in prisons; property rights are not protected and people are not feeling safe outside walking in cities alone at night).

To summarise, that the worst indicators are the impact of bureaucracy, corruption and tax policy on business development and investment attraction, confidence in politicians, the quality of work of law enforcement bodies and the independence of the courts, the quality of roads, the reliability of banks, the protection of material and intellectual property rights property. The best situation in our country with population coverage, the quality of teaching of natural and mathematical sciences, the level of development of the railway and the volume of the market. Over time, the quality of educational services and the level of domestic science is falling markedly. This tendency is due to the lack of implementation of

science-intensive technologies in the production and financing of science at the proper level.

Therefore, the strengths of Ukraine are all that is not about the economy and politics: culture, sports, history. Despite the fact that Ukraine has rich natural resources and favorable geographic location, considerable scientific and cultural potential, it continues to be an outsider in international economic relations. Negative factors hinder the formation of a transparent, reliable international image of our state, and create obstacles for establishing long-term relations of our state with foreign partners.

Next, for a complex qualitative analysis of the image and investment prosperity of Ukraine as the subject of the choice of a certain geopolitical direction, it is necessary to make by means of SWOT-analysis the formation of a strategy for its improvement.

The results of the SWOT analysis reveal weaknesses, threats, as well as strengths and opportunities of improving the image and investment attractiveness of Ukraine in order to group the factors and conditions of the investment attractiveness of Ukraine and determine the necessary measures for its revival and formation of a positive brand of Ukraine (Table 2.1).

*Table 2.1*

**Results of SWOT-Analysis of Factors and Conditions of Formation of the Image of Ukraine**

<b>Internal Strengths</b>	a	b	c	<b>Internal Weaknesses</b>	a	b	c
rich culture and history	4	0.02	0.08	absence of county brand strategy	-5	0.08	-0.4
high level of ethnical tolerance	4	0.02	0.08	historically occurred national split	-1	0.01	-0.01
balanced national character	4	0.03	0.12	the nation of ukraine perceiwe own coutry as bad one and with pissimism	-4	0.04	-0.16
sport achievements	3	0.03	0.09	corruption and low transparency	-4	0.13	-0.52
cheap education	2	0.01	0.02	old or ineffective infrastructure	-4	0.03	-0.12
country have finally chosen the european direction	5	0.05	0.25	unstable politicly	-5	0.09	-0.45
euromayden as expression of ukraine's democratic will	4	0.05	0.2	unstable legislation	-4	0.06	-0.24
level of army and its 29 <sup>th</sup> rank worldwide	5	0.15	0.75	unstable economicly	-4	0.06	-0.24
basic level of standart of living is ensured	1	0.04	0.04	militarisation	-3	0.01	-0.03



absolute literacy	2	0.02	0.04	ineffective or slow reformes	-4	0.1	-0.4
cheap and qualified workforce	4	0.05	0.2	low technological development	-2	0.04	-0.08
consumer market size potential	5	0.08	0.4	lowering standart of living	-5	0.03	-0.15

*Continuation of Table 2.1*

### Results of SWOT-Analysis of Factors and Conditions of Formation of the Image of Ukraine

<b>Internal Strengths</b>	a	b	c	<b>Internal Weaknesses</b>	a	b	c
high level of natural and mathematical sciences school teaching	5	0.05	0.25	ihherited image features from ussr	-2	0.02	-0.04
high potential of national scientists	3	0.05	0.15	low social security	-4	0.1	-0.4
developed railway system	5	0.05	0.25	neglect of human rights, distribution of power and constitutional principles	-5	0.05	-0.25
natural resources abundance	3	0.05	0.15	bad economic indicators	-4	0.02	-0.08
high level of intellectual potential	4	0.09	0.36	low markets and stock exchange efficiency [79]	-3	0.01	-0.03
agricultural sphere development potential	5	0.04	0.2	aids and tuberculosis epidemy	-3	0.02	-0.06
space technologies development potential	4	0.04	0.16	poor healthcare	-4	0.04	-0.16
transport system development potential	3	0.01	0.03	lack of qualified politicians and diplomats, ambassadorsp	-5	0.06	-0.3
industrial development potential	4	0.02	0.08				
informational technologies development potential	5	0.04	0.2				
big landmass	1	0.01	0.01				
<b>Total Weighted Average Score</b>		<b>1.00</b>	<b>4.11</b>			<b>1</b>	<b>-4.12</b>
<b>External Opportunities</b>	a	b	c	<b>External Threats</b>	a	b	c
process of governmental reforms with the assistance of international community	4	0.15	0.6	world polarization between east and west and ukraine being in-between	-4	0.03	-0.12
international agreements with potential partners	5	0.15	0.75	image of ukraine as being not a seriouse partner	-3	0.1	-0.3
development of the relationship with existant partners	5	0.15	0.75	energy dependence	-2	0.05	-0.1
acceptance of international aid and assintance	2	0.06	0.12	russian information war	-3	0.09	-0.27
black see pass	5	0.1	0.5	image of a victim	-3	0.06	-0.18
learning best practices from international partners	2	0.05	0.1	image of a resourse base country	-5	0.15	-0.75
encreasing ease of doing business rating	2	0.06	0.12	next world crises	-5	0.15	-0.75
credit rating improvement	2	0.04	0.08	illiigal emigration	-4	0.02	-0.08
taking part in international space programs	4	0.06	0.24	military agression, poor terrorism security	-5	0.2	-1
tourism development potential	5	0.1	0.5	world does not value Ukraine's sauverenyty much, no garanties for t sauverenyty	-5	0.05	-0.25
taking part in inernational events, conferences, forums, summits,	5	0.08	0.4	distorted perception of country abroad	-5	0.1	-0.5

conventions etc.						
<b>Total Weighted Average Score</b>	<b>1</b>	<b>4.16</b>			<b>1</b>	<b>-4.3</b>

Source: composed by author based on [58 – 78].

Where: a – degree of influence; b – weight of factor; c – score of degree of influence adjusted to the weight of factor. Considering total weighted average score of each block of SWOT analysis and that these are approximately the same  $4,11 \approx 4,12 \approx 4,16 \approx 4,3$  (if not to mention the direction of influence as + or -). The conclusion of SWOT analysis is that Ukraine has enough internal strength to succeed in external opportunities and to neutralize external threats, as well as to overcome weaknesses by means of opportunities. Analysis of image factors and formulation of Ukraine's most prominent Positive and Negative features through the SWOT analysis allowed to choose among a variety of international ratings and indexes the set of suitable ones for representations of Ukraine's real situation, figure 2.13.

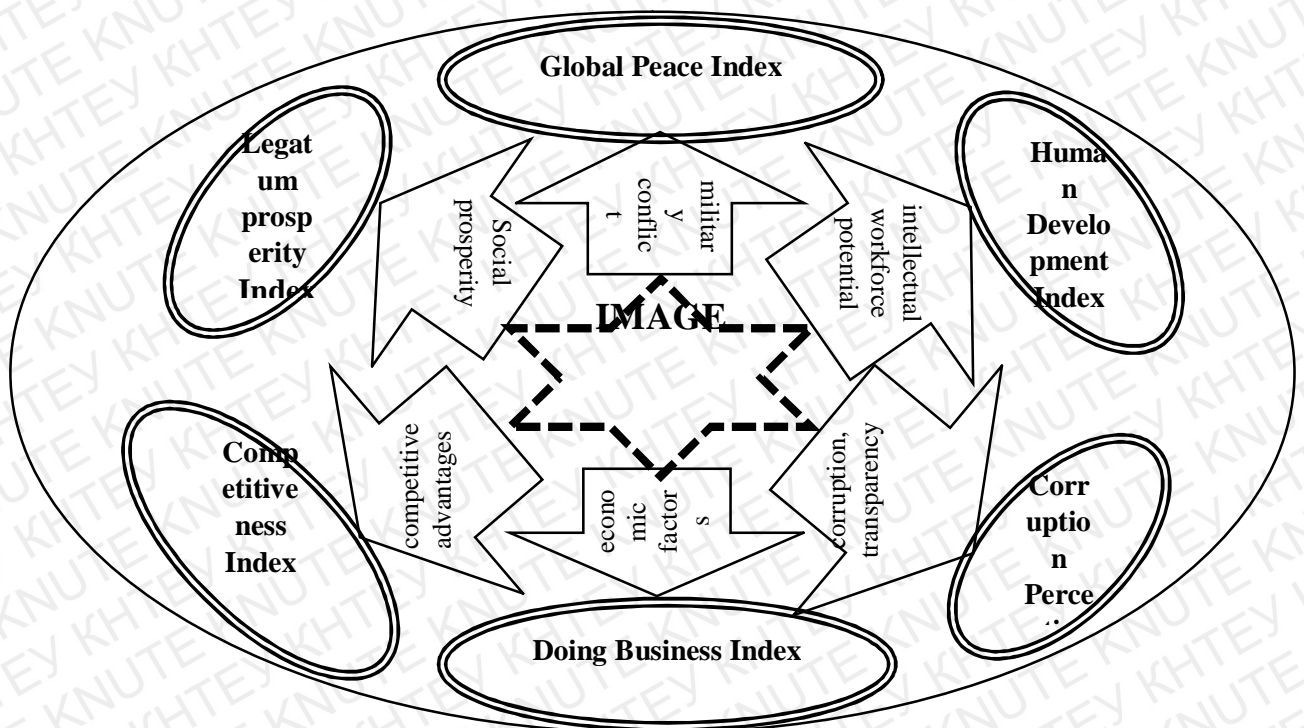


Figure 2.13. Ukraine's image most prominent features reflected in international rankings

Source: composed by author based on SWOT analysis

Therefore, the biggest Ukraine's strength is the proper developments of its military forces. The biggest Ukraine's weakness that stops investors from investing is corruption and lack of transparency. The biggest opportunities are presented in the

sphere of international cooperation and partnership development. The biggest threat is military aggression.

### 2.3. An Assessment of the Image's Impact on the Investment Attractiveness of Ukraine

Prior to the assessment of the image's impact on the investment attractiveness of Ukraine, firstly, it is necessary to investigate image factors that will be used to determine that influence; and secondly, it is necessary to investigate the topic of investment attractiveness in quantitative aspect and qualitative aspect.

Therefore, firstly, in accordance with the methodology developed in 1.3 and as in previous paragraph 2.2 the most prominent Positive and Negative features were determined and to reflect those such indexes were chosen and presented on figure 2.14: Global Peace Index; Human Development Index; Corruption Perception Index; Doing Business Index; Competitiveness Index; Legatum Prosperity Index.

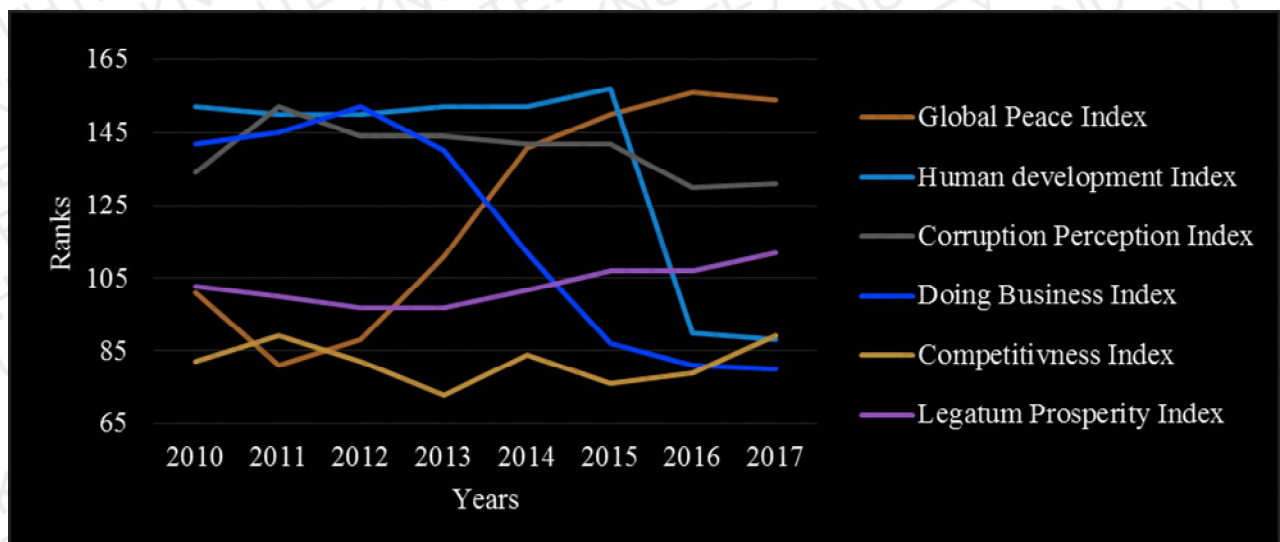


Figure 2.14: Ukraine's Indexes Rankings, in 2010-2017

Source: composed by author based on [80-84]

The ranking dynamic from 2010 to 2017 of those you can see at figure 2.15. For this period Ukraine's Rank in Global Peace Index dropped 53 places, which is a consequence of the war at the east of Ukraine and political crises [80]. The second index rating that got lower for Ukraine is Legatum prosperity Index [81]. It went



down 9 ranks leaving Ukraine at 112th place leaving us with the conclusion that the level of prosperity of Ukrainian citizens keep going down.

On the positive side:

- Human Development Index grew and lifted up Ukraine in its raining 64 positions higher, in 2017 Ukraine was ranked 88th, [82];
- Corruption Perception Index sits Ukraine 3 ranks higher – on 131st place, having some fluctuations into decreasing through the period [83]; Ukraine’s Doing Business Index sits on 76th place with an overall increase on 62 places since the beginning of the period [83];
- Competitiveness Index of Ukraine went up on 7 places and in 2017 remains 89th in rating worldwide [84].

Secondly, it is necessary to investigate the topic of investment attractiveness in a form of amounts of investment flows (foreign direct investment; or direct investment (shareholder’s capital) in the economy) and with description of a structure by countries, oblasts, spheres of economic activity.

Among the main reasons for the unfavorable investment climate in Ukraine and hamper economic development, numerous domestic and foreign studies have traditionally noted the instability of Ukrainian legislation, the underdevelopment of market infrastructure, in particular the stock market [86], high tax pressures, and corruption in local and central government.

The volume of investments attracted from the beginning of the investment of foreign direct investment (share capital) in the economy of Ukraine as of December 31, 2017 amounted to 39144,0 mln. USA Figure 2.15.

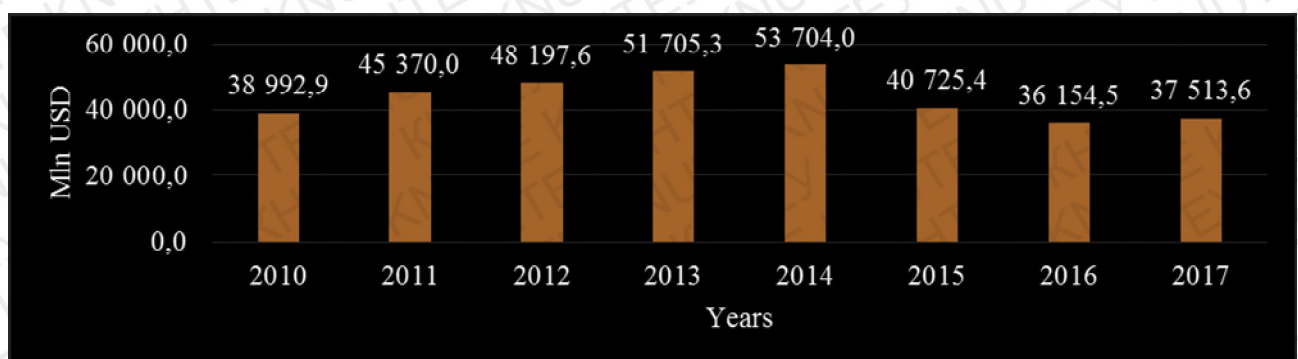


Figure 2.15. Direct Investments (Shareholders' Equity) in the Economy of Ukraine, in 2010-2017, mln USD

Source: composed by author based on [85]

According to the State Statistics Service in 2017, 1,730.4 million dollars were invested in the economy of Ukraine by foreign investors from 76 countries of the world. US direct investment (equity). Investments are diverted into already developed areas of economic activity.

As of December 31, 2012, the most significant volumes of direct investment income were directed to institutions and organizations engaged in financial and insurance activities - 26.1% and industrial enterprises - 27.3%. Figure 2.16.

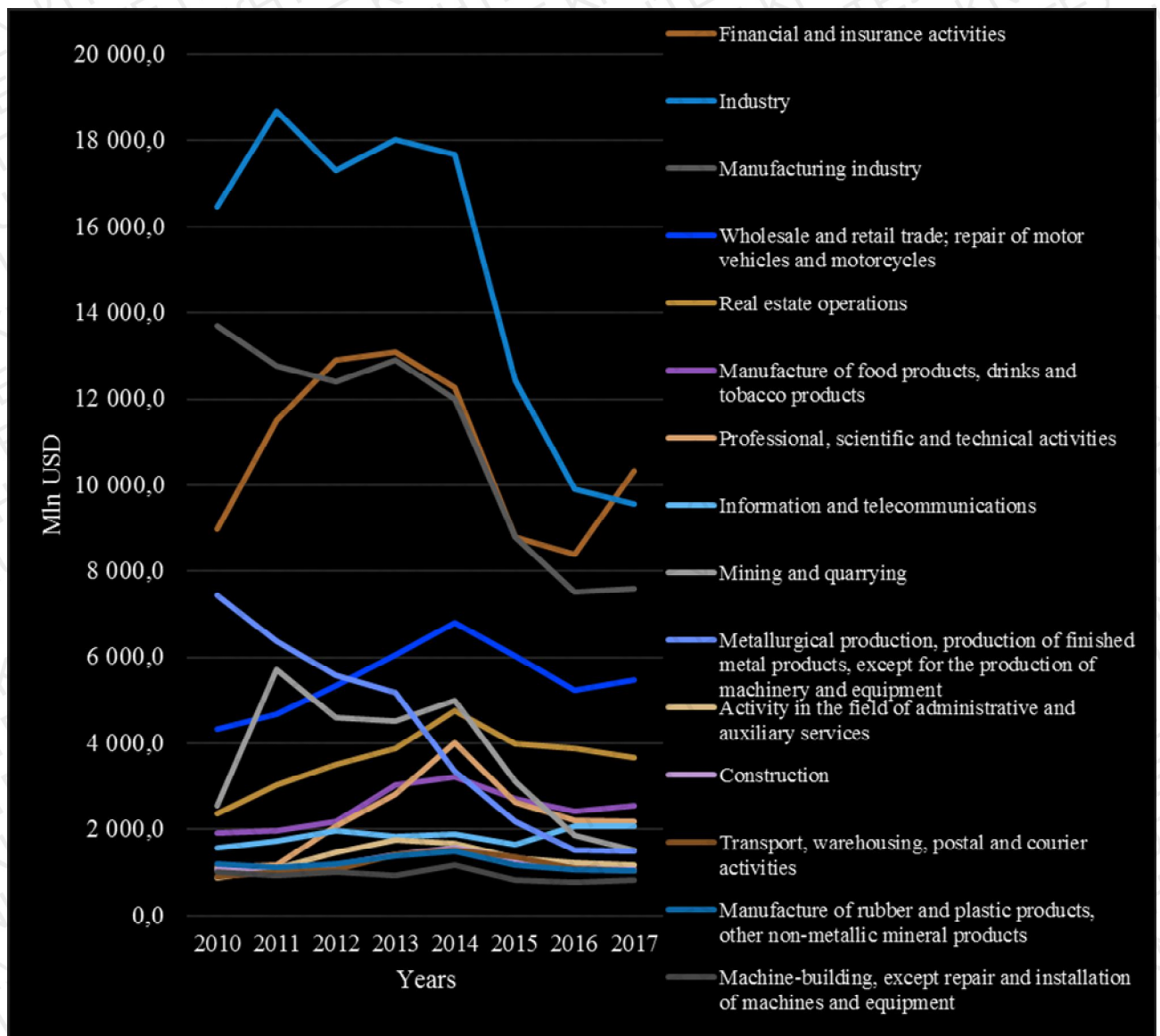




Figure 2.16. Direct Investments (Shareholders' Equity) in the Ukrainian Economy by Types of Economic Activity, Which Make Up More Than 1% in the Structure of Direct Investments, in 2010-2017, mln USD

Source: composed by author based on [85]

However, we must emphasize the tendency of falling investment volumes in all spheres of economic activity in the Ukrainian economy.

As of 2017, the main investor countries include Cyprus - 25.6%, the Netherlands - 16.1%, the Russian Federation - 11.7%, the United Kingdom - 5.5%, Germany - 4.6%, the Virgin Islands (Brit.) - 4.1%, and Switzerland - 3.9%. Despite the political gap between friendly relations with Russia, economic ties remain rather strong and this is evident in the share of Russian investments in the Ukrainian economy and Russia is among the top 3 investors in Ukraine.

It is also necessary to note the tendency to increase in volumes of investments from the Russian Federation on Figure 2.17.

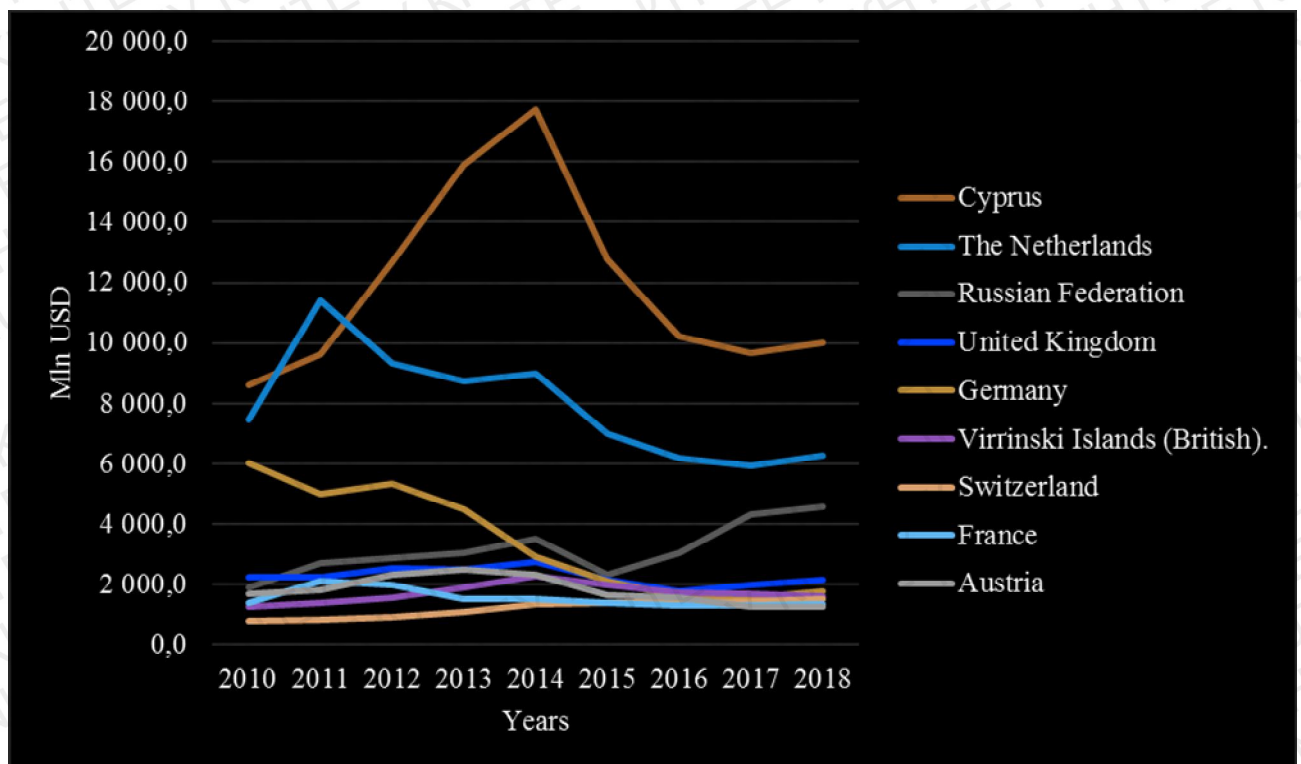


Figure 2.17. Direct Investment from The Countries of the World in Ukraine's Economy, 2010-2018, mln USD

Source: composed by author based on [85]



2018\* preliminary data

Given that almost half of the investment comes from Cyprus, and most of it is the Ukrainian money laundered with the help of offshore firms, one can conclude that there is an extremely limited range of foreign investors who are interested in the future community with Ukraine. This explains the peak of Cyprus investment during the period of the political crisis of 2013-2014 and causes distrust in general to Ukrainian investment flows. Significant investments are also made from the Virgin Islands and Switzerland, which are also considered to be offshore areas.

Regarding the inflow of FDI to the country's economy, the impact of the 2014 financial year's political crisis, after which we can see growth on the schedule, is still here, but so far, not the recovery of the level of 2012 - until the political crisis - the amount of FDI in 2017 more than doubled less than in 2012, on figure 2.18 below.

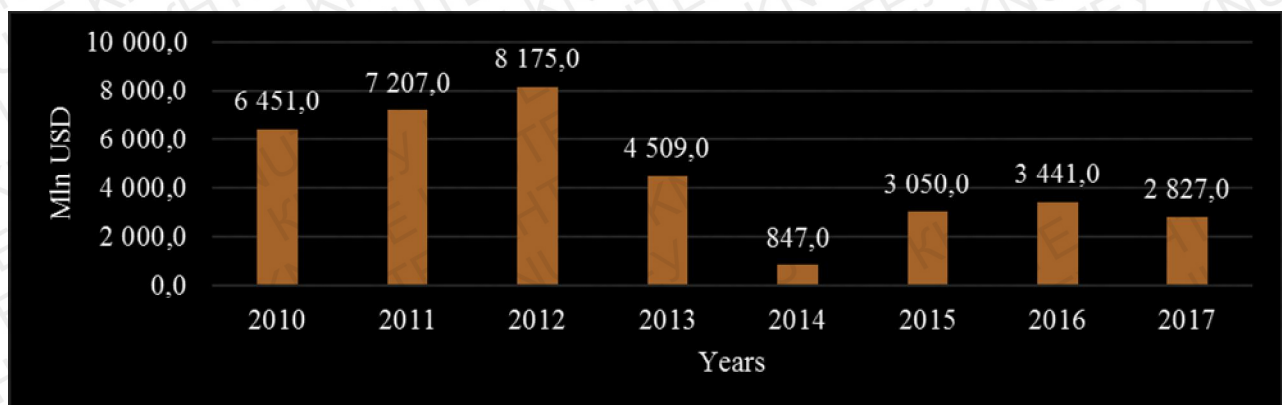


Figure 2.18. FDI Inflow to Ukraine's Economy, 2010-2017, mln USD

Source: composed by author based on [85]

In the Doing Business 2018 rating, Ukraine has risen by +4 points and ranked 76th out of 190 countries.

Ukraine has shown the greatest progress in the following ranking ratings: +105 points (140th for 35th place) for the component "obtaining construction permits" - due to reduction of share participation in Kyiv from 10 to 2% and reduction of the cost of technical services; + 41 point on "payment of taxes" for reduction and unification of the Single Social Contribution rate.





Figure 2.19: Direct Investments into Ukraine's Economy by Regions, in 2010-2018, mln USD

*Source: composed by author based on [85]*

*2018\* preliminary data*

It deepens the gap in distribution of the resources and therefore deepens the gap between capital and in regions in their development, which effects various aspects of life of the citizens.

Recent events have had a significant impact on the country's economic system. The conflict in the east of Ukraine, the annexation of the Crimea, political and economic instability have led to a decrease in foreign investment, in particular, foreign investors are confronted with uncertainty as to how their investments in Ukraine are protected during armed conflict and military occupation.

Ukraine's Investment Attractiveness Index in the second half of 2017 was 3.03 points on a 5-grade scale, which is 0.12 less than in the first half of 2017 and 0.18 more than in the second half of 2016, according to the study of the European Business Association (EBA). According to the study, after leaving the negative area in 2017 the index is situated in the neutral area.

The index in Ukraine is measured since 2008 and has never reached the positive zone higher than 4 points. The highest Index rate ever was witnessed late 2010 - early 2011: 3.4 and 3.39 points respectively. The latest result is the highest since that period.

According to the materials, 29% of polled CEOs are alarmed with corruptive practices, 28% with economic factors (instability of the national currency, devaluation and inflation), 24% with a slow pace of reforms and 13% with political factors.

Some 40% of CEOs expressed opinion that business climate in 2018 would improve, while the same number of CEOs thought this way in June 2017. One third of investors said Ukraine will be profitable market for new investors in the coming



six months, while 23% of respondents do not think that the market will be a profitable destination for new investors in 2018.

According to the study, 58% businesses are not satisfied with the current investment climate. Some 11% respondents think that investment climate is favorable, 13% thought the same in 2017. Some 15% of respondents saw no tangible positive changes, 15% thought the same in 2017 and 39% in 2016.

Some positive changes in the eyes of business were liberalization of currency control, bill stopping masked raids of companies, open data from state registers, gradual deregulation, development of online services, healthcare reform and weakening of tax pressure, according to the EBA poll [86, 87, 88, 89].

Next step is to determine the degree of influence of each suggested factor. By applying the rule of transitivity described by the methodology developed in 1.3 the investigation of image' influence on investment attractiveness will be studied through investigation of factors of image (in a form of international indexes and ratings) on investment attractiveness (represented in a form of amounts of investment flows).

In order to investigate the how image influence investment attractiveness of Ukraine it is necessary to detect a correlation patterns between ranks and direct investment in Ukraine's economy as well as between ranks and FDI inflow. However, primarily, it is necessary to investigate relationship between indexes on which rankings are based and direct investment in Ukraine's economy as well as between indexes and FDI inflow in table 2.2.

*Table 2.2*

### **Correlation Coefficients of Indexes and Investment**

Years/Indexes	Global Peace Index	Human development Index	Corruption Perception Index	Doing Business	Competitiveness Index	Legatum Prosperity Index	direct investment (shareholders equity) in Ukraine's economy	FDI inflow, mln, USD
2010	2,162	0,733	28	39,69	3,95	52,56	38 992,9	6 451,0
2011	2,054	0,738	23	44,21	3,9	53,04	45 370,0	7 207,0

2012	2,081	0,743	26	44,35	4	53,39	48 197,6	8 175,0
2013	2,238	0,745	25	48,87	4,13	53,93	51 705,3	4 509,0
2014	2,546	0,748	25	58,14	4,05	53,38	53 704,0	847,0
2015	2,845	0,743	26	61,83	4,13	52,59	40 725,4	3 050,0
2016	3,287	0,746	27	62,77	4,03	52,44	36 154,5	3 441,0
2017	3,184	0,751	30	63,9	5,39	51,75	37 513,6	2 827,0
Correlation coefficients of indexes and DI	-0,60	0,12	-0,66	-0,31	-0,36	0,89	-	-
Correlation coefficients of indexes and DI	-0,04	0,27	0,18	-0,06	0,19	0,31	-	-

*Source: composed by author based on [79-84]*

Degree of correlation between indexes and the direct investment (shareholders equity) in Ukraine's economy: HDR, Doing business and Competitiveness indexes are in a range of weak and low level of correlation respectively 0,12 ; -0,31 and -0,36 (with minus showing inverse relationship).

Global peace index (GPI) and corruption Perception Index (CPI) have fallen into upper limit of noticeable range of inverse correlation with -0,60 and -0,66 respectively.

Legatum Prosperity Index has the strongest relationship with direct investment (shareholders equity) in Ukraine's economy with correlation coefficient of 0,89 which lacks only 0,01 to be classified as very high level of correlation.

Degree of correlation between all the indexes above and the FDI show correlation values that fall into range of weak and low correlation in table 2.3.

*Table 2.3*

### **Correlation Coefficients of Ranks and Investment**

Years/Ranks	Global Peace Index	Human development Index	Corruption Perception Index	Doing Business	Competitiveness Index	Legatum Prosperity Index	direct investment (shareholders equity) in Ukraine's economy	FDI inflow, mln, USD
2010	101	152	134	142	82	103	38 992,9	6 451,0
2011	81	150	152	145	89	100	45 370,0	7 207,0
2012	88	150	144	152	82	97	48 197,6	8 175,0
2013	111	152	144	140	73	97	51 705,3	4 509,0
2014	141	152	142	112	84	102	53 704,0	847,0

2015	150	157	142	87	76	107	40 725,4	3 050,0
2016	156	90	130	81	79	107	36 154,5	3 441,0
2017	154	88	131	80	89	112	37 513,6	2 827,0
Correlation coefficients of ranks and DI	-0,39	0,64	0,69	0,56	-0,16	-0,76	-	-
Correlation coefficients of ranks to FDI	-0,88	0,31	0,38	0,76	0,12	-0,56	-	-

*Source: composed by author based on [79-84]*

Table 2.3 contains Ukraine's ranks in international ratings composed by the ranging the indexes from Table 2.2 as well as direct investment (shareholders equity) in Ukraine's economy and Foreign direct investment (FDI) inflow into Ukraine's economy.

Degree of correlation between ranks and the direct investment (shareholders equity) in Ukraine's economy: GPI with the correlation value equal to -0,39 and Competitiveness Index with value of -0,16 fall into low and weak range of correlation relationship classification respectively.

Further, we observe that HDI, CPI and Doing Business Index correlate noticeably with correlation values 0,64; 0,69 and 0,56 respectively.

Concerning, the character of the relationship between indexes' ranks and FDIs, the correlation value of GPI is particularly noticeable, which equals to -0,88 and represents high level of correlation.

Doing business Index, Legatum Prosperity Index and FDI correlate on noticeable taking upper and lower values in the range with 0,76 and -0,56 respectively.

HDI and CPI have correlation values that fall into noticeable range with 0,31 and 0,38 respectively.

Competitiveness index shows a weak range correlation value.

The correlation analysis has shown that the actual value of an index is far less significant in its influence on investment attractiveness than the rank of that index placed higher or lower in relation to the other countries of the world.



The correlation analysis has provided information for exclusion and inclusion of certain indexes into a further forecast of Ukraine's image development trend presented in chosen dimensions by indexes and its influence on Ukraine's investment attractiveness as volume of investment.

Therefore, further analysis and forecast will be performed with the help of Legatum Prosperity Index and Global Peace Index rank values as major factors that influence investment attractiveness. Where investment attractiveness will be presented in a form of foreign direct investment and direct investment (shareholders' equity on Ukraine's economy).

## **Conclusions to Chapter 2**

Ukraine's own image research surfacing the absence of brand strategy or any activity of the Ukrainian government or other institutions aimed at Ukrainian image branding, both internationally or within the country. The research shows proof that Ukraine's perception abroad is critically distorted.

Ukraine's image was investigated through biggest consulting agencies, which study country's image and country branding alongside with other countries by consulting companies that have the biggest volume of research dimensions with the widest scope of countries.

The conclusion out of the Ukraine international image research is the absence of prominent or noticeable description of image rather due to Ukraine image itself being almost absent in the international information field.

Bloom Consulting ranks Ukraine Nation Brand appeal of from a tourism perspective as 84th out of 193 countries worldwide (going down 3 places lower), and 32 out of 41 in Europe region. Overall Ukraine in Digital Country Index is ranked 61st out of 243 countries in the World (going down 9 ranks since 2015), and in Europe 24th out of 55 countries.

FutherBrand describes Ukraine as "just country" which have weaker than average perceptions overall. Overall Ukraine's Country Brand Index rated 74th out of

75 studied countries in 2015 in the world and 29th out of 29 in Europe. The Good Country Index Good Country Index Ukraine takes 54th rank out of 163 countries in 2017.

Ukraine comes up in other research papers on country image and branding but as it was mentioned before due to lack of prominent worldwide image, Ukraine does not get a full elucidation. East West Global Index 200 ranks Ukraine giving it 191st place worldwide out of 200.

More recent and consistent throughout the years study done by BrandFinance that determines the brand rank through the brand value. In 2017 Ukraine took 61st place out of 100 by increasing its value by 22% up to 68 USD billions.

The most up-to-date 2018 rating by Portland's in-house Content & Brand team Global Ranking of Soft Power in its report remarks Ukraine's sovereignty as being invaluable to the world community.

The self-image of Ukraine as one of image aspects discloses that: 74% of people believe that Ukraine moves in the wrong direction due to military actions in Eastern Ukraine. Only 21,5% believe Ukraine is able to overcome its problems in the nearest future. People believe that in most spheres the situation got worse in 2017. However, 39% believe that Ukraine military security got better. In addition, on the bright side, 57% are unanimous in European direction for Ukraine and 73% of population consider themselves to be first of all Ukrainian citizens.

The historically formed image and its current state are analyzed using SWOT analysis. The conclusion of SWOT analysis is that Ukraine has enough internal strength to suicide in external opportunities and to neutralize external threats, as well as to overcome weaknesses by means of opportunities. The biggest Ukraine's strength is the proper developments of its military forces. The biggest Ukraine's weakness that stops investors from investing is corruption and lack of transparency. The biggest opportunities are presented in sphere of international cooperation and partnership development. The biggest threat is military aggression.

The SWOT analysis allowed to choose among variety of international ratings and indexes the set of suitable ones for representations of Ukraine's real situation

trough: Global Peace Index; Human Development Index; Corruption Perception Index; Doing Business Index; Competitiveness Index; Legatum Prosperity Index.

Global Peace Index dropped 53 places, which is a consequence of the war at the east of Ukraine and political crises. Legatum Prosperity Index went down 9 ranks leaving Ukraine at 112th place leaving us with the conclusion that the level of prosperity of Ukrainian citizens keeps going down.

On the positive side Human Development Index grew and lifted up Ukraine in its ranking on 64 positions higher, in 2017 Ukraine was ranked 88th; Corruption Perception Index sits Ukraine 3 ranks higher – on 131st place, having some fluctuations into decreasing through the period; Ukraine's Doing Business Index sits in 76th place with an overall increase in 62 places since the beginning of the period; Competitiveness Index of Ukraine went up on 7 places and in 2017 remains 89th in rating worldwide.

Investigation of the topic of investment attractiveness in a form of amounts of investment flows has been performed. The tendencies of falling investment volumes in all spheres of economic activity in the Ukrainian economy are determined and there is an extremely limited circle of foreign investors who are interested in the future community with Ukraine. With regard to FDI inflows into the country's economy, the impact of the 2014 financial year's political crisis, after which there is, is still not yet recovering from the 2012 level - until the political crisis - FDI in 2017 is more than twice as low as in 2012.

The political crises have deepened the gap in the distribution of the resources and therefore deepens the gap between capital and in regions in their development, which affects various aspects of life of the citizens. Foreign investors are confronted with uncertainty as to how their investments in Ukraine are protected during an armed conflict and military occupation.

The correlation patterns between ranks and direct investment in Ukraine's economy as well as between ranks and FDI inflow was detected. Primarily, the relationship between indexes on which rankings are based and direct investment in Ukraine's economy as well as between indexes and FDI inflow was investigated.



The correlation analysis has shown that the actual value of an index is far less significant in its influence on investment attractiveness than the rank of that index placed higher or lower in relation to the other countries of the world.

The correlation analysis has provided information for exclusion and inclusion of certain indexes into further forecast of Ukraine's image development trend presented in chosen dimensions by indexes and its influence on Ukraine's investment attractiveness as volume of investment. The most influential factors are Legatum Prosperity Index and Global Peace Index Rank with a correlation of 0.88 and 0.89.

## **CHAPTER 3. DIRECTIONS OF IMPROVEMENT OF THE IMAGE OF UKRAINE AS A FACTOR OF INVESTMENT ATTRACTIVENESS**

### **3.1. Determining the Ways to Improve the Image of Ukraine in Order to Increase Its Investment Attractiveness**

Based on the SWOT analysis conducted in section 2.2 among the strengths of Ukraine experts point out: advantageous territorial location, rich culture and history; good level of education; the fact that country has finally chosen the European direction and people expressed their democratic will while Euromaidan; military security development placed military at 29th rank worldwide; natural resources abundance with great economic potential in many areas: consumer market size potential.

The possibilities of our state are as follows: facilitating governmental reforms with the assistance of international community; development of the relationship with international partners as well as acceptance of international aid and assistance; opportunity to use geolocation to the advantage of the country; opportunity to be ranked higher in ease of doing business rating and to get a better credit rating as well as other ratings based on reforms; big tourism development potential; opportunity to take part in and host international events, conferences, forums, summits, conventions etc.

Weak sides of the image of Ukraine are: absence of county brand strategy; lack of qualified politicians and diplomats, ambassadors; ineffective or slow reforms; corruption and low transparency; instability in many areas, in politics in particular; Neglect of human rights, distribution of power and constitutional principles; lowering standard of living and low social security, healthcare issues; bad economic indicators accompanied by low markets and stock exchange efficiency.

With regard to existing threats, the most significant are the following: Ukraine becoming a borderline and pawn in geopolitics; Ukraine developing an image of a

bad partner or a victim; energy dependence; Russian information war as well as military aggression; country being perceived as a resource base and continuously distorted perception of country abroad in general.

Also according to correlation, analysis performed in 2.3 it was discovered that currently for Ukraine's image and investment attractiveness the two most influential factors are Legatum Prosperity Index and Global Peace Index Rank. Therefore, in order to influence Ukraine's investment attractiveness in the most positive way it is necessary to develop a set of strategies targeting specifically those two dimensions represented as index/rank.

For this purpose, the SWOT analysis strategy development method can be used.

SWOT analysis basis allows to develop strategies out of current and also a real set of "tools" as opportunities and strengths that Ukraine attributes now in order to overcome the weaknesses and threats that are as well reflect the real features of the country. This sets the realistic framework of Ukraine's existing limitations.

Firstly, the strategy is to use opportunities to support strengths.

The opportunity of facilitating governmental reforms with the assistance of the international community, development of the relationship with international partners as well as acceptance of international aid and assistance can be supported by the fact that country has finally chosen the European direction and people expressed its democratic will though Euromaidan

Big tourism development potential can be realized due to rich culture and history of Ukraine as well as the good level of education.

The opportunity to use geolocation to the advantage of the country can be supported by military security with the army at 29th rank worldwide and also by high level of ethnical tolerance, intelligence, and balanced national character.

The opportunity to take part in and host international events, conferences, forums, summits, conventions etc. will help to discover consumer market size potential through investors personal encounter with people and with the Ukrainian economy.



The chances to be ranked higher in ease of doing business rating and to get a better credit rating as well as other ratings based on reforms should be facilitated by the Ukraine' natural resources abundance and great economic potential in many areas.

The second strategy is to use strength to overcome threats.

The threats of Ukraine becoming a borderlime and pawn in geopolitics or Ukraine developing an image of a bad partner or a victim can be eliminated by unanimity of a population in the idea about Ukraine's direction of cooperation and unwillingness to keep on "taking punches".

Strong military should secure the energy energy sectore and with the help of good education to resists russian information war as well as military aggression;

The threat of the country being perceived as a resourse base can be overturned by consumer market size potential

Tourism sphere development can eliminate continuously distorted perception of the country abroad in general introducing Ukraine' rich culture and history to the world.

The third strategy is to use opportunities to overcome weaknesses.

Ineffective or slow reforms for overcoming corruption and low transparency that lead to the neglect of citizens' rights can be facilitated with the assistance of the international community

The opportunity to be ranked higher in ease of doing business rating and to get a better credit rating as well as other ratings based on reforms can restrain the scale of instability in various areas. That will also help the state of the economy and to increase markets and stock exchange efficiency.

Lowering the standard of living and low social security, healthcare issues can be temporarily and partly fixed by an acceptance of international aid and assistance.

Big tourism development potential can facilitate county brand strategy development.

The opportunity to use geolocation to the advantage of the country, development of the relationship with international partners as well as the opportunity

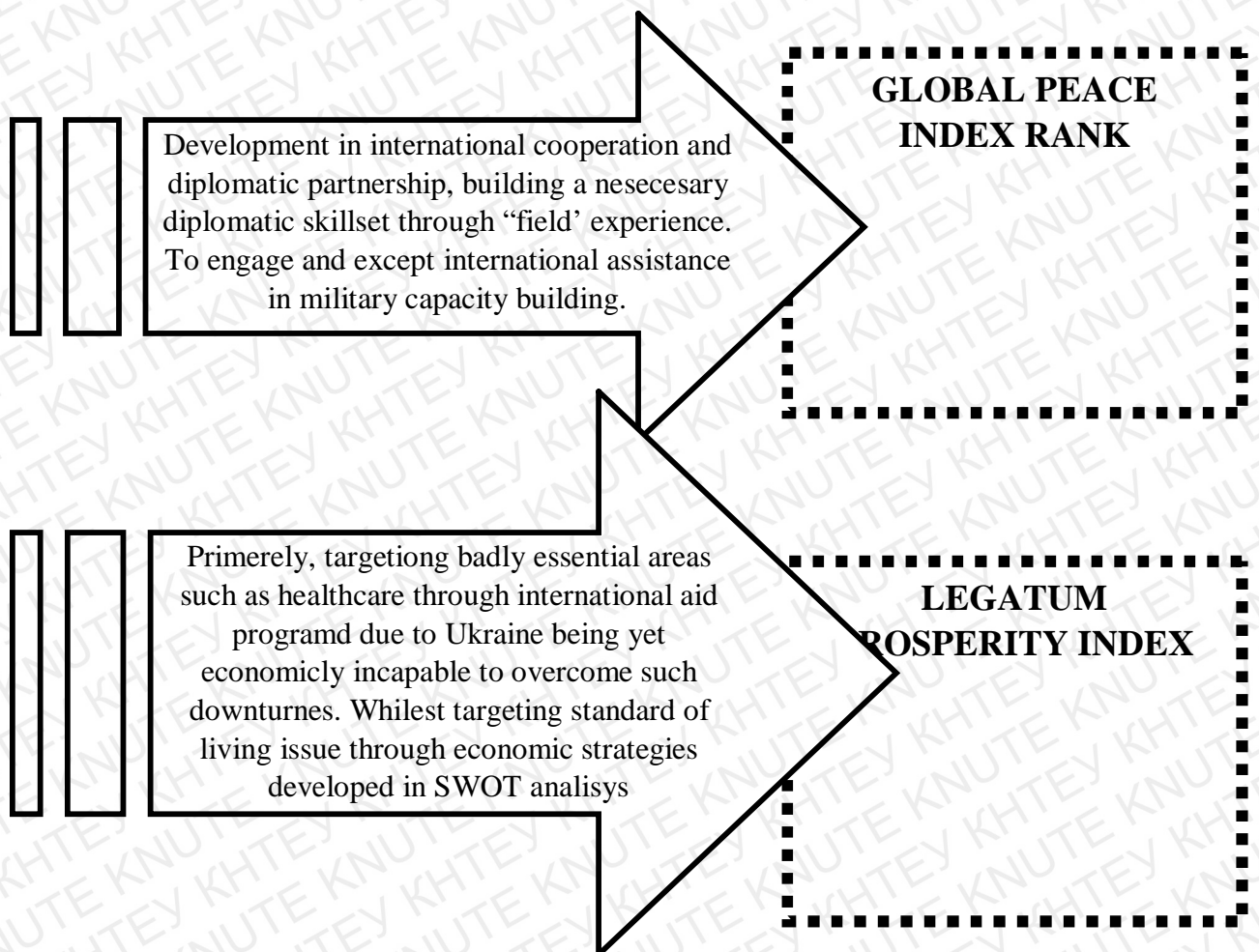
to take part in and host international events will help to develop skill sets for politicians and diplomats, ambassadors to become qualified.

The fourth situation is a combination of external threats and internal weaknesses basically represents the worst case scenario for Ukraine resulting in “going down” in surrender to Russias pressure, in an economic downturn with extreme neglect of human rights, distribution of power and constitutional principles, all accompanied by poor distorted image worldwide.

Each of those 3 strategies elaborated above target both:

1. the need for better level prosperity for the nation through economic development, social and health security provision, securing human rights and personal freedoms etc in ways explained in strategies;
2. and the need for military conflict resolution through the development of the diplomatic relations and by Ukraine’s military force development.

Therefore, to conclude the SWOT analysis results in the main ways and suggestions to improve Ukraine’ image through the most influential according to correlation analysis index and index rating are presented in figure 3.1.



### Figure 3.1. The Main Directions for Suggestions to Improve Ukraine' Image

*Source: composed by author based on SWOT analysis*

All of these above measures proposed on the basis of analysis and correlation analysis relate to the integral assessment of the outskirts in the international environment, taking into account both reflexive factors and perceptions of the country's boundary.

Nevertheless, the image of Ukraine needs not only the essential changes and the development of brand strategy.

Due to the fact that Ukraine already has a certain image, one should not speak about its renewal, but about the change.

It is necessary to realize that image is not valuable in itself, but only as a means for realization of foreign policy interests of Ukraine. Thus, it is necessary to form it everywhere, where these interests are present.

In order to adequately develop the brand of Ukraine and its constant balanced support, implementation of such aspects is necessary:

- In the direction of the formation of the image should be one institution that will explore this industry, will formulate recommendations for various branches of government regarding the coverage of certain events. Such a structure should consist of experts from different fields, as it is working with mass media in the field of political, economic, legal issues, as well as related to art, the creation of Ukrainian film industry, etc.
- Politicians and state institutions should have a consolidated position on various issues that cover Ukraine.
- An active information policy should be pursued: to promote its own achievements and opportunities, to support Ukrainian information centers in different countries, to promote Ukrainian mass media on different networks in the world, etc. However, a complex of measures on state information security is also necessary, since information warfare is being conducted with more experienced states.



- The formation of a positive image of Ukraine needs proper funding, regardless of who holds governing power.
- The image of the country consists of well-known brands of goods and services. For a large European country with a high scientific potential, there should be more prominent brands and brands that would establish positive associations with Ukraine. This problem can only be solved by improving the conditions for the development of entrepreneurship and business.

The main strategic actions are shown in figure 3.2 below.

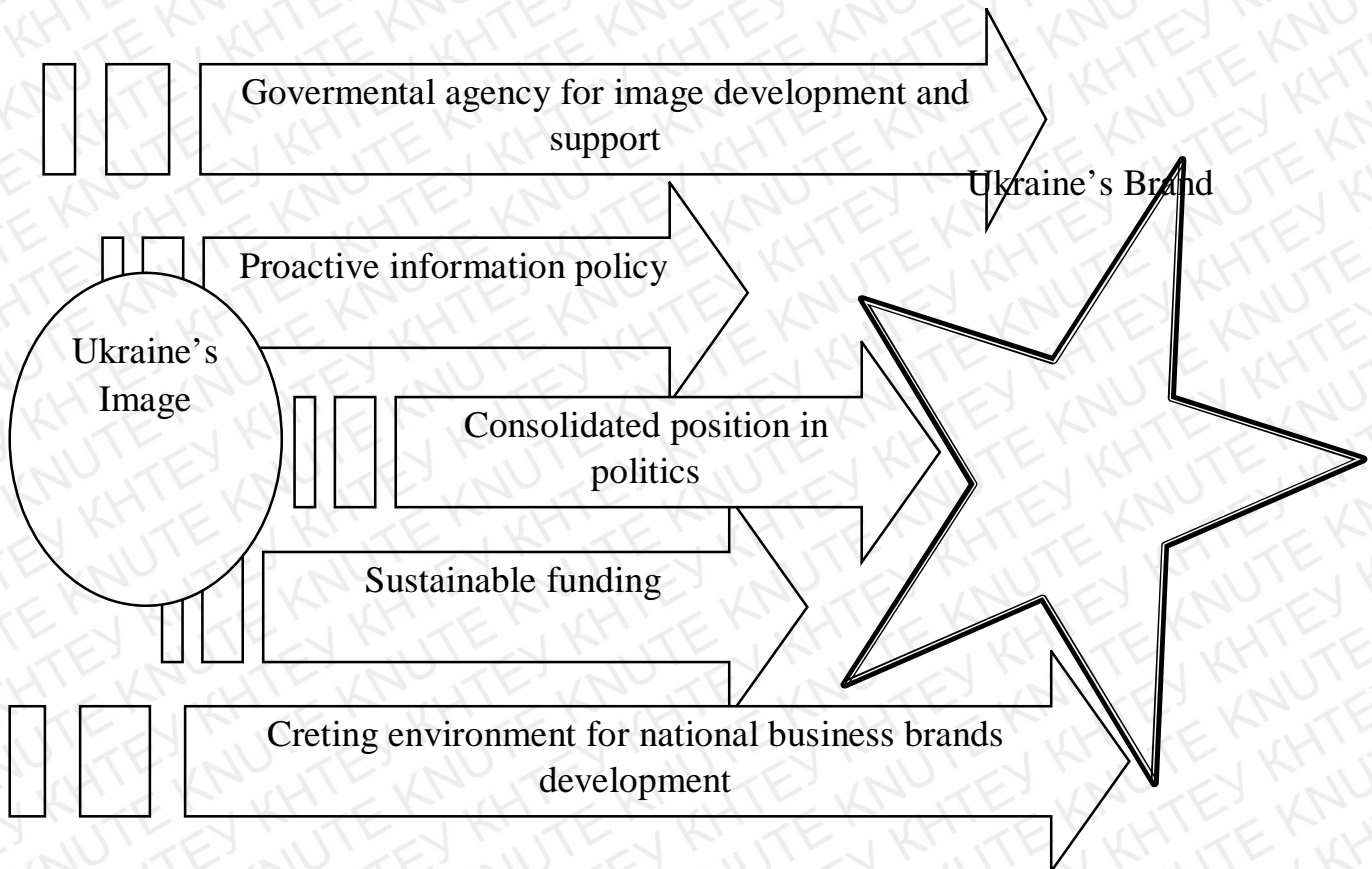


Figure 3.2. Neseary Actions to Create Ukraine' Brand

*Source: composed by author based on SWOT analysis*

According to theoretical basis in order to buid a Ukraine brand it is neseary to take actions.

In order to increase the effectiveness of measures to create a positive image of Ukraine as an important mean of disseminating information about the state, modern information technologies, especially the Internet, need to be used.

The implementation of such measures is mainly based on the Ministry of Foreign Affairs of Ukraine, the Cabinet of Ministers, the Verkhovna Rada and other state bodies of Ukraine, as well as non-governmental organizations, are actively involved in this process.

The media and independent, non-governmental Ukrainian research centers and institutes, whose reports and materials are one of the main sources of information about Ukraine for the outside world, plays a special role in shaping the international image of Ukraine.

The Ukrainian Deutsche Welle service has found out whether "positive" publications about Ukraine in foreign media, including ones on an advertising basis, can affect the image of the state.

To date, the Ukrainian government has allocated budget money for "posting positive publications about Ukraine in leading foreign media outlets.

Along with the installation of monuments to Shevchenko and the Holodomor, and the holding of conferences and seminars "to promote Ukraine's foreign policy", such publications should support the positive image of Ukraine. According to T. Achelis, president of the Munich PR agency "Achelis & Partner Public Relations", the image of Ukraine in the West is worse than it really is requires a positive flow of information from Ukraine.

It means that we must talk about Ukraine and about positive things [90]. We can agree with T. Achilles, who advises to start developing a series of press releases on positive Ukrainian realities.

In addition, after informing journalists a few months, they should invite them to Ukraine and allow them to see the tourist attractions in their own eyes. You also need to use so-called "image carriers".

Focusing on culture, tourist attractiveness, cuisine or history, that politics and economy, Ukraine cannot attract.

Promotes the formation of a positive image of Ukraine and the Ukrainian Diaspora.

Attracting its informational, intellectual, cultural and financial potential increases the effectiveness of such activities, and the political and social influence that some representatives of the Ukrainian diaspora have gained in some countries, acts as an independent factor in the formation of a positive image of Ukraine.

The involvement of the diaspora today to create an effective image of the country is minimal, although such activities require minimal public financial spending.

The urgent issue is the transformation of Ukraine into a European state, not only in terms of geography, but also in accordance with the relevant standards of internal and external stability.

The authorities should demonstrate the ability to solve internal problems, to compromise with the opposition and citizens, and then Ukraine will be able to become an equal partner in geopolitical relations [91].

Therefore, today, as it is defined, Ukraine has a rather uncertain image in the eyes of the international community. As a result, she loses dividends not only in the political space, but also in matters of national security, economic growth, democratic transformations, and so on.

The existing "blurred" image of Ukraine in the world and the information vacuum on its potential have a negative impact on the development of cooperation between highly developed countries and our state.

Implementing a strong brand strategy will redirect the focus of the world community to the positive side of Ukraine and will highlight its real competitiveness by giving opportunity to rehabilitate from the destructive effects of war and instability.

The current level of importance of information dissemination requires modern and proactive strategies to keep the image of the country afloat. That includes information wars through the new born as well as old social media platforms that allow reaching vast auditories.

To conclude, even though there are years of ineffective governing and clear outstanding neglect to the image sustainability and brand strategy in the history of



Ukraine, through the SWOT analysis we can see the way for Ukraine to achieve its potential if to use strategically what has left after 27 year of decline.

### **3.2. Justification of the Effectiveness of Measures Proposed to Increase the Level of Investment Attractiveness of Ukraine by Improving Its Image**

It should be noted that Ukraine has significant investment potential, because it has rich natural resources, has a favorable geographic location, fertile soils, favorable climate, also has a high level of research and development in many fields of science and technology, has a well-developed infrastructure.

In addition, the attractiveness of the Ukrainian economy for foreign investors is based on the availability of relatively cheap skilled labor.

However, despite these advantages, the state of investment attractiveness of Ukraine today remains unsatisfactory and the investment climate is risky.

Therefore, as in the second part, there were determined most influential for Ukraine's image and investment attractiveness international rankings by means of correlation analysis.

Their rankings compile the image and investment attractiveness factors and depict Ukraine's particular dimensions putting on a spotlight the weakest and the most advantageous features.

The logical assumption for further actions is to conduct regression analysis and to build a regression model that will represent the relationship between all the indexes' ranks and investments volumes as well as for the forecast for the next periods.

Nevertheless, that turned out to be inapplicable due to the fact that all of the indexes and index ranking that reflect Ukraine's image features to take into account the overlapping data will cause autocorrelation within a model and make it false. Further analysis among the indexes and ranks as the factors of model that include all of them supports the previous statement.

The high degree of autocorrelation explains itself by the fact that often international consulting agencies use the same statistical data sources and approach it differently with a different methodology that allows them to reflect certain aspects of real-life objects – Ukraine as a country in this particular case.

Nonetheless, the justification of measures previously offered can be performed through the comparison of forecast based on statistical data and on data with those measures taken into account for the most influential factors of image and investment attractiveness of Ukraine.

As it has been determined, the most influential factors are:

1. Global Peace Index Rank with a correlation of 0.89, and
2. Legatum Prosperity Index with a correlation of 0.88.

Starting with Legatum Prosperity Index in the Prosperity Pillar rankings, Ukraine scores lowest on the Health pillar, compared to last year, it dropped 24 places.

Primarily the healthcare sphere is suffering due to insufficient government regulation and simple neglect due to the devastating economic situation causing incapability for Ukraine's budget to support the healthcare system effectively.

The poor situation with government healthcare system within the dimensions of Legatum Prosperity Index accompanied by old same lowering with each following year standard of living.

Featuring the same cause of ineffective or sometimes damaging economic sphere governance.

If Ukraine would have chosen the by majority or unanimously the international political direction as it did after revolution and military outburst it could have had avoided the downwards fluctuation in overall prosperity and consequently in Legatum Prosperity Index

The blue line on figure 3.1 shows statistical observations on Legatum Prosperity Index value and the blue dots line shows is a trend line of forecast if health measures not taken into account with  $R^2 = 0,91$  of how well the predictions approximate the real data points.

In case when Ukraine does not take an action on health issues the forecast, shows index values going down up until 2021.

The calculation was made by the Trend Analysis Tool in Excel.

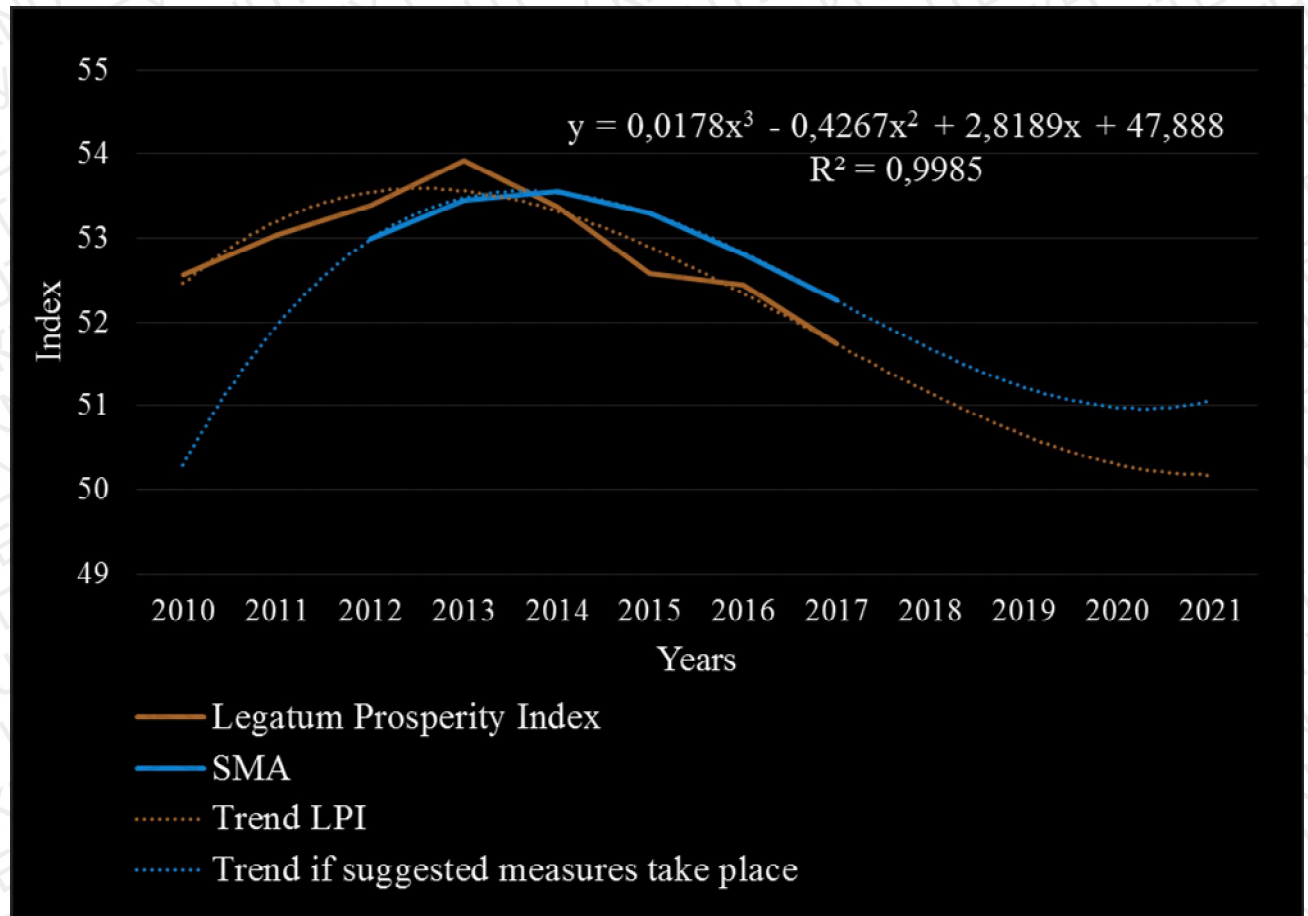


Figure 3.3. Legatum Prosperity Index Trend Prediction

Source: composed by author based on [78]

In order to build forecast as if Ukraine proactively cautioned against downturns in healthcare state, it is necessary to smooth out those falls.

Thus, for those purposes, the simple moving average can be used.

The orange line is the smoothed data with the mean periods of  $n=3$  as most suitable for such chart's volatility.

The trend line equation was chosen with the closest possible to one  $R^2$ , that equals in this case 0,999.

Therefore, the trend equation is:

$$y = 0,0178x^3 - 0,4267x^2 + 2,8189x + 47,888$$



Where  $y$  is an index value and  $x$  is a time period.

The orange line shows the recovery of Ukraine's investment practices if the measures are taken into accounts, such as the use of international aid and cooperation to soften the crises and to learn the shared by successful international partners knowledge of the basic economy and governance principles.

Ukraine's Index can reach the level of orange line if the strategy is developed and if the strategic actions are taken with efficiency and constancy.

The next most influential factor for Ukraine's image and investment attractiveness is peacefulness of our country, which is reflected by in Global Peace Index Rank.

Ukraine has been losing its positions in ranking rapidly since 2012 going further down the least that even North Korea has a better score.

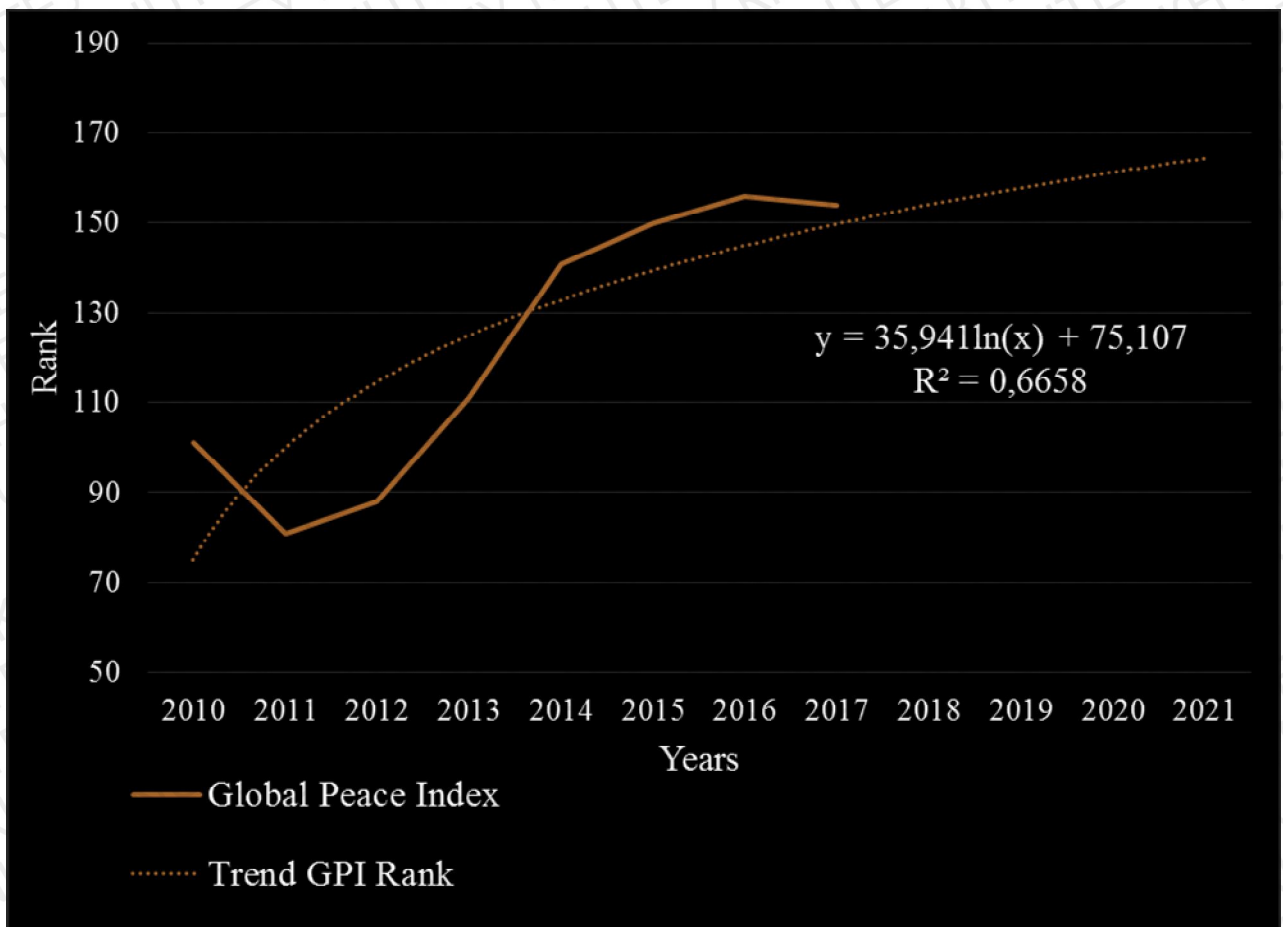


Figure 3.4. Global Peace Index Rank Trend Forecast

Source: composed by author based on [78]

Therefore, due to the fact that decreasing tendency was observed throughout most of the studied time period the simple smoothing by moving average will only emphasize this tendency.

The inapplicability of smoothing average can be explained by the nature of military conflicts as it is.

Moreover, due to the nature of reality of past ongoing military conflicts, there is a logarithm like a tendency with fast expansion of turbulence at the beginning of war conflict and with the slowdown and stabilization at a certain level [92].

Therefore, the trend equation is:

$$y = 35,94\ln(x) + 75,107$$

Where y is an rank value and x is a time period.

Thus, this trend line has not the best approximation ( $R^2$ , that equals in this case 0,67), but reflects the reality perfectly: if conflict will not find its final resolution, the absence of turning point moment will bring the slow and surely continuous deterioration.

It has already show up in scores going bad on ongoing domestic and international conflict domain, militarisation domain, societal safety and security domain.

Therefore, the most urgent need that Ukraine' image, investment attractiveness economy and moreover people have is the need military conflict solution.

The best way to approach this problem as Ukraine determined itself geopolitically is to extensively look up to international assistance. Such an approach has already proved to be working.

This statement is supported by the fact that Ukraine's Army now ranked 29th worldwide as opposed to prior maydan situation just about 5 years ago when Ukraine sovereignty had no defensive line and any country could have taken the piece of the land and people with no international consequences.

Due to the fact that the diplomatic conflict resolutions and the military capacity building will take some time, it is as well necessary to develop a good brand strategy.

So even if there will be a conflict going on the fact of military action will not be the only thing that Ukraine is talked about internationally.

As it was mentioned earlier Ukraine's needs to have proper illumination internationally giving the people abroad the opportunity to see our country not just as borderline to Russian Federation but as Nation with the identity and value to the world, as it truly is.

Even though other indexes and ranks have noticeable correlation values to the direct investment in Ukraine's economy and FDI those values are not significant enough to build regression models that will reflect reality and with an acceptable degree of deviation.

Therefore, currently for Ukraine, the two most influential dimensions that impact investment dramatically in last years are Legatum Prosperity Index and Global Peace Index Rank.

Taking into account that those two indexes are the most impactful in this period of Ukraine's development, Ukraine's government should be targeting particularly those areas that they compile: taking care of Ukraine's nation as well as taking all possible international diplomatic measures to stop the military action that disturbs not just eastern part of the country.

Nevertheless Legatum Prosperity Index and Global Peace Index Rank as factors do not explain the 100% of changes in investment volumes, therefore while setting macro targets Ukraine, in order to accomplish those as well as develop sustainable needs to address all the other issues represented in all the other indexes that country's image internationally.

Therefore, in order to address these problems in order to improve the investment attractiveness of Ukraine, it is also worth keeping in mind the need for such actions:

- 1) reducing the tax burden and ensuring the stability of the political environment;



- 2) combating and eliminating corruption at all levels of government, as well as ensuring transparency of decision-making procedures by central and local executive authorities;
- 3) combating inflation, smoothing out cyclical fluctuations of the economy, reducing unemployment;
- 4) ensuring the effective functioning of the legal sphere, improving the legislation;
- 5) the updating of the judicial system, the need to restore confidence in the courts, the authority of the court and judges should not be questioned;
- 6) implementation of the economic mechanism of insurance of foreign investment risks.

On the basis of the conducted research it can be said that in order to improve the investment attractiveness of Ukraine, it is necessary to form a stable state policy in the field of foreign investment, designed for the long-term perspective, as well as to develop a well-founded state strategy of attraction of foreign investments taking into account national goals and priorities.

Proper and rational distribution of foreign investments between different sectors will ensure economic development and increase the credibility of our country in the world.

We need not only to direct foreign investment to current development needs but also to take into account future prospects; the development of the NTP should be guided by the changes taking place in the world in order to reach the international level of development.

Solving the problems that impede the effective attraction of foreign investment will help improve the country's investment climate and improve its economic situation.

Today, Ukraine cannot achieve economic development at the expense of its own financial resources and requires the attraction of foreign funds. Therefore, the issue of attracting foreign investment and creating a favorable investment climate is the most urgent.

Branding is as important for a country just as it is for a product or service. Just as consumers look for brands that they perceive good so do travelers, business leaders and employees look for a country to visit, invest in or work in.

Branding a country is so important that where people live, go for holidays, work in, educate their children or even set up companies is dependent to a large extent on the associations they have for that particular country.

Indeed due to branding different countries have been associated with different things.

As it was stated in chapter 1, Simon Anholt, Bloom Consulting, FutureBrand Brand Finance, Potland's "soft Power", East West Global Index 200 and East West Communications are the most famous and recognized in their methodology in countries brand assessment.

For a start, Ukraine in order to build its brand and sustainable brand strategy it is necessary to hire at list one of the listed companies that will be able to perform the analysis of Ukraine's current image.

Further, depending on the results, Ukraine's government can create a separate institution devoted to a country's image branding and to supporting the sustainable brand strategy through time and to distributing evenly all over regions of Ukraine to ensure fair and effective distribution of attracted investment resources.

Nevertheless, for Ukraine, it may not be enough to have one governmental image branding institution.

Due to lack of experience, research potential or to simple lack of qualified personnel.

Therefore, it may be quite relevant to hire one of the branding agencies listed above. Not all of them provide country branding services, but Simon Anholt, Bloom Consulting do.

The necessity for Ukraine country brand is urgent and no matter the price, if it is done properly it will bring high returns in investment attractiveness.

On the positive side, there is a little signs on deployment concerning "Ukraine Now" brand strategy.

In Berlin, the Ukraine NOW brand is awarded with one of the most prestigious Red Dot Design Awards in 2018. The official award ceremony took place on 26<sup>th</sup> of October.

The only style of Ukraine NOW's presentation in the world is Corporate Identity, a decision made by a panel of 24 experts.

It is worth noting that the government-sponsored Banda creative agency this year has become the most creative agency in the world under the Red Dot Design Award 2018.

Domestic creatives have won the championship among hundreds of agencies, representatives of 45 countries that filed more than 8,000 applications. Among the seven awards received in Berlin by the advertising and design agency Banda, which is recognized by the Agency of the Year, and the Ukraine NOW project.

After approval by the Government, the logo began to gain popularity not only among government agencies, but also among private companies and citizens.

At the same time, work was carried out on informing about branding of Ukraine abroad.

Thus, in particular, Ukraine NOW was presented in London during a round table on Innovations and Opportunities devoted to discussing Ukraine's potential in the context of the global economy in July, and in October, as part of the Ukrainian weekly business forum in London, New York, at the conference "Ukraine is now: Challenges and Opportunities", in Sofia, at the Forum of the Danube Strategy of the EU.

On November 6, 2018, the State Secretary of the Ministry of Information Policy of Ukraine Artyom Bидененко presented the unique trademark of Ukraine in Ukraine at the China International 2018 international exhibition, which takes place in Shanghai.

Artyom Bидененко took part in the official opening of the national stand of Ukraine at CIIE 2018, as well as moderated sessions from creative industries.

Each country has its own actual problems, but as mentioned above, it is important to focus on highlighting the positive phenomena and processes of political,



economic, cultural, and scientific life of Ukrainian society in the media, especially those aimed at the world community. Measures aimed at creating a positive image should include: direct centralized dissemination of factual, statistical and background information about Ukraine; organization of trips of representatives of foreign states (employees of scientific and parliamentary structures, non-governmental organizations), international organizations, foreign media; establishing permanent contacts with influential politicians, political scientists, media representatives in countries of the world, etc.

### **3.3. Forecast of the Investment Attractiveness as a Result of the Introduction of Proposed Measures to Strengthen the Image of Ukraine**

In order to use the whole image potential of our state, we need a well-thought out state information policy and a clearly planned branding campaign. A successful combination of the internal and external components of the image will make it possible to correct the negative image of Ukraine and create the basis for forming a new, positive image of Ukraine.

The Ministry of Foreign Affairs of Ukraine could be responsible for introducing the brand of Ukraine. It is also possible to partially involve the Ministry of Culture of Ukraine (organization of festivals, parades, show programs), the Ministry of Economic Development and Trade of Ukraine (control over the quality of product brands).

The good news is that in 2018, the Banda agency with the support of the Cabinet of Ministers of Ukraine, the Ministry of Information Policy of Ukraine and the Ministry of Trade and Economic Development began Ukraine's branding process. The result of the current project is the brand idea - "Ukraine Now".

Ukraine now – This is the largest international marketing campaign of the Ukrainian government, which will start in 2018. Its goal is to form a brand of Ukraine in the world, to attract investments into the country and to improve the tourism potential.

In preparation for the campaign 27 experts from the commission on issues of popularization of Ukraine in the world took part.

With their help, the maximum amount of data and materials was collected to create a brand that will demonstrate the attractiveness of Ukraine for tourism, cultural interaction and business as on Figure 3.1.

Ukraine needs a brand to globally change the image of Ukrainians and convince more people to come to us. Such a brand that will show us as an open modern country, where everything is most interesting right now.

"Now" is the most important word for Ukraine today. Modern Ukrainians - they are about "now." They do not wait, do not be afraid. They operate and create new companies right now, new progressive businesses, new cafes, restaurants, festivals, new factories, new creative academies and innovative technology parks.

We want to attract the attention of the same modern people from all over the world, tourists and investors. For them, this moment of change is important.

In addition, for research, this magical word "NOW" attracts them very much. It is based on a new campaign and branding idea.

New branding of Ukraine is dynamic, open and positive. The logo came out just as if "highlighting" the yellow marker the main message word - NOW. And the blue element in the shape resembles the notifications that we see in social networks. This is a symbol of something new that attracts attention. And Ukraine is really worth paying attention.

The minimalism of the logo makes it easy to use. It is built from basic geometric shapes. It allows you to rent anything - simple elements of the style "penetrate" in any subject.

The logo is constantly transforming. Elements can freely change their position and shape, adapt to the media format. The logo in the logo complements the layout context. It serves as a kind of "rubricator", which divides snippets on the subject.

Regarding all mentioned above it is necessary to say that Ukrainian public met new brand with caution and hostility referring to unoriginality of design combined with its poor quality. The next concern is related to the fact that Ministry of economic

Development and Trade of Ukraine already has Ukraine brand developed in 2013 for touristic sector “Ukraine-It’s all about U”, registered on its account and in use.

The other concern is that brand developed in 2018 will have the same fate, level of influence and memorability just as brand developed in 2013.

It should be noted that Ukraine first represents its trading, investment and tourism potential on events of such global significance.

In addition, the representatives of all these business industries, the brand Ukraine is now actively and widely used, as well as the gracious use of the public and government communications.

In total 172 countries of the world are represented at the exhibition.

Ukraine is represented by more than 300 leading enterprises in various industries, ranging from investment activities, food and processing industries, industrialization, engineering, creative industries, IT and innovation, tourism and education, as well as investors, buyers and visitors. In each of the industries represented, a Chinese investor or buyer will be able to see contemporary, technological, creative designs developed by Ukrainians.

That leads to the statement that if taken into account all the diversity of factors that compose and influence the image of Ukraine the actual change into positive image will be doubtfully driven just by the logo, besides the one that is poorly sustained or developed at first place.

Ukraine needs solid structural changes within the whole system to strengthen in the view of international community.

Those that will reflect itself in world known rankings to create resonance.

Therefore, if measures offered in 3.2 will take place, the score for the Legatum Prosperity Index will be as calculated in the trend line of Legatum Prosperity Index.

*Table 3.1*

**LPI Scores and DI as Entry Data for Model and 2018-2022 Forecast**

<b>Year</b>	<b>Legatum Prosperity Index, Scores</b>	<b>DI in Ukraine’ economy, mln USD</b>
2010	52,55977	38 992,9
2011	53,03724	45 370,0



2012	53,38484	48 197,6
2013	53,92916	51 705,3
2014	53,37916	53 704,0
2015	52,58823	40 725,4
2016	52,4444	36 154,5
2017	51,75125	37 513,6
<b>2018</b>	<b>51,6716</b>	<b>33489,6</b>
<b>2019</b>	<b>51,207</b>	<b>29445,4</b>
<b>2020</b>	<b>50,957</b>	<b>27269,2</b>
<b>2021</b>	<b>51,0284</b>	<b>27890,7</b>
<b>2022</b>	<b>51,528</b>	<b>32239,6</b>

*Source: composed by author based on [81, 85]*

The score for the Legatum Prosperity Indexes for 2018-2022 are calculated according to the trend of Legatum Prosperity Index, justified in part 3.2 and depicted on figure 3.1. The trend line equation is:

$$y = 0,0178x^3 - 0,4267x^2 + 2,8189x + 47,888 ,$$

where:

y - Legatum Prosperity Index, Score;

x – time period number.

The prognosis for Legatum Prosperity Index scores for the next 5 years is presented in the table 3.1.

For the next step the regression model was built with DI (shareholders' equity) in Ukraine' economy as a dependent variable and Legatum Prosperity Index, Score as independent variable with the regression equation as this:

$$DI = -416297,2824 + 8704,72098 *(LPI) ,$$

where:

DI – direct investment (shareholders' equity) in Ukraine' economy;

LPI – Legatum Prosperity Index, Score.

The model can be determined as good one due to the fact that determination coefficient ( $R^2$ ) equals to approximately 0,8.

Then according to the regression equation function the forecast values of direct investment (shareholders' equity) in Ukraine' economy for the next 5 years are determined and presented in table 3.2 and depicted at figure 3.6.

The forecast reflects clear tendency of Ukraine's direct investments' volume to decrease with a remission that can be expected since 2021.

Which can be considered as quite fast recovery regarding the Ukraine's level of occurred disturbances.

Nevertheless, the downturn that Ukraine's image took upon itself in 2014 will require long time for the country to get back to where it was before the revolution that took away peace from Ukraine.

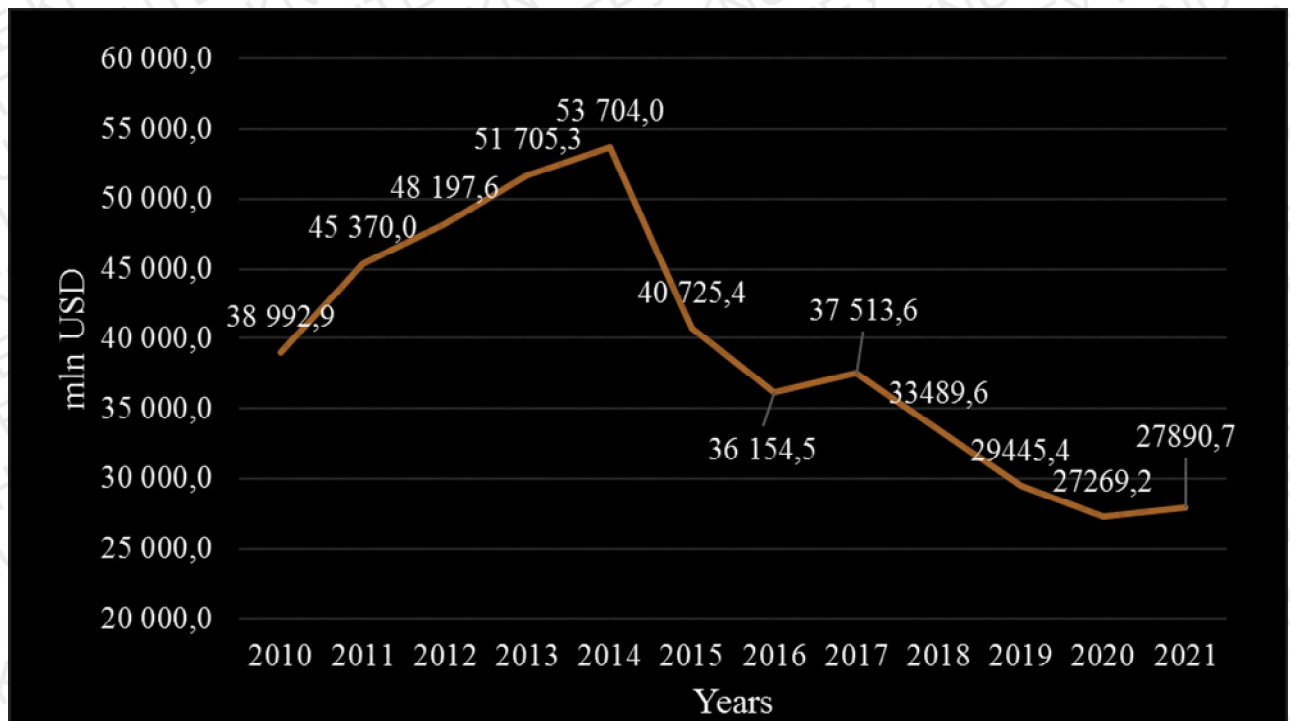


Figure 3.5. DI Forecast in Ukraine's Economy Based on Regression Model, in 2019-2022, mln USD

Source: composed by author based on [85]

That bring us to the next image-determining factor.

The rank for Global Peace Index are calculated according to the trend of Global Peace Index, justified in part 3.2 and depicted on figure 3.2.

The trend line equation is:

$$y = 35,941\ln(9) + 75,107$$

where:

y - Global Peace Index Rank;

x – time period number.

The prognosis for Global Peace Index scores for the next 5 years is presented in the table 3.3.

For the next step, the regression model was built with FDI inflow in Ukraine's economy as a dependent variable and Global Peace Index, Rank as independent variable with the regression equation as this.

*Table 3.2*

**GPI Ranks and FDI as Entry Data for Model and 2018-2022 Forecast**

<b>Year</b>	<b>Global Peace Index, Rank</b>	<b>FDI, mln, USD</b>
2010	101	6451
2011	81	7207
2012	88	8175
2013	111	4509
2014	141	847
2015	150	3050
2016	156	3441
2017	154	2827
<b>2018</b>	<b>154</b>	<b>2340</b>
<b>2019</b>	<b>158</b>	<b>2071</b>
<b>2020</b>	<b>161</b>	<b>1828</b>
<b>2021</b>	<b>164</b>	<b>1606</b>
<b>2022</b>	<b>167</b>	<b>1402</b>

*Source: composed by author based on [80,85]*

$$FDI = 13275,91681 - 70,97793735 * (GPI) ,$$

where:

FDI – foreign direct investment inflow into Ukraine's economy;

GPI – Global Peace Index, Rank.



The model can be determined still as acceptable and almost as good one due to the fact that determination coefficient ( $R^2$ ) equals to approximately 0,77.

Then according to the regression equation function the forecast, values of foreign direct investment inflow into Ukraine's economy for the next 5 years are determined and presented in table 3.3 and depicted at figure 3.7.

By analogy, the conclusion in 3.2 regarding the prognosis of military action onto FDI inflow is relevant and visually obvious.

The only current major and most impactful way to improve investment inflow for Ukraine and to increase its investment attractiveness is to bring a militarized conflict and its continuous consequences to a final.

International community needs to see Ukraine as a peaceful stable and sustainable country.

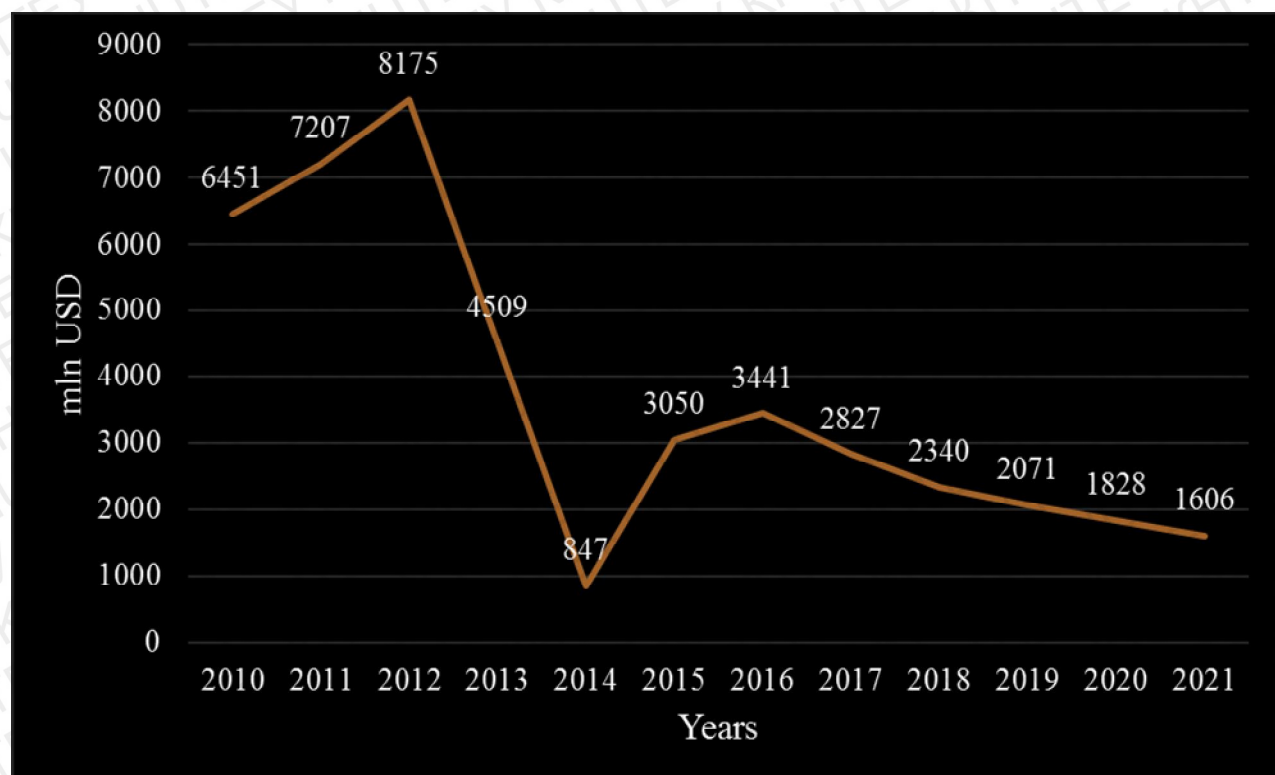


Figure 3.6. FDI Forecast in Ukraine's Economy Based on Regression Model, in 2019-2022, mln USD

Source: composed by author based on [85]

Consequently, the formation of a positive international image of Ukraine is an important issue of national scale.

There are also recommendations for using sub-brands - for example, an export brand or local brands of cities. However, it is important - especially for public authorities - to use the brand Ukraine now to popularize Ukraine in the world as a single gloss. The government approved the brandbook and instructed the authorities to use these recommendations - how to use the brand, in which styles, and so on, to give advice to state authorities, businesses, and local government - how to use the brand when the technical parameters are approved.

The philosophy is that "people are our main force", they create a new and developing country, they are "ambassadors (ambassadors) of Ukraine". We talk about new possibilities and about actions. Therefore, we value determination, activity and enthusiasm for our work. We aim to constantly distribute the now-philosophy: here and today - among Ukrainians, and motivate foreigners to get acquainted with Ukraine today. To emphasize the openness of the brand and the brandbook as it is free to use.

Ukrainians and Ukrainians are the best ambassadors of Ukraine. We would very much like to be happy to recognize each other by stickers on their phone. Actually, now it is happening abroad.

It requires the joint, purposeful and consistent efforts of all strata of Ukrainian society and Ukrainian community abroad, and most importantly, the authorities. Nevertheless, the result of such efforts will be the growth of the national economy and Ukraine's competitiveness in the international arena.

It should be noted that it is necessary to effectively use the received investments, otherwise growth of investment attractiveness will not be effective.

For this purpose, it is necessary to form a stable state policy in the sphere of foreign investment, designed for the long-term perspective, as well as to develop a well-grounded state strategy of attracting foreign investments taking into account national goals and priorities. Proper and rational distribution of foreign investments between different sectors will ensure economic development and increase the credibility of our country in the world. We need not only to direct foreign investment to current development needs, but also to take into account future prospects; the

development of the NTP should be guided by the changes taking place in the world in order to reach the international level of development.

Solving problems that impede the effective attraction of foreign investment will help improve the country's investment climate and improve its economic situation.

Under the conditions of a globalized world and the spread of modern media societies, country's favorable image and reputation around the world has become more important than the territory, access and raw materials.

In the times of globalization and mediatization, the image of a country projects is becoming more and more important as countries are increasingly observed by international organizations, media and public, they are publicly rated and compared according to their economic development, their political stability, efficiency and morality of their national and international policies or the attractiveness of their culture.

### **Conclusions to Chapter 3**

The two most influential factors are Legatum Prosperity Index and Global Peace Index Rank. Therefore, in order to influence Ukraine's investment attractiveness in the most positive way it is necessary to develop a set of strategies targeting specifically those two dimensions represented as index/rank. For this purpose, the SWOT analysis strategy development method was used.

SWOT strategies above target both: the need for better level prosperity for the nation through economic development, social and health security provision, securing human rights and personal freedoms etc. in ways explained in strategies; and the need for military conflict resolution through development of a diplomatic relationship and by Ukraine's military force development.

Nevertheless, the image of Ukraine requires not only essential changes but also the development of a brand strategy. Due to the fact that Ukraine already has a certain image, one should not speak about its renewal, but about the change. It is necessary to realize that image is not valuable in itself, but only as a means for



realization of foreign policy interests of Ukraine. Thus, it is necessary to form it everywhere, where these interests are present.

In order to adequately develop the brand of Ukraine and its constant balanced support, implementation of such aspects as: the formation of a special institution from specialists in different fields; consolidation of the position of politicians and state institutions; provision of proper financing; conducting an active information policy; providing support to the nasty Ukrainian business.

In order to increase the effectiveness of measures to create a positive image of Ukraine as an important means of disseminating information about the state, modern information technologies, especially the Internet, need to be used.

Promotes the formation of a positive image of Ukraine and the Ukrainian Diaspora. Attracting its informational, intellectual, cultural and financial potential increases the effectiveness of such activities, and the political and social influence that some representatives of the Ukrainian diaspora have gained in some countries, acts as an independent factor in the formation of a positive image of Ukraine.

The introduction of a strong brand strategy will redirect the focus of the world community to the positive side of Ukraine and will highlight its real competitiveness by giving opportunity to rehabilitate from the destructive effects of war and instability.

A forecast for the trend of the Legatum Prosperity Index was developed based on the proposed strategies for improvement and on the basis of statistical bottomings for the visual representation of the forecast gap between the trend without the introduction of changes and the trend with their introduction. This justifies the need for the proposed strategies.

Forecast trend line for Global Peace Index Rank through, reflects the nature of the reality of military conflicts, the tendency to rapid escalation of turbulence at the beginning of the conflict and with a slowdown and stabilization at a certain level.

If the conflict does not find a final solution or if a high-quality brand strategy does not take away the attention of it as the main determinant of the image of Ukraine, it will lead to a slow and, of course, permanent deterioration.

The good news is that in 2018, the Banda agency with the support of the Cabinet of Ministers of Ukraine, the Ministry of Information Policy of Ukraine and the Ministry of Trade and Economic Development began Ukraine's branding process. The result of the current project is the brand idea – “Ukraine Now”.

The Ukrainian public met a new brand with caution and hostility concerning not the originality of the design, as well as its low quality. Another problem is that the brand, developed in 2018, will not be supported and will have a low impact level. This leads to the assertion that if we take into account all the variety of factors that make up and affect the image of Ukraine, then the actual change in the positive image will be more likely to be caused only by the logo, especially because it is initially poorly maintained or developed. Ukraine needs solid structural changes throughout the system to strengthen it from the point of view of the international community. Those that reflect themselves in world-renowned ratings to create resonance.

To predict the level of influence of the most important factors of the image on the investment attractiveness, a regression model with direct investment (equity capital) in the Ukrainian economy was first constructed as a dependent variable and the index of the prosperity index of the Legatom as an independent variable. The outlook reflects a clear tendency to reduce the volume of direct investment in Ukraine with a rejection that can be expected from 2021.

Nevertheless, the economic downturn in Ukraine's image of 2014 will take a long time to bring the country back to where it was before the revolution that took peace from Ukraine.

The next step was to construct a regression model with the inflow of FDI into the economy of Ukraine as a dependent variable and the Global Peace Index, rank as an independent variable

The only current major and most effective way to improve the flow of investment for Ukraine and increase its investment attractiveness is to bring the paramilitary conflict and its persistent consequences to the finals or to minimize its impact through the strategy and international diplomacy. The international community should see Ukraine as a peaceful, stable country with stable development.

Due to the fact that the diplomatic conflict resolutions and military capacity building will take some time, it is as well necessary to develop a good brand strategy. So even if there will be a conflict going on the fact of military action will not be the only thing that Ukraine is talked about internationally.

As it was mentioned earlier Ukraine's needs to have proper illumination internationally giving the people abroad the opportunity to see our country not just as borderline to Russian Federation but as Nation with the identity and value to the world, as it truly is.

Consequently, the formation of a positive international image of Ukraine is an important issue of national scale. It requires the joint, purposeful and consistent efforts of all strata of Ukrainian society and Ukrainian community abroad, and most importantly, the authorities. Nevertheless, the result of such efforts will be the growth of the national economy and Ukraine's competitiveness in the international arena.



## CONCLUSIONS

The image of the country is the most generalized form of manifestation of the place of the national economy in the world economic system.

The image of the country as a positive design can greatly affect foreign direct investment; the prosperity of the national tourism industry, the attractiveness of the domestic labor market and educational systems, the export of goods and services globally, as well as international relations and the degree of political influence of the country.

The image of countries has a critical impact on foreign direct investment.

Purposeful change of the image of the country with a certain purpose transforms the concept of an image into the notion of a brand.

Scientific research on the factors of the image of the country and investment attractiveness have a very wide variation in the definition of these same factors. This is due to the fact that in fact, such multilevel concepts as image and investment attractiveness are determined by an extremely large number of factors. That is why different scientists distinguish for themselves the different level of inclusiveness of factors in the research methodology and the varying degree of detail of these factors. If we observe the relationship between the factors of the image and the investment attractiveness, then the scheme of the correlation of these concepts is confirmed.

To apply common approach, such as using international indexes as image factors and analyzing their influence, by using the rule of transitivity we made an assumption that international indexes as factors and as representatives of Ukraine's image dimensions transitively influence the investment attractiveness of Ukraine.

Developed a methodology for determining the influence of image on investment attractiveness of Ukraine that includes correlation and regression analysis as well as SWOT analysis.

The investigation of an image shows that Ukraine does not have an image strategy, which leads to the fact that Ukraine's perception abroad is critically distorted.

The conclusion out of the Ukraine international image research is the absence of prominent or noticeable description of image rather due to Ukraine image itself being almost absent in the international information field.

Ukraine's image by biggest consulting agencies usually has a rank on the level of halfway down from the top or if compared to European region closer to the bottom of the rank of countries. It means that image of Ukraine usually worse than the image if at least 50% of studied countries.

The investigation of self-image of Ukraine shows that people of Ukraine notice lowering social security and other vital areas of general prosperity. The nation's idea for Ukraine future is mostly pessimistic. Nevertheless, many notices that situation got better in the military sphere and notion is unanimous in European direction for Ukraine.

According to SWOT analysis is that Ukraine has enough internal strength to suicide in external opportunities and to neutralize external threats, as well as to overcome weaknesses by means of opportunities. The biggest Ukraine's strength is the proper developments of its military forces. The biggest Ukraine's weakness that stops investors from investing is corruption and lack of transparency. The biggest opportunities are presented in the sphere of international cooperation and partnership development. The biggest threat is military aggression.

International indexes support those conclusions of SWOT analysis. Global Peace Index dropped 53 places, Legatum prosperity Index went down 9 ranks. On the positive side Human Development Index, Corruption Perception Index; Competitiveness Index of Ukraine grew in rating worldwide. Ukraine's Doing Business grew the most.

Investigation of the topic of investment attractiveness in a form of amounts of investment flows has been performed bringing the conclusions that the crisis of 2014 causes continuous decline in amounts of investment into Ukraine; it has deepened the

gap in the distribution of the resources and capital among regions, which effects various aspects of the life of the citizens. A lot of investment from offshore shows the extrem lack of real investors that afraid of political, military, economic and social instability.

The correlation patterns between ranks and direct investment in Ukraine's economy as well as between ranks and FDI inflow was detected. Moreover, it has shown that the actual value of an index is far less significant in its influence on investment attractiveness than the rank of that index placed higher or lower in relation to the other countries of the world.

The two most influential factors are Legatum Prosperity Index and Global Peace Index Rank. Therefore, in order to influence Ukraine's investment attractiveness in the most positive way it was developed a set of strategies targeting specifically those two dimensions as such: better level prosperity for the nation through economic development, social and health security provision, securing human rights and personal freedoms; and military conflict resolution through development of diplomatic relationship and by Ukraine's military force development.

Nevertheless, the image of Ukraine requires not only essential changes but also the development of the brand strategy. In order to adequately develop the brand of Ukraine and its constant balanced support, implementation of such aspects as: the formation of a special institution from specialists in different fields; consolidation of the position of politicians and state institutions; provision of proper financing; conducting an active information policy; providing support to the nasty Ukrainian business.

In order to increase the effectiveness of the proposed measures, modern information technologies, especially the Internet, should be used. As well as attracting the informational, intellectual, cultural and financial potential of the Ukrainian diaspora, it increases the effectiveness of such activities.

The introduction of a strong brand strategy will redirect the focus of the world community to the positive side of Ukraine and will highlight its real competitiveness



by giving an opportunity to rehabilitate from the destructive effects of war and instability.

Given the variety of factors that make up and affect the image of Ukraine, the actual change in the positive image is more likely to be caused only by the logo, especially because it is initially poorly maintained or developed. Ukraine needs solid structural changes throughout the system to strengthen it from the point of view of the international community. Those that reflect themselves in world-renowned ratings to create resonance.

To predict the level of influence of the most important factors of the image on investment attractiveness, a regression model with direct investment in the Ukrainian economy as a dependent variable and index of prosperity Legatum as an independent variable was first constructed. The outlook reflects a clear decline in the volume of direct investment in Ukraine, with improvements that can be expected from 2021.

Nevertheless, the economic downturn in Ukraine's image of 2014 will take a long time to bring the country back to where it was before the revolution that took peace from Ukraine.

A regression model with inflow of FDI into the economy of Ukraine as a dependent variable and the Global Peace Index, rank as an independent variable was constructed. The only current major and most effective way to improve the flow of investment for Ukraine and increase its investment attractiveness is to bring the paramilitary conflict and its persistent consequences to the finals or to minimize its impact through the strategy and international diplomacy. If the conflict does not find a final solution or if a quality brand strategy does not take away the attention of Ukraine as the main determinant of the image of Ukraine, it will lead to a slow and, of course, permanent deterioration. The international community should see Ukraine as a peaceful, stable country with stable development.

Consequently, the formation of a positive international image of Ukraine is an important issue of national scale. It requires the joint, purposeful and consistent efforts of all strata of Ukrainian society and Ukrainian community abroad, and most importantly, the authorities. Nevertheless, the result of such efforts will be the growth

of the national economy and increased competitiveness of Ukraine in the international arena through the attraction of investments.

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