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THEORETICAL FOUNDATIONS AND CONCEPTUALIZATION OF ECONOMIC TRANSFORMATION

The current stage of the development of Ukraine's economic system is characterized by sharp structural changes, gradual but slow GDP recovery, and many demographic and socio-economic challenges primarily caused by the war, low labor productivity, global economic slowdown, geopolitical instability, and new economic measures by the US administration, which increase the recession risk to 40% [1]. At the same time, the adaptation of the regulatory and legal framework to EU requirements continues [2], the implementation of requirements according to the Ukraine Facility plan [3], and despite the war threats and challenges, digitalization continues, along with the establishment of remote work and business management as new standard practices. The action of these diverse factors necessitates reassessing and expanding the definition of “economic transformation,” as well as outlining the current features of economic transformation, considering the current economic situation, modern and future challenges, and prospects.

The issue of economic system transformation is the focus of both domestic and foreign researchers and is the subject of numerous scientific discussions. We propose focusing on domestic contributions to highlight the characteristics of transformation processes in Ukraine.

N. I. Hrazhevska provides [4] definitions of transformation in both broad and narrow senses. Transformation in the broad sense, according to the scholar, is a universal form of economic system development, associated with both evolutionary and revolutionary changes, constant transitions from stable to unstable states, and vice versa. Transformation in the narrow sense is defined by N. I. Hrazhevska as an internal component of the general evolutionary process, associated with disturbances in equilibrium, gradualness, uncertainty, incompleteness, alternative development, and the presence of specific forms and elements of transitional structures.

V. M. Heyets [5], analyzing crisis transformation phenomena, emphasizes the problem of ensuring dynamic economic growth, as its absence or extremely low rates will lead to a further decline in living standards and increased social tension. According to the scholar, the crisis, which was fundamental and defined the future development path of the Ukrainian economy, was caused by failed transformation processes related to the formation of the market environment and the new economic management system.

Y. V. Hryha [6] defines structural transformation of the economy as interconnected processes of structural changes, accompanied by economic development, and lists the characteristics of transformation: changes in the sectoral composition of economic activity, initially focused on job distribution, and later on the production and application of factors; changes in the territorial distribution of economic activity; other aspects of changes in the economic structure (demographic changes, income distribution, etc.).

A. M. Turylo and O. V. Kornukh [7] define economic transformation of an enterprise as an economic category that characterizes a complex process consisting of a series of economic changes,

consciously recognized and engaged by the entire enterprise personnel, based on its intellectual and investment capabilities, in all spheres and types of activity of the enterprise to ensure its strategic competitive development.

A. O. Khodzhan and A. R. Khodzhan [8] define changes in sectoral and industry relationships as an inseparable component of economic transformation. These changes, which are part of the transformation process, are aimed at implementing progressive changes in the structure of the economy by the government, improving inter-industry and intra-industry ratios, stimulating the development of industries that define scientific and technological progress, ensuring the competitiveness of domestic products, and increasing the standard of living.

Based on the works of these scholars and considering the current state of economic transformations and challenges, we propose to define economic transformation in a systemic perspective as a complex, multi-level process of qualitative changes in the economic system, occurring under the influence of both internal (endogenous) and external (exogenous) factors, including changes in institutional, structural, technological, and behavioral components. This process is characterized by the absence of a pre-determined final state, the interaction of adaptation and bifurcation mechanisms, non-linearity of development, and the polyvariance of possible trajectories. Transformation can be both evolutionary and revolutionary, and includes both progressive and regressive elements.

If we consider economic transformation in light of the current challenges and threats specific to Ukraine, we propose its definition as a process of systemic changes in the economy, unfolding under conditions of deep crisis shocks, structural imbalances, internal and external shocks, and aimed at forming a new model of economic functioning capable of ensuring sustainable reproduction, social stability, adaptation to global challenges, and institutional coherence. In the case of Ukraine, this process takes the form of transitional changes combining crisis and breakthrough elements of development.

The analysis of theoretical works by scholars allows us to identify and systematize the features of economic transformation. For clarity, we propose a visualization in the form of a table, which highlights common features across various domestic scholars' approaches (Table 1).

Table 1. Features of Economic Transformation

Author(s)	Common Features	Non-common Features
N. I. Hrazhevskya	Radical (revolutionary) changes in the economic system; significant influence of non-economic factors	Qualitative transformations of the system; absence of a defined final state
V. M. Heyets	Sectoral and structural changes in the economic system	Market transformations; crisis phenomena in the economic system
A. M. Turylo & O. V. Kornukh	Innovation-oriented transformation policy	Consciously planned changes

A. O. Khodzhan & A. R. Khodzhan	Improvement of sectoral and industry proportions; progressive nature of changes, increasing competitiveness	Stimulating the development of priority industries
Y. V. Hryha	Changes in the sectoral composition of the economy	Changes in the territorial distribution of economic activity; significant demographic changes; significant changes in income distribution

Source: Analyzed by the authors based on sources [4], [5], [6], [7], [8].

Thus, the table provides the opportunity to highlight the following features of economic transformation, considering the current state of Ukraine's economic system:

- Radical nature of changes in the economy;
- Sectoral and structural changes in the economic system;
- Innovation-oriented transformation policy by the government;
- Significant influence of non-economic factors;
- Significant changes in the labor market;
- High level of uncertainty in economic development prospects;
- Significant demographic changes characteristic of economic changes influenced by war.

Identifying features is an important element of systematizing the theoretical-methodological part of the research on the concept of the transformation process. Further research can be developed to identify the current determinants of economic transformation, taking into account the identified features. In addition, future research can be expanded through the analysis of practical cases of transformation changes, analysis of transformation processes in specific industries of the economy, evaluation of their effectiveness, and development of recommendations for state policy under the conditions of EU integration and wartime challenges.

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