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INVESTMENT STRATEGIES IN TERMS OF GLOBAL COMPETITIVENESS

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Summary. The article examines the concept of investment strategies in the conditions of global competitiveness and defines their types. The main forms of psychotypes of investors are highlighted. The behavior of investors during 2014–2022 and the Kearney Foreign Direct Investment Confidence Index 2022 were analyzed. It is emphasized that the war between Russia and Ukraine did not greatly affect the behavior of investors, who are still relatively optimistic about the prospects of Europe and Eurasia. In the financial world, a wide range of factors affect the prices of certain assets. Since the trend of deglobalization is accelerating, against the background of the coronavirus and the escalation of trade conflicts, it is impossible to bypass macro factors when analyzing and choosing a company for investment. Each company conducts business in a certain industry and its development depends on the macroclimate in the country and the world in general. Indicators such as the level of interest rates, inflation, employment, unemployment, etc. are taken into account to determine investment directions. The global pandemic of covid-19 has caused significant human and economic losses. The global economy contracted in 2020. However, if we analyze the investment activity, the years 2021 and 2022 were quite active. If you compare the total value of the global stock market in 2020 and before the covid-19 pandemic, it is almost unchanged. The reason for this may be the following factors: a gradual increase in the production of goods and services, an increase in the employment rate of the population, significant progress in the creation of a vaccine against covid-19, etc. The recovery of the world's economies is accelerating and does not foresee a further decline. Therefore, creating new opportunities for business strategies will require a comprehensive solution to both old and new problems. The recovery can and should be used to invest in sustainable companies and infrastructure. Increasing exports, integration into global value-added chains, setting up the production of environmentally friendly products and promoting IT startups will create opportunities for economic development. The main advantages and disadvantages of investment strategies are substantiated.

Key words: investment strategies, global competitiveness, investor behavior, Kearney Foreign Direct Investment Confidence Index, psychotypes of investors.

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ІНВЕСТИЦІЙНІ СТРАТЕГІЇ В УМОВАХ ГЛОБАЛЬНОЇ КОНКУРЕНТОСПРОМОЖНОСТІ

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Резюме. Досліджено поняття інвестиційних стратегій в умовах глобальної конкурентоспроможності та визначено їхні типи. Виділено основні форми психотипів інвесторів. Проаналізовано поведінку інвесторів протягом 2014–2022 років та Kearney Foreign Direct Investment Confidence Index 2022. Акцентовано, що війна між росією та Україною не сильно вплинула на поведінку інвесторів, які все ще відносно оптимістично дивляться на перспективи Європи та Євразії. В фінансовому світі широкий спектр факторів впливає на ціни тих чи інших активів. Так як пришивидишується тренд деглобалізації, на фоні коронавірусу та ескалації торгових конфліктів, неможливо оминути макрофактори при аналізі та виборі компанії для інвестування. Кожна компанія веде бізнес у певній індустрії, її розвиток залежить від макроклімату в країні та світі загалом. Для

визначення напрямків інвестування враховуються такі показники, як рівень процентних ставок, інфляція, зайнятість, безробіття тощо. Пандемія covid-19, яка стала глобальною, завдала значних людських та економічних втрат. Відбулося скорочення глобальної економіки в 2020 році. Проте, якщо проаналізувати інвестиційну діяльність, то 2021 і 2022 роки були досить активними. Якщо порівняти загальну вартість глобального ринку акцій в 2020 році та до пандемії covid-19, вона майже не змінилася. Причиною цього можуть бути такі фактори: поступове збільшення виробництва товарів та послуг, збільшення показників зайнятості населення, значний прогрес у створенні вакцини проти covid-19 та ін. Відновлення економік країн світу пришвидшується і не передбачає подальшого спададу. Тому створення нових можливостей для бізнес-стратегій потребуватимуть комплексного вирішення як старих, так і нових проблем. Відновлення може й повинно використовуватися для інвестування в стійкі компанії та інфраструктуру. Збільшення експорту, інтеграція в глобальні ланцюги доданої вартості, налагодження виробництва екологічно чистої продукції та сприяння ІТ-стартапам створюють можливості для економічного розвитку. Обговорено основні переваги та недоліки інвестиційних стратегій.

Ключові слова: інвестиційні стратегії, глобальна конкурентоспроможність, поведінка інвестора, *Kearney Foreign Direct Investment Confidence Index*, психотипи інвесторів.

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Research problem. Investment is a key factor in economic growth, especially for countries with an unfavorable demographic structure and negative trends in labor force dynamics. Investing in fixed capital, which ensures the growth of labor productivity, is one of the foundations in the medium and long term of growth drivers in developing countries.

Analysis of recent research and publications. Issues regarding the development and implementation of investment strategies are very relevant and are given considerable attention in many works of scientists, namely: R. Akoff, I. Ansoff, H. Birman, I.O. Blank, D. Cleland, J. Van Deyn, P. Drucker, R. Foster, F. Hayek, V. V. Kossov, B. Karlof, U. King, I. V. Lipsits, P. Masse, G. Mensha, M. S. Schmidt, V. D. Shapiro, A. R. Sterling, A. J. Strickland, A. A. Thompson, L. Vodocheka.

Problem formulation. The paper substantiates the concept of investment strategies in conditions of global competitiveness and defines their types. Each company conducts business in a certain industry and its development depends on the macroclimate in the country and the world in general. Indicators such as the level of interest rates, inflation, employment, unemployment, etc. are taken into account to determine investment directions.

New trends may await us: an increase in the gap between developed and developing countries, due to the new financial capabilities of countries that issue reserve currencies; another round of geopolitical rivalry and protectionism; transformation of biotechnology into the main driver of economic growth. They will also leave their mark on future global trade development.

Research task. Based on the above, we can formulate a research task, which is to study investment strategies in terms of global competitiveness.

Presentation of main research results. Investment strategies are strategies that help investors choose where and how to invest as per their expected return, risk, corpus amount, long-and short-term holdings, retirement age, choice of industry, etc. Investors can strategy their investment plans as per the objectives and goals they want to achieve. Moreover, investment strategy is the development of manipulations with one's own capital aimed at obtaining profit. For example, you have savings at home, but you want them to work. In this case, you need to decide where to invest money in order, firstly, to get the maximum profit, and secondly, not to lose what you have. Thus, the essence of the investment strategy is to determine one or more ways aimed at multiplying the invested funds today, tomorrow, and in long term.

While both fiscal and credit policies were aggressive, another driver was the megatrend of low inflation expectations, low nominal and negative real interest rates. If you ask why the

ten-year rate on treasury bonds today is about 50 basis points, but in reality all of them are 100, you should remember the fact that in the period from March to June 2020, the balance sheet of the US Federal Reserve System increased by \$3.6 trillion, which equivalent to 16% of the country's annual GDP. By comparison, the same \$3.6 trillion was used during the 2008 Fed crisis, but for 4 separate bailout programs that lasted 2.5 years. This example shows how macro analysis can be used to establish important relationships, as well as draw conclusions about what is happening in the country and the world.

Understanding how the economy recovers makes it possible to recommend certain investment strategies to the investor. More aggressive, if the economy is recovering or more conservative if a recession is expected. If you are a beginner, you should familiarize yourself with the classic types of investment strategies.

1. Conservative. This type of capital management is suitable for those who do not understand the intricacies of investing and want to make a profit without much risk. The profitability of conservative investing does not exceed 15–20% per year, and most often, it is no more than 10–12%. As a rule, accrued interest only covers the level of inflation, but it is still better than if the money was lying at home. Nevertheless, the most important thing is that the risk of losing money with a «conservator» is minimal.

Deposits are the most popular and affordable type of conservative investment. Another attractive method of conservative investing is corporate, municipal and government bonds (T-bonds), the latter of which are tax-free. For example, military bonds are domestic government bonds (DGBs) – government securities issued by the Ministry of Finance of Ukraine. They are military bonds because they are placed during the war. Funds from bonds are used to meet the needs of the Armed Forces of Ukraine and other financial needs of the state in times of war. The press service of the National Bank reports that in just one week (June 13–19), almost five thousand citizens and business owners bought Ukrainian military bonds. Thus, according to the depository, as of June 20, 2022, the total amount of investments of Ukrainian citizens and businesses in military bonds exceeds UAH 10.3 billion. These funds are transferred to finance the budget deficit, which has increased since the war began [1]. In the same category, you can invest in accumulative life insurance programs and non-state pension funds, real estate, gold etc.

2. Moderate. A moderate strategic plan provides for profitability at the level of 20–30% per year. The risk of going bankrupt here is higher than with the conservative method, so investors are better off waiting with this method. Moreover, those who, in principle, do not plan to delve into the essence of investment instruments, should not even try – there is a high probability that eventually they will lose everything. A moderate strategy requires at least minimal knowledge or is compiled and implemented by the trustees of the capital owner. This includes investments in microfinance organizations, shares of large companies, and high-yield mutual funds.

3. Aggressive. As you can guess from the name, this method involves increased risk, but with successful business management, you can earn many times more than with conservative investing. Depending on the investment instruments and the current situation on the market, profitability can reach 50% or more, and when conducting high-risk operations, even 100% is far from the limit. The risk of losing all your money with an aggressive strategy is proportional to the reward, and an over-aggressive one is, without exaggeration, «hit or miss». Such investments require constant monitoring, which takes a lot of time, nerves and energy. To be an «aggressive» investor, it is necessary to have a high resistance to stress and thoroughly know the tools of risky investment. However, even in this case, the probability of losing everything is tens of percent.

By its essence, aggressive investing is speculative actions with securities, which can be represented by the same shares or bonds. Only the investor does not work with the so-

called «blue chips», but with the securities of second-echelon companies, which during market fluctuations can both rise and fall in price by 10–15% or more. In addition to operations with shares and bonds, an «aggressive» investor can work on the foreign exchange market, invest money in securities derivatives – options and futures, as well as invest in startups. There were many meaningful insights derived out of the visualization stage of this task. A map visualization revealed that Latin American countries are resident to the maximum number of startups, as well as South Africa. There is an insufficient number of startups located in African countries. This is alarming as there is drastic community development required in these regions (see Figure 1).

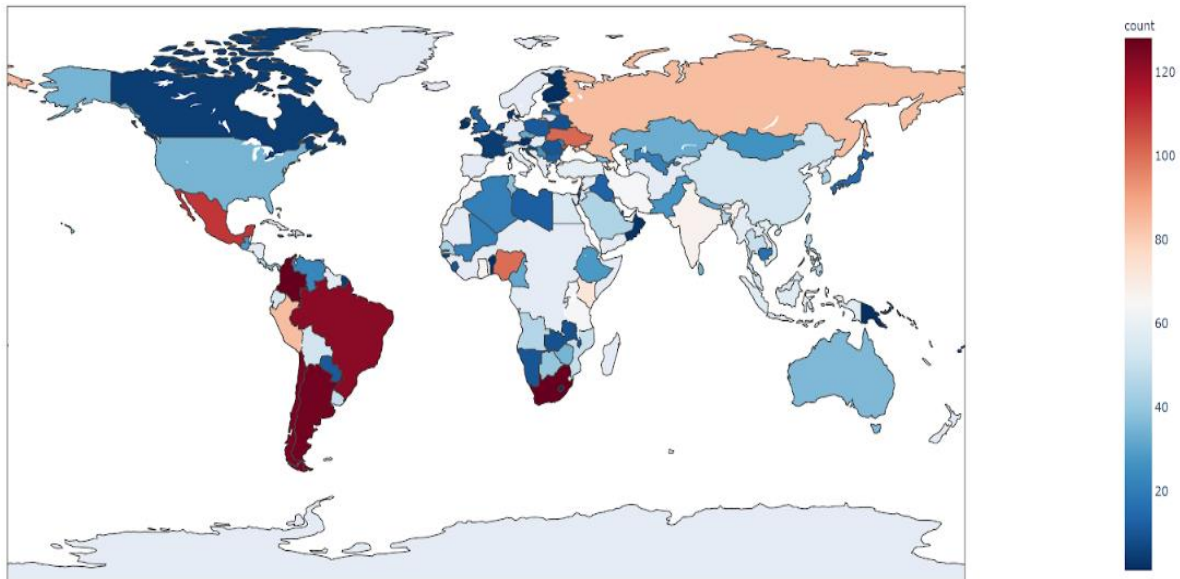


Figure 1. Startups by countries

Source: [2].

Each of us has a set of character traits that determine our behavior in one or another situation. The reaction to external and internal stimuli depends on the genes and phenotype of a person. The first factor determines temperament and cannot be changed, the second is a model of behavior formed on the basis of life experience, and here a person can make adjustments.

The combination of these two factors forms a psychotype that explains why an investor chooses a particular strategy. There are several classifications according to which there are 7, 12 and even more psychotypes, but in general there are only four: «player», «investor», «manager» and «entrepreneur». Let us briefly get acquainted with each of them.

1. «Player». People of this psychotype do not like to deal with forecasts – they prefer to act. Long planning is not for them, it is easier for them to try, see how everything works and, based on the data received, make decisions. Needless to say, «players» often make mistakes when investing, sometimes fatal ones, which lead to the loss of all money. However, people of this psychotype have one strong quality: they are not prone to despair and depression, and perceive mistakes as a way to gain valuable experience. «Player» considers the forecast to be unreliable information and views it as a brake that prevents instant decision-making. People with this psychotype prefer not strategic planning, but tactical techniques, which are often invented and adjusted during work.

2. «Investor». In contrast to «players», people with an «investor» psychotype are forecasters to the core. They like to analyze, compare data, study statistics, and take action only

after receiving convincing data that a particular investment method is reliable. «Investors» love material goods and are ready to work for years to own them. Trying to make the world predictable gives them a sense of confidence and comfort. Having achieved (in their opinion) complete control over the situation, they often begin to act overconfidently and lose the sense of danger, which leads to the same mistakes that the «players» make.

3. «Manager». As the name suggests, people of this psychotype are good managers. They are able to create the clearest order and the most perfect management system. «Managers» are sensitive colleagues, reliable business partners, loyal friends and conscientious employees. They have a heightened sense of duty and justice, high emotionality and low self-control. People with the «manager» psychotype need a sense of belonging to a stable system (egregor) like no other. Otherwise, they begin to sway from side to side, and they let things go as they please. Nevertheless, as soon as the «manager» is nailed to his egregor, he becomes super-efficient and rational.

4. «Entrepreneur». People of this psychotype are quite rare, but society does not need a large number of them. These are innovators, reformers, preachers of new views and destroyers of old theories. They do not recognize limitations and stereotypes and strive for innovation. «Good is the enemy of better» – this is the motto of «entrepreneurs». They are always in search of ideas and under the influence of another «discovery» are capable of radical transformations. Lack of internal and external frameworks, unceasing response to new external signals, unpredictability and antisociality are the key features of a person with the «entrepreneur» psychotype. To sum it up: people of any psychotype can become good investors. The main thing is to learn to fully use your strengths and control reflexes that can interfere. «Players» feel comfortable when the stock market fluctuates and are able to make money on horse races. People with an «investor» psychotype are born financiers, and if they manage to curb the habit of «digging deep», they can accumulate a decent capital. «Managers» are able to develop excellent strategies within the framework of the rules of the game, and «entrepreneurs» are able to make correct investment forecasts when the market is chaotic and there are no rules.

5. The «golden» rule of the investor. Psychotype leaves an imprint on the development of an investment strategy. «Players» want to earn a lot at once, so they often choose aggressive methods. «Investors» are able to play long and, as a rule, prefer conservative instruments. «Managers» may not change the investment course for a long time, while «entrepreneurs», on the contrary, like to experiment [3].

All these actions are actual, but there is one rule that any investor follows. We are talking about diversification of investments – the basis of any strategy. By investing money in several instruments at once, you ensure the optimal level of income with minimal risks. The classic scheme is as follows: 55–60% – conservative investments, 30–35% – moderate, 5–10% – aggressive. In order to reduce the risk as much as possible, the latter can be abandoned altogether and the share of conservative or (and) moderate assets can be increased. If some positions sag, you will not lose all your money and can adjust your strategy [4].

More than three-quarters (76 percent) of companies said they were planning to increase their FDI in the next three years-up from 67 percent a year ago. Further, 83 percent cited foreign direct investment as becoming more important for corporate profitability and competitiveness in the next three years, including 50 percent of business leaders in the Americas region who said they believed FDI would become significantly more important. Similarly, respondents judged the outlook on the global economy to have improved, with 63 percent saying they were more optimistic than pessimistic – up from 57 percent last year (see Figure 2).

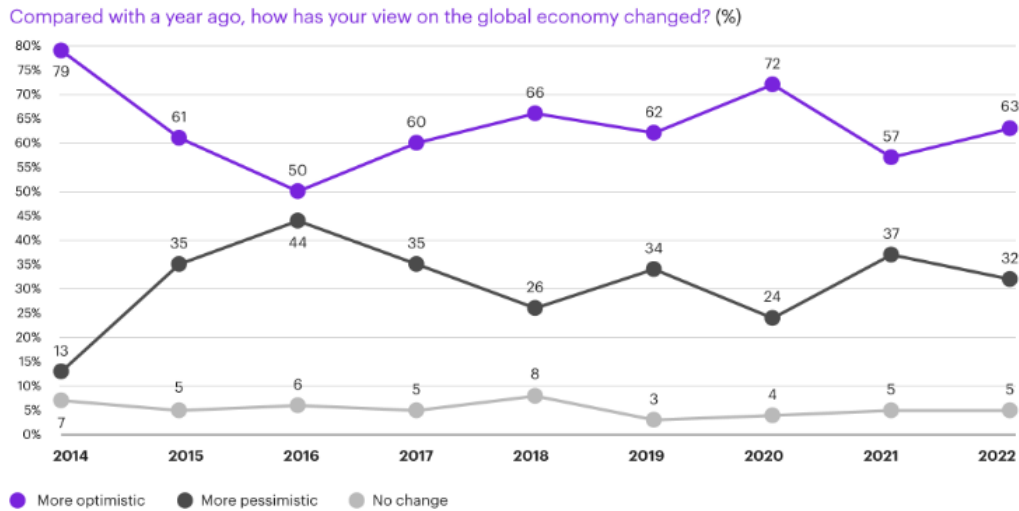


Figure 2. Investor behavior during 2014–2022

Source: [5].

The war between Russia and Ukraine, which began in February 2022, has not greatly affected the behavior of investors, who are still relatively optimistic about the prospects for Europe and Eurasia: 50 percent are more optimistic about the region than a year ago (compared to 44 percent last year). Still, investors cited rising commodity prices, escalating geopolitical tensions and persistent inflation as likely events in the coming year, and the crisis in Ukraine has exacerbated each of these areas.

The United States takes the top ranking for the 10th consecutive year. Germany advances to the second position as Canada falls one position to third. Japan moves up to fourth, and the United Kingdom slips one position to fifth. The top 10 markets on the Index are largely unchanged from 2021, save for China rising from 12th to 10th. Developed markets account for 21 of 25 spots on the Index, including the top nine. These markets continue to show their strength in our survey during periods of crisis, representing more safety and stability to business leaders whose strategies and bottom lines have been shaken by the pandemic (see Figure 3).



Figure 3. Kearney Foreign Direct Investment Confidence Index, 2022

Source: [5].

Investing is defined as holding a position for more than a year. Let us overview the advantages and disadvantages of this long-term strategy.

Some of the advantages of investment strategies are as follows:

Investment strategies allow for diversification of risk in the portfolio by investing in different types of investments and industry based on timing and expected returns.

A portfolio can be made of a single strategy or a combination of strategies to accommodate the preferences and needs of the investors.

Investing strategically allows investors to gain maximum out of their investments.

Investment strategies help reduce transaction costs and pay less tax [6]. The investing period is the most popular. Because it is less active, the term trading is not used for investing. Following are some of the advantages of investing, particularly compared to trading:

Investing is the least «active» approach to participating in the markets. It can be good for those who have an interest in the markets but do not have enough interest in it to make it a part of their daily or weekly schedule.

Some people have extreme difficulty doing short-term trading. Some, in fact, believe it is impossible to determine short-term moves with consistent accuracy. For such people, investing may be a good choice.

Holding a position for more than a year potentially allows you to tap into the long-term capital gains tax, which is generally a lower tax rate than short-term capital gains tax [7].

Disadvantages of investing over against trading:

Of the three-time horizons, investing can be the slowest way to make money, assuming that you could be an excellent swing trader or day trader.

Because investing reuses the same capital very infrequently, the annual returns are generally not as good as a successful professional trader. Earning an average 10 percent return annually may be considered acceptable for an investor. However, someday traders have made 10 percent returns in a week. That is certainly not meant to be an income claim, nor is that normal, but, yes, it does happen.

Investors notoriously have a very difficult time outperforming the market – making investment decisions that result in a better return than if you simply invested that same money into an equity index fund, such as the S&P 500, and did not touch it. Even many professional fund managers are not able to do that for their clients after costs.

Conclusions. It is very important to have an investment strategy that will help you eliminate bad portfolios and increase your chances of making a profit. The clearer you are about your goals, the better decisions you will make about your investment. Creating a portfolio is a complex process that requires consistency and time.

International investors will also have to navigate the rapidly changing regulatory landscape of cross-border data flows. In a digitized world, for most investors, data and profit are the same. Moreover, while the majority of respondents believe they are focused on maximizing the returns generated by data, the impact of digital regulation is becoming increasingly important in their foreign investment decisions.

However, additional regulatory risks remain. Many countries, including several EU member states, the United Kingdom and Australia, tightened FDI rules last year on national security grounds as more countries seek to become self-sufficient in various sectors. There is a need for other countries to take measures to further FDI regulation in strategic sectors. Constant monitoring of the ever-changing political landscape will become critical for investors as the world adjusts to post-pandemic realities.

To better navigate this regulatory maze, strategic investors will go beyond monitoring the regulatory landscape and work in-house to improve their ability to comply with data regulations, even if it means upfront costs. In a data-driven world, strong IT protection and cybersecurity are also critical to running a business today and in the future. Implementing these

measures will be critical to minimizing the financial, reputational, and societal costs associated with data breaches.

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