

## ALTERNATIVE INVESTMENT METHODS FOR STABILIZATION OF BUSINESS ACTIVITY IN COUNTRIES IN THE PERIOD OF MILITARY THREATS

### АЛЬТЕРНАТИВНІ МЕТОДИ ІНВЕСТУВАННЯ ДЛЯ СТАБІЛІЗАЦІЇ ДІЛОВОЇ АКТИВНОСТІ КРАЇНИ В ПЕРІОД ВІЙСЬКОВИХ ЗАГРОЗ

*The article explores alternative methods of investment that can help stabilize the business activity of the region in the minds of military threats. Military conflicts and threats naturally influence economic stability, including a decrease in investment activity, a loss of capital and a gradual decline in business activity. Traditional investment methods, including direct foreign investment, loans and government subsidies, become less effective due to high risks. For such minds, alternative investment methods, including venture capital, crowdfunding, investments in infrastructure projects, cryptocurrencies, as well as government and private partnerships, take on special significance. They will not only ensure additional financial resources, but also reduce economic risks through diversification of capital and obtaining different sources of financing. The method is to investigate and develop alternative investment methods to stabilize the business activity of the region during the period of military threats. The possibility of stagnation of foreign direct investment as a source of stable capital in the minds of military conflicts has been explored. Particular attention is paid to the diversification of the investment portfolio to reduce risks associated with military threats, as well as the role of government regulation and international cooperation in this process. The key issues that affect the business of military affairs have been identified, as well as the need to develop strategies to ensure stability and economic growth. Thus, new opportunities for capital investment are opening up, which are associated with another of the instruments for hedging high risks – with the guarantees of third parties (or parties that act as compensators for possible their investment in capital). Expanded investment opportunities for subjects of the investment process are achieved on the basis of the formation of standard investment portfolios – through the subsequent division of the portfolio, such as butts and templates for investors. The results of the research can be used to formulate investment strategies that are aimed at stabilizing and developing the economy in the minds of the developing countries, as well as to encourage new models of cooperation between powers and cotton sectors.*

**Key words:** investment methods, business activity, military threats, financial markets, return on capital, financial instruments, financial technologies.

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*У статті досліджуються альтернативні методи інвестування, які можуть сприяти стабілізації ділової активності країни в умовах військових загроз. Військові конфлікти і загрози суттєво впливають на економічну стабільність, викликаючи зниження інвестиційної активності, відтік капіталу та загальний спад ділової активності. Традиційні методи інвестування, зокрема пряма іноземна інвестиція, кредитування та державні субсидії, стають менш ефективними через високі ризики. У таких умовах альтернативні методи інвестування, включаючи венчурний капітал, краудфандинг, інвестиції в інфраструктурні проєкти, криптовалюти, а також державні і приватні партнерства, набувають особливого значення. Вони здатні не лише забезпечити додаткові фінансові ресурси, а й знизити економічні ризики через диверсифікацію капіталу та залучення різних джерел фінансування. Метою дослідження є обґрунтування альтернативних методів інвестування для стабілізації ділової активності країни в період військових загроз. Досліджено можливість застосування прямих іноземних інвестицій як джерела стабільного капіталу в умовах воєнних конфліктів. Особливу увагу приділено впливу диверсифікації інвестиційного портфеля на зниження ризиків, пов'язаних із військовими загрозами, а також ролі державного регулювання та міжнародної співпраці в цьому процесі. Висвітлено ключові проблеми та виклики, з якими стикається бізнес в умовах воєнних дій, а також обґрунтовано необхідність розвитку стратегій, що забезпечують стабільність і зростання економіки. Таким чином, відкриваються нові можливості інвестування капіталу, що пов'язано з це одним із інструментів хеджування високих ризиків – це гарантії третіх країн (або сторін, які виступають як компенсатори можливих втрат капіталу). Розширення інвестиційних можливостей для суб'єктів інвестиційного процесу відбувається на основі формування типових портфелів інвестицій – це попередньо розроблені портфелі, які є прикладами або шаблонами для інвесторів. Результати дослідження можуть бути використані для формування інвестиційних стратегій, що спрямовані на стабілізацію та розвиток економіки в умовах підвищених ризиків, а також для побудови нових моделей співпраці між державними та приватними секторами.*

**Ключові слова:** методи інвестування, ділова активність, військові загрози, фінансові ринки, віддача на капітал, фінансові інструменти, фінансові технології.

**Statement of the problem.** In the context of declining returns on capital in traditional markets, the unsustainable nature of stock market growth in developed countries, the energy crisis, and the green transition, there is an increasing need to seek

alternative investment opportunities. The formation of model portfolios for investments in countries engaged in active military conflicts represents an alternative approach to traditional capital growth strategies. Investment instruments based on

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blockchain technologies are virtually the only viable alternative for attracting financing to support the development of startup projects and the relocation of businesses under conditions of unstable institutional environments and ongoing armed conflicts. In the context of military conflict in Ukraine, there has been significant growth in the development of modern financial technologies, particularly under conditions of blackouts and partial offline operations. The creation of new mobile fintech applications based on blockchain technology opens new avenues for capital attraction. Investments in such projects offer the potential for high returns while simultaneously diversifying and mitigating risks.

#### **Analysis of recent research and publications.**

The study and development of alternative investment methods to stabilize business activity in a country during periods of military threats have been the focus of many foreign and Ukrainian scholars. Notable among them are the publications of Bondarenko L., Moroz N., Zheliznyak R., Bonetskyi O.B., Zadoya A.O., Kovalenko Yu., Martynenko V., Chunitska I., Bilan O., Didenko L., Yatsenko I., Shulha T., Kucher T.L., Kushnir S.O., Bakuta O.O., Masliy N.D., Yatskevych I.V., Morgachov I., Ovcharenko Ye., Ovechkina O., Tyshchenko V., Tyshchenko O., Romanchuk O., Onyshchenko Yu.I., Ivanov M.V., Tokhtamysh T.O., Yaholnytskyi O.A., Hranko K.B., Fahad A.Y., Abdurrazaq T.O., Meyer H., Griffiths S., Lorenz J. M., Johnson M. among others [1–16].

**Objectives of the article.** The purpose of the study is to substantiate alternative investment methods for stabilizing the country's business activity in the period of military threats.

Research methods: systems theory, Markowitz portfolio theory, methods of economic and mathematical analysis, risk assessment and asset value.

Tasks of the research:

1. Alternative investment methods in the context of declining returns on capital in traditional markets and supporting sustainable development of business processes in countries with active military operations.
2. Model portfolios for investing in high-risk assets to ensure sustainable development.
3. New financial investment instruments based on blockchain technologies.
4. Financial instruments for forming investment portfolios in energy assets in the context of developing a low-carbon economy.
5. Financial technologies for developing start-up projects in countries with active military operations.

Summary of the main research material. In the context of declining returns on capital in traditional markets, the volatile nature of stock market growth in developed countries, the energy crisis, and the green transition, there is an increasing need to explore alternative investment opportunities.

Analysis of articles by Ukrainian and foreign authors demonstrates the importance of alternative investment methods for stabilizing the economy of countries in the period of military threats. For example, Ukrainian researcher Oleksandr Romanchuk notes that “in the conditions of instability of traditional capital markets, blockchain technologies ensure the transparency and stability of financial transactions, which is critically important for investments in crisis regions” [10]. Oleg Bilan emphasizes in his work that “decentralized finance (DeFi) opens up new opportunities for attracting investments even in conditions of military operations, reducing dependence on traditional institutions” [2].

Foreign researcher Michael Johnson claims that “investing in conflict zones can be justified only under the conditions of using innovative technologies, such as smart contracts and tokenization of assets” [13]. In turn, John Lorenz notes that “alternative investment methods can provide high returns, especially if they are aimed at the development of infrastructure and social projects in countries with active hostilities” [14]. Suzanne Griffiths emphasizes the importance of a green economy, noting that “investment in renewable energy in conflict zones can be an effective tool for economic stabilization” [15]. Hans Meyer adds that “decentralized financial technologies make it possible to minimize the risks associated with investing in unstable regions” [16].

In recent years, there has been a decline in the return on capital in traditional markets, especially in developed countries. Low interest rates, inflation and uncertainty in global markets have reduced returns on traditional investments such as stocks and bonds. In addition, many countries are facing economic challenges caused by the COVID-19 pandemic, as well as the threat of an energy crisis deepening due to geopolitical conflicts.

In this regard, investors are forced to look for new ways to support their portfolios. Alternative investment methods offer opportunities for diversification and risk reduction using innovative financial instruments.

Investing in countries with active hostilities, such as Ukraine, carries significant risks, but can also offer high returns for those willing to take the risks. During military conflicts, infrastructure suffers significant destruction, but this creates opportunities for investment in economic recovery, new business development and job creation.

Alternative investment methods include the use of innovative technologies such as blockchain, which allows for the creation of decentralized financial systems to attract capital even in crisis conditions.

Model investment portfolios are an important tool for risk management in conditions of volatility. They allow investors to spread capital among different assets, reducing dependence on a single market or industry. This is especially important in countries

where the economic and political situation is unpredictable.

Investments in high-risk assets can include start-ups developing in the context of military conflicts, infrastructure projects for economic recovery, as well as environmentally focused projects in the context of the transition to a low-carbon economy.

The formation of model portfolios for investments in countries with active hostilities is a high-risk alternative to the traditional provision of capital growth.

In the conditions of hostilities in Ukraine, modern financial technologies are increasingly developing, especially in the conditions of blackouts, partial offline presence, the creation of new mobile fintech applications based on the blockchain set up new opportunities to attract capital.

Investment instruments based on block chain technologies are recognized as practically the only alternative for attracting financing for the development of start-up projects and business relocation in the conditions of an unstable institutional environment.

Investments in such projects make it possible to get a high return on investment, diversifying and reducing risks.

On the other hand, as studies show, traditional financing methods are very limited in countries with active hostilities.

Studies of changes in the structure of traditional financing of high-risk business, such as social and environmental projects without state support and state guarantees, startup projects, other types of business activity, have shown that traditional financial instruments cannot be used in full.

In countries with active hostilities, there are territories of direct hostilities and territories serving as rear support. Correspondingly increased risks are associated with investing in assets that are in the territories of hostilities and are not subject to standard (institutional) regulations.

On the other hand, the use of non-standard approaches to the investment process allows obtaining high returns on invested funds and ensuring risk hedging.

Blockchain technologies are rapidly changing financial markets, offering new tools for investors and entrepreneurs. One of the main advantages of blockchain is its decentralized structure, which ensures transparency and data protection, which is especially important in conditions of instability and lack of trust in traditional financial institutions.

New financial instruments such as decentralized finance (DeFi), smart contracts, tokenized assets, and decentralized liquidity pools can be created thanks to blockchain technologies.

DeFi offers a wide range of financial services, such as lending, insurance, asset trading and investment portfolio management, without the involvement of

traditional financial institutions. It provides access to capital for entrepreneurs and investors, even if the traditional banking system does not function properly due to political or economic constraints.

DeFi also offers the possibility of investing in high-risk assets through decentralized platforms, which ensures high liquidity and protects the interests of investors.

One of the key trends in the modern economy is the transition to low-carbon development, which involves reducing the use of fossil energy sources and increasing investments in renewable energy sources. This creates new opportunities for investors seeking to support sustainable development, particularly through investing in energy assets.

Investing in energy assets can be done through a variety of financial instruments, such as green bonds, infrastructure funds and tokenized assets. Green bonds allow capital to be raised to finance renewable energy projects, while infrastructure funds can be used to develop environmental initiatives at the state level.

Startups in countries with active hostilities face unprecedented challenges, including the destruction of infrastructure, loss of personnel and limited access to capital. However, financial technologies, in particular blockchain and decentralized platforms, set up new opportunities for attracting investment and business development.

Analysis of the modern market of financial instruments for investments in high-risk assets and business processes has shown a revolutionary “explosive” growth of such financial markets: model portfolio investments, pools based on trust financing based on blockchain technologies, web-3 technologies, which allow realizing the potential of assets and technologies regardless of the jurisdiction of their registration and territorial location of development.

This approach involves the formation of a special environment for the use of financial instruments. Unlike classical financial markets, there are no established state procedures for its regulation, which implies their development. A conceptual approach to investing in support of business processes in countries with active military operations is presented in Fig. 1

The use of the presented approach brings benefits to both parties (investors and recipients), ensuring growth in the profitability of investment portfolios and the necessary sufficient flow of capital to maintain and develop business processes in countries where active military operations are located.

**Conclusions and prospects for further research.** This opens up new opportunities for investing capital, which is associated with another instrument for hedging high risks – these are guarantees from third countries (or parties that act as compensators for possible capital losses).

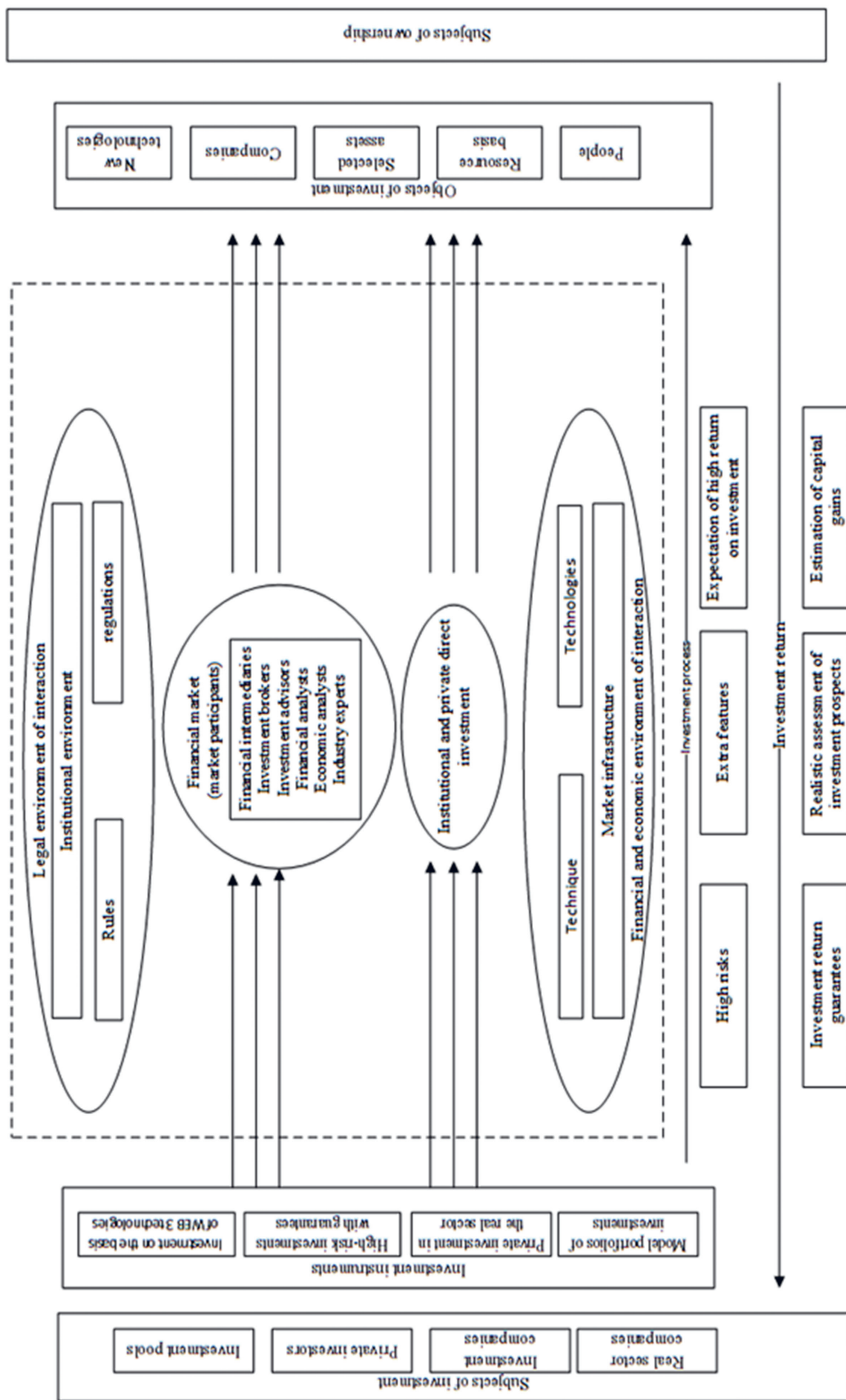


Fig. 1. Conceptual approach to investing in business support with active hostilities



Expansion of investment opportunities for investment process participants occurs on the basis of the formation of standard investment portfolios – these are pre-developed portfolios that serve as examples or templates for investors. These portfolios are built on the basis of specific investment strategies or approaches and are often created by financial institutions, investment firms or professionals. Such model portfolios are a set of specific assets, the set of which depends on the classic profitability/risk ratio. Taking into account the above provisions, additional risk hedging instruments allow high-risk assets to be included in model portfolios under third-party guarantees.

Moreover, taking into account the diversification of assets: infrastructure facilities, business processes for relocation of details, startup projects, resource assets, investments in which have different levels of risk, model portfolios for investments in countries with an active theater of military operations can bring increased fixed income when structuring assets depending on the level of risks and the guarantees provided.

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