Analysis of the Influence of Political Factors on Economic Growth: The Interrelationship of Managerial Spheres in the Global Context

Natalia Serbina¹, Valentyna Daineko², Iuliia Tsyrfa³, Marlia Rozhkova⁴ and Natalia Lytvynenko⁵

Abstract

This paper explores the complex relationship between the policy decisions of various administrative institutions and economic dynamics at both the national and regional levels. Through a careful analysis of case studies, we find out how the political context shapes the investment environment, market regulation, trade relations, and other economic dimensions. A central element of our research is to identify and explain the key factors that bridge the political and economic development spheres, which are necessary for developing effective management strategies in today's complex landscape. Our main goal is to scrutinize the interplay between global political forces and economic progress, culminating in the development of a conceptual model that illustrates the symbiosis of political and economic drivers of development. This study focuses on clarifying how political factors influence economic development, and also examines the impact of governance practices on economic progress in the current environment. Initiating with a comprehensive review of scholarly literature, publications, reports, and statistical data, we aim to grasp the nuanced effects of diverse political systems on investment climates and economic growth trajectories. Empirical investigations entail meticulous analysis of data pertaining to the attractiveness of foreign investment under varying political regimes, thus illuminating underlying correlations. Through rigorous case studies, we explore the ramifications of policy decisions, particularly in light of technological advancements, on market regulations and the restructuring of economic frameworks. Methodologically, correlation regression techniques are employed to discern the intricate relationships between political shifts and international trade dynamics. Moreover, we delve into the role of political factors in fostering innovation and scientific research, employing comparative analysis and synthesis methodologies to illuminate underlying trends. Statistical methods serve as a critical tool for probing hypothetically concerning the influence of political variables on economic progress and for validating the significance of the conceptual model developed. Furthermore, we adopt strategic planning methodologies to devise management strategies that navigate the intricate interplay between political and economic development. By integrating these comprehensive approaches, we aim to systematically examine the influence of political factors on economic development, thereby laying the groundwork for the formulation of effective management strategies. Ultimately, our research unveils a pivotal revelation: political factors wield substantial influence on economic progress, delineating investment climates, bolstering macroeconomic stability, nurturing human capital, fostering infrastructure development, and establishing robust institutional frameworks. Effective policies geared towards fostering economic growth hold the promise of prosperity and enhanced living standards, thereby underscoring the indispensable link between policy decisions and economic outcomes.

Keywords: Examination Of the Field of Governance, Political, Economy, Global Dimension, Economic Development, Decision-Making

INTRODUCTION

The intricate interplay between politics and economics underscores a symbiotic relationship wherein each domain exerts considerable influence over the other. Political decisions serve as fundamental determinants shaping the landscape for economic growth, while economic dynamics reciprocally impact the trajectory of political processes. In the contemporary context, the convergence of these governance realms is witnessing a burgeoning complexity and diversity, reflecting the evolving nature of societal interactions.
Analyses from the World Bank illuminate a discernible correlation between democratic governance frameworks and elevated rates of economic growth, underscoring the pivotal role of political structures in fostering prosperity. Similarly, insights gleaned from studies conducted by the International Monetary Fund highlight the criticality of effective governmental systems in nurturing resilient and thriving economies, emphasizing the intrinsic linkages between governance efficiency and economic vibrancy.

Further exploration into this intricate nexus reveals the indispensable role played by robust legal institutions in fostering conducive investment climates within nations. Research findings underscore the significance of sound legal frameworks in instilling investor confidence, thereby catalyzing economic growth and development. Likewise, investigations by Transparency International underscore the detrimental impact of corruption on economic efficiency, emphasizing the imperatives of integrity and transparency in sustaining economic resilience.

Moreover, the World Bank's research suggests that countries with liberalized economies often exhibit higher levels of economic growth, further underscoring the intricate relationship between political dynamics and economic progress. Notably, the type of political system assumes critical significance, with democracies typically associated with more advanced economies due to their adherence to the rule of law, transparency in governance, and support for entrepreneurial endeavors.

Furthermore, factors such as political stability, administrative efficiency, legal institution quality, corruption levels, and economic openness exert significant influences on economic development. Conversely, economic factors wield substantial influence over political processes, as demonstrated by the potential for economic downturns to fuel social unrest and demonstrations, while economic prosperity can bolster the stability of the prevailing political establishment.

**The Purpose of the Article**

Considering the paramount significance and consequential ramifications of the subject under discussion, it is imperative to explicitly delineate the research's overarching objective. This scholarly inquiry delves into the intricate interplay between political dynamics and economic progress within the contemporary global milieu. Through rigorous analysis and synthesis of empirical evidence, this study aims to construct a comprehensive model elucidating the intricate interconnectedness of political and economic developmental factors.

The objective of the study was pursued through the completion of the following tasks:

- To delve into the multifaceted ways in which diverse political regimes shape the investment landscape and influence a nation's ability to allure foreign investments.
- To scrutinize the impact of governmental decisions on market regulation and economic structures amidst the backdrop of technological advancements.
- To dissect the intricate relationship between shifts in political dynamics and global trade interconnections, taking into account the ramifications of tariffs, trade pacts, and sanctions.
- To analyze the influence of political variables on the formulation of tax policies and their repercussions on the business environment and the fiscal well-being of a nation.
- To probe into how political determinations mold the trajectory of innovations and the sphere of scientific research, with particular attention to the role of governmental support and regulatory frameworks.
- To construct a holistic model delineating the myriad factors that shape political and economic development.
- To validate the robustness and reliability of the developed model, elucidating the factors influencing political and economic development.
- To explore the potential for devising effective management strategies that foster mutually beneficial interactions between the political sphere and economic development in contemporary contexts, utilizing the developed model of factors influencing political and economic development as a guiding framework.
LITERATURE REVIEW

International political economy is a newly emerging specialized field that combines the analysis of political processes with the study of market relations, international trade and economic development. Due to the impact of the global economy on political processes, the environment, and society, as well as the significant economic progress over the past two decades, researchers have deemed it necessary to create a resource guide in this area. The guide covers a variety of materials and online platforms that provide access to primary documents, statistical analyses, tables, manuals, encyclopedias, and dictionaries. Given the interdisciplinary nature of the field, the focus is on sources that address fundamental aspects of international political economy, to the exclusion of related fields such as globalization, development, ecology, and social movements. The main claim of this study is that this article constitutes the first comprehensive guide to international political economy that includes references to primary sources and statistics since 2000 and is thus a valuable resource for students, scholars, and practitioners in the field of international political economy (Schwitzner, T. & Kahl, C. M., 2012).

This paper explores the possible link between organizational performance measurement and large-scale urban development initiatives in the context of sustainability, governance and responsibility. It will analyze how performance measurement interacts with urban development at different levels using three different theoretical models. Using the example of the Egyptian State Organization for Urban Development and its renewable energy project, the study demonstrates how performance measurement systems influence policy decisions related to urban development. It is concluded that such systems can influence public sector decision-making processes by increasing opportunities for urban audit, transparency, accountability, and sustainable development management. In addition, they can facilitate informed policy decisions to improve the well-being of citizens and promote the adoption of smart energy practices. This study makes a significant contribution to both the conceptual framework and practical application of policy performance measurement by revealing the complex relationship between performance measurement and urban development. It suggests new approaches to the use of performance measurement systems to improve the effectiveness of urban development policymaking (Alsaid, L. A. Z. A., & Ambilichu, C. A., 2023). The study analyzes the application of various methods of global and regional management sciences to analyze disaster and global pandemic management strategies, particularly in developing countries. The author primarily focuses on the problem of risk management, putting forward the thesis that there is a need for a deeper combination of risk management research with socio-economic and geographical aspects. Among the significant risks that are emphasized are potential military conflicts, including nuclear conflicts, and the possible negative impact on economic growth and living standards due to military spending. The author explores various methods of thorough risk management analysis, presenting them with the example of a global pandemic scenario. He examines the possibilities of using geographic information systems (GIS), network analysis, and data mining for risk assessment. In addition, the author discusses the potential use of modern management techniques, such as artificial intelligence and machine learning, to contain the risks associated with a pandemic. In conclusion, the author points out the possibility of using various methods of crisis management and combating global pandemics, but emphasizes the need to better take into account socio-economic and geographical aspects to achieve effective risk management in such scenarios (Chatterji, M., 2023).

Other scholarly works also pay attention to situations of risk. This section provides a conceptual framework for studying the impact of economic factors on conflicts and suggests potential areas for future research. In this context, it is argued that economic factors should be viewed as the main constraints on large-scale conflicts and peace dynamics, while political factors are more flexible. The author suggests that political factors should be viewed as primary and economic factors as dependent on them. Statistical analysis, which has been questioned by some recent studies, confirms the idea that economic aspects play a more significant role in international conflicts. Models have been developed to move away from the conventional wisdom that the "capitalist world" or the "economic world" dominates political factors such as democracy. While economic aspects do have a significant impact, they are shaped by political norms and institutions. The main thesis of the study is that political factors should be seen as predominant and causal, while economic factors should be seen as secondary and dependent on them. This emphasizes the importance of political aspects, such as democracy, in understanding conflicts, compared to economic factors (Goldsmith, B. E., 2010).
The study examines alternatives to current methods of solving the problem of sovereign debt repayment. The author examines the debate on debt financing and repayment from the early days of the United Nations Conference on Trade and Development in 1964 to the debt crisis of the 1980s. Drawing on recent research that emphasizes the impact of the actions of politicians and economists in the public sphere, the author analyzes the role of economic analysis in addressing political issues related to sovereign debt in the global economic context. The author examines in detail the rejections of creditors' groups to proposals for improving the international debt system and the impact of political decisions. The main thesis of the study is that current sovereign debt management strategies are ineffective and ignore the importance of the interests of debtors. The author proposes to revise the international debt system to make it fairer and more transparent, and to determine the political influence on economic decisions (Laskaridis, C., 2023).

This study examined the relationship between investors' political beliefs and their attitudes toward financial risk. Assessing risk appetite is key to developing an appropriate long-term investment strategy. The study was conducted over an academic year with 129 undergraduate students from Central Michigan University. Their risk appetite was assessed by analyzing their investment portfolios and trading activity in a financial game that was integrated into a semester-long course. The results showed that those with conservative economic views had the highest level of financial risk appetite, while those with more moderate social beliefs showed similar propensities. The authors believe that these findings can help both investment advisors and individual investors better understand their own risk preferences using the biaxial political compass used in this study. The main focus of the study is on the relationship between investors' political orientations and their financial risk appetite. In particular, investors with conservative economic beliefs and moderate social inclinations show an increased propensity for financial risk (Moore, J., Felton, J., & Wright, C., 2010).

This article provides a comprehensive analysis of financial inclusion, in particular, its relationship with financial and economic development. The authors analyze in detail the large number of studies on financial inclusion that have been conducted over the past 15 years, demonstrating progress in the methodological approach. The authors evaluated 107 studies published between 2008 and 2023 in 63 peer-reviewed journals. The report highlights the importance of recent research in this area. The analysis has reached important conclusions about the positive impact of financial inclusion, which includes economic growth, poverty reduction, financial stability, and even CO2 emissions reduction. Despite the extensive empirical and theoretical research in this area, the conclusions of the article point to the need for further research in the area of financial inclusion. In particular, different geographical regions are considered and new indicators of financial and economic development, such as social capital, entrepreneurship, and political stability, are studied. The aim of the study is to stimulate new debates in this area, identify critical gaps, and provide constructive direction for further research. The paper also offers suggestions for deepening our understanding of the role of financial integration in economic development and policymaking (Naili, M., Jabbouri, I., & Helmi, I., 2023).

The study focuses on analyzing potential fluctuations in the effects of economic development and its impact on political democracy. Based on an understanding of the periodic changes known as "waves" and "reverse waves" in global historical patterns of democracy, the study formulates hypotheses that are subject to empirical testing. A thorough analysis of the historical trajectories of 87 countries from the 1960s to the 1990s shows that the impact of economic development on democracy has changed from an established U-shaped correlation to an inverse U-shaped pattern. This transformation was observed around the 1980s, which coincided with the culmination of the "second reverse wave" and the onset of the "third wave" of democratization. Thus, the results clearly demonstrate that the moving trajectory of global democracy reflects the historically variable interaction between the dynamics of economic development and its impact on political democracy in a changing time-shift environment. A critical aspect of this study is the finding that the relationship between economic development and political democracy is complex and non-linear. The relationship between economic progress and democracy can evolve, and its impact may vary across countries (Kim, H., & Morrison, E., 2010).

Contemporary economists have emphasized the significant role of institutional transformation in promoting economic growth and development. While attention is often focused on the dynamics of governance, our paper argues that imposing strict constraints on the ruling class is critical to ensuring sustainable economic progress.
However, in contrast to this position, we argue that this relationship works in the opposite direction. Significant economic growth, even under autocratic regimes, can stimulate political transformation and the formation of institutional frameworks that are conducive to long-term prosperity. In addition, we argue that significant progress in agriculture provides a significant impetus for political development. The institutional obstacles that arise from this political process create an environment in which the ruling elite focuses its efforts on development rather than exploitation. To illustrate these concepts, we use examples from the history of industrialization in England and Japan. We then consider how this analysis can be applied to contemporary developing countries, focusing on the African context. Our paper argues that rapid economic growth, even under autocratic regimes, can stimulate political progress and create the preconditions for sustainable long-term development. In addition, strong growth in agriculture appears to be an important factor in promoting political progress. These findings have important implications for developing countries and can serve as a basis for developing effective strategies for economic growth and development (Grabowski, R., 2005).

In this section, we systematically review and explore in greater depth the relevance of cultural and political economy (CPE) as a theoretical concept applied to the analysis of global education governance. CPE is examined in the context of its historical origins as a modern incarnation, stemming from the Marxist heritage, that aims to scrutinize the relationship between cultural aspects (discourse and practice), political institutions, and economic systems. Using the established framework of the CRPD, the chapter examines the challenges faced by the European Union (EU) as a typical example of international governance. It argues that the application of the KPI approach can help to complement and challenge existing narratives about the evolution of EU education governance since the adoption of the Lisbon Strategy in March 2000. The chapter concludes by acknowledging that some aspects of the EQF remain unexplored and others pose dilemmas. It also emphasizes the circumstances under which the proposed approach to the KPI may need to be reconciled with other theoretical approaches. The main thesis of the study is that the KPI can serve as a theoretical basis for analyzing international education governance. The KPI allows us to consider education as a cultural phenomenon that is closely linked to political and economic processes. In addition, the CGE contributes to the study of the role of the EU in international education governance. These findings are important for understanding international education governance and can contribute to the development of effective strategies for global education (Jones, P. D., 2010).

This study examines a political economy framework for analyzing the impact and outcomes of political intervention in environmental conflicts. The proposed methodology emphasizes a state-centered perspective from a socio-economic perspective, focusing on the economic aspects of political intervention in disputed situations. The paper critically assesses existing methods of conflict analysis, comparing land use policy and the historical context of land use-related environmental disputes. This presentation emphasizes the potential effectiveness of the political economy approach. The main argument of this study emphasizes the value of the political economy model in studying the role and consequences of political intervention in the development and resolution of environmental conflicts. This approach allows us to consider environmental conflicts as social conflicts with economic roots. In addition, the political economy model contributes to the study of the role of the state in environmental conflicts (Modavi, N., 1991).

The author analyzes in detail the strategic approaches used by companies to formulate and implement social reporting practices both before and after the Arab Spring. Using the concept of a "cultural toolkit," the study analyzes 43 semi-structured interviews with 17 companies and their stakeholders in the Arab region. The researcher argues that the existing context significantly influences the practice of social reporting, shaping the cultural toolkit, which includes the habits, skills and approaches that companies use to develop their strategies. Moreover, companies systematically invest resources in improving their social reporting practices and actively seek feedback on the challenges posed by the socio-political and economic environment. This study makes an important contribution to the existing literature by placing social reporting practices in an often overlooked context: the signs of significant political, social and economic crises (Al Mahameed, M., Belal, A., Gebreiter, F., & Lowe, A., 2021).

This paper examines the relationship between economic liberalization, political liberalization and financial development in African countries to reveal the impact of economic, political and institutional openness on
financial deepening. The empirical part of the paper outlines a two-stage approach to predicting treatment effects and a new panel data methodology using recently updated data on economic and political reforms. The results highlight the significant impact of political liberalization, economic liberalization, and political system stability on financial development across the continent. These findings indicate that efforts to reform, stabilize and democratize governance are contributing to the positive growth of Africa's financial sector. The main thesis of the study is that political and economic liberalization, as well as political system stability, have a statistically significant impact on the financial development of African countries (Enowbi-Batuo, M., & Kupukile, M., 2010).

The main objective of this study is to analyze the impact of various aspects of economic and political freedom on foreign direct investment (FDI) in 95 countries over the period from 1995 to 2000. The extensive study covers a wide range of countries and takes into account a six-year timeframe. The results of the study emphasize the correlation between improved economic performance, such as monetary policy, fiscal discipline, stability of the banking and financial systems, reduced government intervention in the economy, strengthened property rights, regulatory changes, reduced corruption, a shrinking informal sector, a lack of price controls and hard restrictions, and increased political freedom, which contribute to increased FDI inflows. It should be recognized that empirical studies, in particular those based on the Index of Economic Freedom, have their methodological limitations. The findings emphasize the important role of governmental measures in national economies in shaping FDI strategies. In general, the central thesis of this study emphasizes the profound impact of economic and political freedom in host countries on the level of FDI inflows (Sambharya, R. B., & Rasheed, A. A., 2015).

METHODOLOGY

By analyzing scientific literature, publications, reports and statistics, the impact of different political regimes on the investment climate and other aspects of economic development is studied. This analysis leads to the accumulation and formation of requirements for financial and economic processes, including adaptability, strategic orientation, multifactorial analysis, relevance and adequacy of the model, as well as its practical implementation through grouping methods. Empirical research is used to analyze statistical data on attracting foreign investment under different political conditions and identify correlations. The case study method is used to examine specific countries or regions to assess the impact of policy decisions on market regulation and changes in economic structure in the context of technological progress.

The study of trade relations involves analyzing the relationship between political changes and international trade interaction, including the impact of tariffs, trade agreements, and sanctions, using correlation and regression analysis. The impact of political decisions on the innovation and research sectors, in particular the role of state support and regulation, was studied using the methods of comparative analysis and synthesis. Using economic-mathematical modeling, a model was developed that takes into account various political aspects and their impact on economic development, including the investment climate, trade relations, and tax policy.

Statistical methods are used to test hypotheses about the relationship between political aspects and economic development, emphasizing the relevance of the model used. Strategic planning methods are used to develop management strategies aimed at ensuring the interaction of the political sphere and economic development, taking into account the factors of influence. This integration of methods allows for a systematic study of the impact of political aspects on economic development and the formulation of effective management strategies.

RESULTS

After analysing literary sources, it is expedient to determine political factors that affect economic development, including:

- type of political system;
- stability of the political system;
- the efficiency of state administration;
- the quality of legal institutions;
– level of corruption;
– the openness of the economy.

Each of these elements can simultaneously facilitate and impede economic progress. For example, democracy generally promotes economic development by embodying the rule of law, integration and transparent governance, as well as by fostering diversity and free enterprise. At the same time, authoritarian regimes often impede economic progress due to their tendency to violate the rule of law, widespread corruption, and restrictions on entrepreneurial freedoms.

Various methodologies exist to measure the impact of political factors on economic development. One approach is to use econometric models that estimate the impact of various variables on economic progress, while taking into account other potential factors that may affect it. The effective model proposed in this study is presented in Table 1.

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<thead>
<tr>
<th>Index</th>
<th>Formula</th>
<th>Characteristic</th>
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<tbody>
<tr>
<td>Democracy Index</td>
<td>The Democracy Index is an annual survey that analyzes the level of democracy in 163 countries. Prepared by the Economist Intelligence Unit (EIU), part of The Economist Group, the index measures five key aspects of democracy. They include a free and independent press, equality before the law, effective management, and participation in decision-making.</td>
<td>The Democracy Index ranks countries on a scale of 0 to 10, with 10 representing the highest level of democracy and 0 the lowest. Countries with a score of eight or more are considered fully democratic. Countries with scores of 6 to 7 are classified as hybrid regimes, while those with a score of 4 to 5 are classified as authoritarian. Countries with a score of 0 to 3 are considered totalitarian.</td>
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<td>Human Rights Index</td>
<td>The Human Rights Index is an annual assessment of the human rights situation in 193 countries. The assessment was conducted by Human Rights Watch, an international organization that specializes in the protection of human rights. The assessment includes 51 indicators covering a wide range of areas, such as the right to life, freedom from discrimination, protection from violence, guarantees of freedom and justice, and social rights.</td>
<td>The Human Rights Index uses a scale of 0 to 10 to categorize countries according to their human rights record, with 10 representing the highest level of respect for human rights and 0 the lowest. Countries that score eight points or higher are considered to have a high level of respect for human rights. Those with scores between 6 and 7 are classified as countries with an average level of respect for human rights. Scores between 4 and 5 indicate a lower level of respect, while scores between 0 and 3 show very limited respect for human rights.</td>
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<tr>
<td>Freedom of the Press Index</td>
<td>The Press Freedom Index is an annual research study aimed at assessing the level of press freedom in 180 countries around the world. The index was developed by Reporters Without Borders, an international organization dedicated to promoting and protecting press freedom. The assessment is based on 20 indicators covering such aspects as the independence of journalists, the level of security of their activities, and compliance with ethical standards.</td>
<td>The Press Freedom Index is used to measure the level of press freedom in different countries using a scale from 0 to 100, where 100 corresponds to the highest level of press freedom and 0 to the lowest. Countries that score 70 points or more are considered to have a high level of press freedom. Those with scores between 40 and 69 are classified as having medium press freedom. Countries with scores between 30 and 39 have less press freedom, and those with scores between 0 and 29 have minimal press freedom.</td>
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<td>Political Instability Index</td>
<td>The annual Political Instability Index (PPI) is a method of assessing the level of political instability in 193 countries. The index was developed by the United States-based Fund for Peace, a non-governmental organization that specializes in conflict prevention and peacebuilding. It is based on the analysis of 12 separate indicators covering various areas such as power transition, internal and interethnic conflicts, violence, threats of violence, ethnic and religious tensions, economic and external challenges, lack of trust, government inefficiency, and lack of rule of law.</td>
<td>The Political Instability Index (PPI) is calculated on a scale from 0 to 10, with 10 indicating the highest level of political instability and 0 indicating the lowest level. Countries with a score of eight or more are categorized as having a high level of political instability. Those with a score of 6 to 7 are classified as having a high level of political instability. Countries with a score of 4 to 5 are considered to have moderate political instability. Those with scores between 2 and 3 are classified as having a low level of political instability. Finally, countries with scores of 0 and 1 are characterized as having very low levels of political instability.</td>
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<tr>
<td>Index of Legal Order</td>
<td>The annual Rule of Law Index (ROLI) is a methodological tool for assessing the extent of the rule of law in 139 countries. The index, developed by the World Justice Project (WJP), a non-profit organization, aims to strengthen the rule of law around the world. The ROLI index takes into account 44 indicators covering a variety of areas, including the limits on government powers, the absence of corruption, transparency, and fundamental freedoms, as well as elements related to safety and security, police and law enforcement, fairness of justice and the criminal justice system.</td>
<td>The ROLI index ranges from 0 to 1, where 1 reflects the highest degree of rule of law, while 0 indicates the absence of rule of law. Countries with a score of 0.7 or higher are considered to have a high level of rule of law. Those with scores between 0.5 and 0.6 are considered to have an average level of rule of law. Countries with a score of 0.3 to 0.4 are categorized as having a lower level of respect for the rule of law, while those with a score of 0.2 or less are characterized as having an extremely low level of rule of law.</td>
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| Violence Index       | The Violence Index (VI) is an annual ranking developed by the United States-based nonprofit organization, the United States Foundation for Peace, which aims to counter conflict and promote peace. The index includes an assessment of 12 indicators in various areas covering 193 countries, including ideological, ethnic, tribal and religious violence, threats of violence, ethnic and religious tensions, economic and external challenges, lack of trust, government inefficiency, and lack of rule of law. | The Violence Index (VI) uses a 0-10 rating scale to measure the level of violence in countries. A score of 10 indicates the highest level of violence, while a score of 0 indicates the lowest level of violence. Countries that score 8 or higher are considered to have extremely high levels of violence. Countries with scores between...
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<table>
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<tr>
<th>Index of Perceived Corruption</th>
<th>The Corruption Perceptions Index (CPI) is an annual rating that assesses corruption levels in 180 countries globally. Transparency International (TI), an international non-governmental organisation fighting corruption, developed it.</th>
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<tr>
<td>Openness Index</td>
<td>The annual Openness Index (OI) is an international indicator used to assess the degree of transparency of governments in 100 countries. The index was developed by Freedom House, an international non-governmental organisation that works to promote democracy and spread freedom. It takes into account such key aspects as access to information, freedom of the press and freedom of association, which are important elements in determining the level of openness and democracy of governmental structures.</td>
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<td>Investment Index</td>
<td>The Investment Index (II) is an annual measure of the investment attractiveness of countries around the world. This index was developed by the Economist Intelligence Unit (EIU), an analytical division of The Economist magazine. It takes into account several key factors, such as economic stability, corruption, government efficiency, education and access to markets. These indicators allow for a comprehensive assessment of each country’s investment climate.</td>
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<tr>
<td>Trade Index</td>
<td>The Trade Index (TI) is an annual analysis designed to measure the international trade activity of countries and is developed by the Economist Group’s research department, known as the Economist Intelligence Unit (EIU). This index is important for measuring the trade openness of countries, facilitating comparisons between them, and tracking changes in this area over time. Several key indicators are used in its calculation, including the level of trade protection, infrastructure development, market access, and the degree of economic globalization.</td>
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The Openness Index (OI) is a tool for assessing government transparency that uses 20 different indicators. These indicators cover various aspects such as access to information, freedom of the press, the right to assembly and association, and guarantees of freedom of association. The OI scores are distributed on a scale from 0 to 100, with 0 indicating the highest level of openness and 100 the lowest. Countries that score between 0 and 30 are considered to have high levels of corruption. Those with scores between 31 and 50 are classified as having high moderate levels of corruption. Countries with scores between 71 and 90 are considered to have low levels of corruption, while those with scores between 91 and 100 are classified as having minimal corruption.

The Corruption Perceptions Index (CPI) is a tool for assessing the level of corruption in different countries and is based on 13 different sources, including surveys of business people, experts, and government documents. Its scoring scale ranges from 0 to 100, with 0 representing the highest level of corruption and 100 the lowest. Countries that score between 0 and 30 are considered to have high levels of corruption. Those with scores between 31 and 50 are considered highly corrupt, while countries with scores between 51 and 70 are labeled as having moderate levels of corruption. Countries with scores between 71 and 90 are considered to have low levels of corruption, while those with scores between 91 and 100 are classified as having minimal corruption.

The Investment Index (II) is a tool for assessing the investment attractiveness of countries based on the analysis of 12 different indicators. Among them, experts consider economic stability, corruption, government effectiveness, education, and market accessibility. These indicators are scored from 1 to 100, with 0 indicating the highest level of investment attractiveness and 1 the lowest. Countries that score between 70 and 100 are considered very attractive for investment. Those that score between 50 and 70 are considered moderately attractive. Countries with scores between 30 and 50 are classified as having low investment attractiveness, while those with scores between 1 and 30 are characterized as having very low investment attractiveness.

The annual Openness Index (OI) is an international indicator used to assess the degree of transparency of governments in 100 countries. The index was developed by Freedom House, an international non-governmental organization that works to promote democracy and spread freedom. It takes into account such key aspects as access to information, freedom of the press and freedom of association, which are important elements in determining the level of openness and democracy of governmental structures.

| Source: developed by the author based on literary analysis. |

The modelling outcomes through establishing parametric constraints are outlined in Table 2.

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<th>Table 2. Ranking of dependence on political factors</th>
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<td>OI</td>
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<td>II</td>
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Source: developed by the author based on literary analysis.
Drawing from the ranking results, the study proposes four levels of political impact on economic processes: significant positive influence, moderate positive influence, moderate negative impact, and significant negative impact.

**DISCUSSION QUESTIONS**

When evaluating the structure, it is important to consider several key aspects. Adaptability of the model means its ability to respond flexibly to changes in the internal and external environment through the introduction of management actions. Strategic alignment means developing models with a long-term perspective in mind, but with the possibility of short-term adjustments in unstable conditions. A multidimensional approach involves analyzing the interaction of model components both internally and externally, as well as the flexibility to adjust or remove components based on industry specifics, economic conditions, and other important variables. The relevance and adequacy of the model are assessed by systematizing the various components and their interrelationships, which confirm the assumed hypotheses. The practical implementation of the model depends on the ease of its use in real conditions, mainly on the possibility of using available statistical or informational data to support the decision-making process.

**CONCLUSION**

The impact of political factors on economic progress is a key determinant of the pace and quality of economic development. Political decisions can have both positive and negative consequences for the economy. Positive effects of political interventions include creating a favorable investment climate, promoting growth in both foreign and domestic investment, ensuring macroeconomic stability as a foundation for economic development, investing in human capital to increase productivity and promote economic growth, developing infrastructure to support efficient economic activity, and creating effective institutions to protect property rights and ensure the rule of law.

In contrast, the negative effects associated with political aspects include corruption, which leads to the misallocation of public resources and undermines business confidence; conflicts and wars that disrupt economic activity, causing human and material losses; inefficient economic management, leading to inflation, unemployment and budget deficits; high taxation rates that hinder business growth; and currency fluctuations that create uncertainty for businesses and encourage capital outflows.

A careful study of the interaction of different governance sectors in the current environment emphasizes the crucial role of political factors in influencing economic progress. Well-designed policies aimed at supporting economic growth can bring prosperity to countries and improve the living standards of their citizens.

**REFERENCES**


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