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INVESTMENT ACTIVITY OF ENTERPRISES AS AN IMPORTANT ELEMENT OF ITS DEVELOPMENT

Many long-term and short-term factors that led to economic crises in the national economy are related to the state of the investment process of the economy, which ultimately affects the potential for economic development.

Formation and implementation of an effective state investment policy is necessary for Ukraine to exit the long-term economic crisis. Its necessity stems from the fact that investments and related structural changes play a significant role in determining macroeconomic proportions at the national level.

Investment activity is the basis of the entire process of extended reproduction and the ability to quickly eliminate various disparities in the development of the national economy[1].

The complexity of regulation of investment activities is related to the fact that it covers a wide range of types of economic activity, including scientific and technological progress, state management of the economy, commercial calculation of enterprises, financial and banking activities, pricing, etc.

For the most part, the problem of investing comes down to the methods of allocating investment resources. In this sense, the formation of the material and technical base is considered separately from the entire process of extended reproduction, in which additional means of production are involved and accumulations are created.

It should be emphasized that the sources of investment activity are mainly influenced by market relations. Therefore, from the standpoint of the peculiarities of investment implementation, there is a need to classify enterprises as investment objects according to separate classification features.

1 Berezovsky P., Mikhalyuk N. Organization of forecasting and planning of agro-industrial complex; Tutorial. Lviv : Magnolia Plus, 2004. 443 p.

Investment is carried out at the level of enterprises and associations, as well as other business entities using the investor's own financial resources, borrowed funds, borrowed funds and budget investment allocations.

It should be noted that the financial infrastructure of the market ensures the accumulation of savings and the return of these savings through effective investments. This is especially relevant for enterprises in the modern period of its development and construction of the market structure, as well as the search for appropriate market forms of management, mechanisms and the investment process as a whole. (Fig. 1)

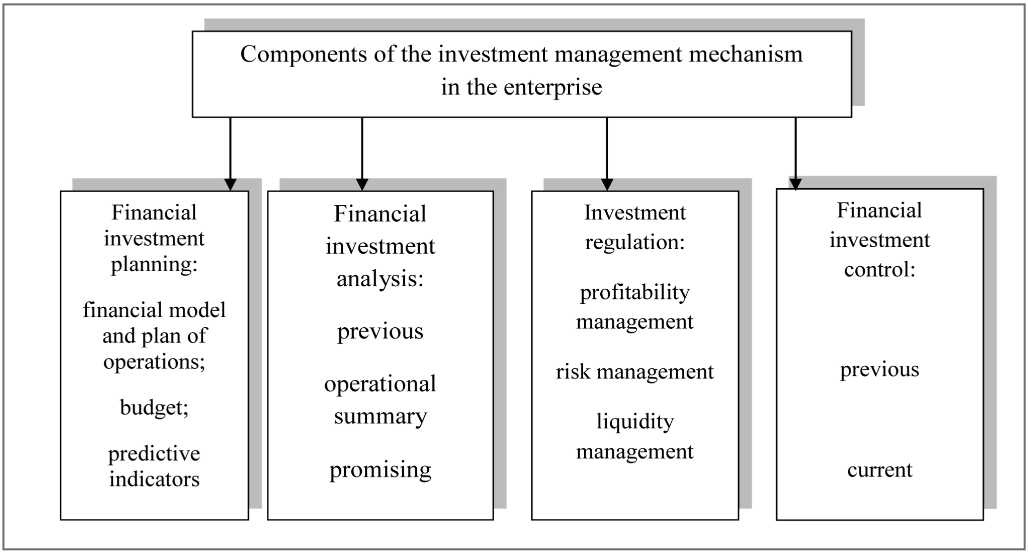

Fig. 1. Components of the investment management mechanism in the enterprise

Thanks to this mechanism, public savings are transformed into investments. However, the low incomes of the rural population significantly limit these chances for investment development.

When discussing sources of investment, it is important to remember that they are determined by the level of economic growth, efficiency and return on investment. In Ukraine, one-sided inflationary policy quickly led to catastrophic hyperinflation, huge price increases and currency devaluation.

Attracting foreign capital to Ukraine for the structural and qualitative restoration of production is difficult, and the outflow from domestic turnover is due to the lack of a healthy monetary and exchange rate policy.

Investment and innovation processes in the production sphere have decreased many times and in some places have almost stopped. Credit sources from commercial banks have become unavailable to manufacturers due to high interest rates.[2]

2 Griffin R. Fundamentals of Management: A textbook for students. econ. special Ricky Griffin, Vladimir Yatsura. Lviv : Bak, 2011. 605 p.

At various stages of the circulation and investment of production means, it is necessary to combine the economic management of the continuous investment process, which we define as the transformation of investments into income growth, into a single mechanism using the existing information base as much as possible (Fig. 2).

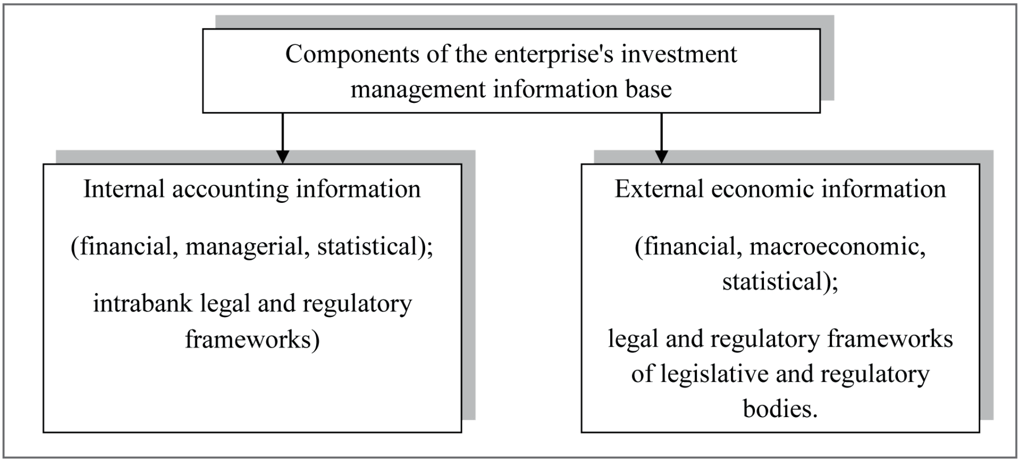

Fig. 2. The information base of the company's investment management

In the field of investment management, it is necessary to set both long-term and short-term goals for enterprises.

That is why it is necessary: to determine the principles and conditions of financing at various stages of the investment process; establish criteria for choosing the main areas of investment investments in production; determine the conditions under which all participants in the investment process provide expanded reproduction.

In particular, according to the financial definition, investments are all types of assets (funds) that are invested in economic activities for the purpose of obtaining income. According to the economic definition, investments are a kind of expenditure on the creation, expansion, reconstruction and technical re-equipment of fixed capital, as well as on related changes in working capital (Fig. 3).

Although the power, speed and other characteristics do not change accordingly, the price of the new equipment is higher than the old one. As a result, prices in some cases do not stimulate the introduction of new equipment into production, and also artificially slow down the cost recovery process, which is part of the extended reproduction process. In fact, since the demand for capital investment is controlled by the existing conditions of accumulation in each branch of the economy, this situation creates a certain inertia in the development of branches. Prices for investment resources should reflect the end-user effect, or market utility, to a greater extent than prices for other products. First of all, such prices make it possible to create sources of investment financing, taking into account the real process of accumulation. This indicates that the financial position of investors corresponds to their participation in the final results. Since these prices are the source of structural equilibrium in the economy, they can be used to balance the supply and demand for investment resources.[3]

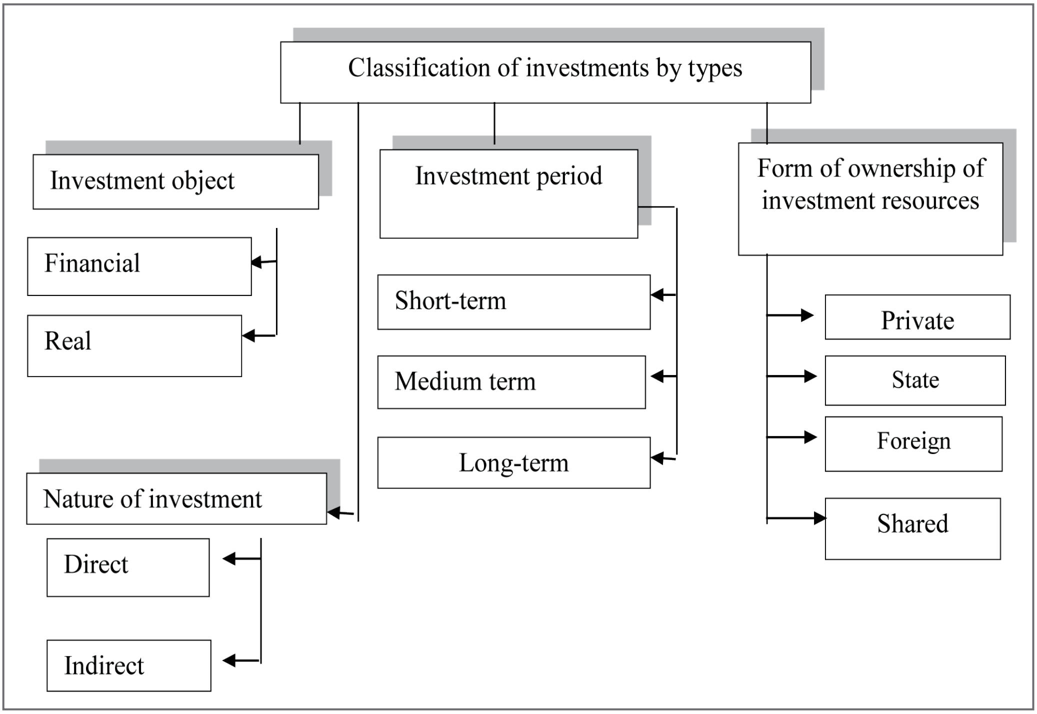

Fig. 3. Classification of investments in enterprises by their types

Prices should act as a regulator of demand for investment resources at the present time. Naturally, a gradual transition to market relations in the investment sphere of the national economy is impossible without a significant reform of pricing rules.

The scientific rationale for the standard of price accumulation boils down to the fact that the price of a certain product should reflect the effect of the use of labor resources. Without a scientific justification of the standard of price accumulation, an investment process is unthinkable, which involves the reimbursement of resources spent in the production process and the realization of an additional effect for the implementation of extended reproduction.[4]

3 Berezovsky P., Mikhalyuk N. Organization of forecasting and planning of agro-industrial complex; Tutorial. Lviv : Magnolia Plus, 2004. 443 p.

4 Griffin R. Fundamentals of Management: A textbook for students. econ. special Ricky Griffin, Vladimir Yatsura. Lviv : Bak, 2011. 605 p.

In a market economy, it is natural for a business entity to independently dispose of the profit received from economic activity. In the future, we can expect an increase in the share of investments directed to the development of production at the expense of own sources of growth. After all, we are talking about establishing such a level of utilization of the means of production and proportions in the system of income distribution that will naturally stimulate the growth of production in comparison with the increase in fixed assets.

At the same time, agriculture requires higher capital equipment than industry for various reasons (biological, climatic, soil conditions, etc.), while the turnover of production means is twice as slow and, as a result, the return on investment is lower.

Payment of resources also meets the goals of state investment regulation. The resource collection has a stimulating effect on the rational use of accumulation funds by business entities.[5] 2

Implementation of the investment investment program should not interfere with the interests of the banking system. In fact, usually a business is past due on other loans or in other types of defaults when it applies for a long-term loan. Then, most often, he is granted a deferral of overdue loan repayments (by state authorities or the bank itself), which opens up prospects for new lending. Meanwhile, the deferral of payments leads to a direct inconsistency in form and internal content compared to the increase in fixed assets. Such actions undermine the commercial calculations of enterprises, reduce the elasticity of monetary circulation and lead to a shift of national wealth in favor of enterprises that function poorly. Each credit transaction is part of a larger credit system. Granting a deferment either limits the possibility of lending to other objects, or leads to the issuance of additional loan money, weakening the monetary and material circulation of the country.

DOI: 10.51587/9798-9866-95907-2022-009-95-99

5 Donchak L. G. Formation of the internal economic mechanism of the enterprise / Agroinkom. 2012. № 10–12. P. 77–81.