

# ORGANIZATION OF THE MANAGEMENT SYSTEM FOR EFFICIENCY OF USE OF INVESTMENT POTENTIAL AT INDUSTRIAL ENTERPRISES

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**Annotation.** *The possibilities of using the investment potential of industrial enterprises are investigated. The expediency of formation of investment potential of industrial enterprises is substantiated. The methods and procedure for assessing the effectiveness of the investment potential of the enterprise are analyzed. The organization of the system for managing the efficiency of the investment potential of an industrial enterprise is proposed.*

**KEYWORDS.** INVESTMENT POTENTIAL, METHODS, STAGES, ORDER, EFFICIENCY, DEVELOPMENT, PROJECT, MANAGEMENT SYSTEM, ANALYSIS, CHOICE.

## *Analysis of recent researches and publications.*

With the growth of investment at industrial enterprises, the production of new types of products, expansion of markets, the establishment of foreign economic relations, the attraction of advanced technologies the level of investment capacity and activity of the enterprise increases. The setting up of investment activity requires a thorough analysis of the risks of the investment market, the assessment of economic development, the determination of the environmental factors, the implementation of the forecast of the functioning of the market. The improving the level of development, strengthening the competitive position in the market, increasing financial stability, improving the economic situation in the country testifies to a high level of investment activity and improvement of investment activity. Planning, development, implementation, management and implementation of investment activity is carried out with the help of investment potential. The development and implementation of an investment project is a mechanism for identifying, growth and adoption of the investment potential of an enterprise, therefore the study of this issue is justified and relevant. We believe that the use of investment potential of industrial enterprises creates opportunities for: increasing profits; minimize costs; growth of company's welfare; settlement of investment activity; forecasting the size of financial investments; establishment of relations with the state; execution of contracts; assessment of investment risks; adjustment of production process and organizational structure.

Tolpezhnikov R.A., Mamatova L.Sh. [1, p. 360-361] proposed a model for assessing the financial and investment potential of the enterprise. The proposed model is carried out at the following stages: collection, processing and analysis of information on the activities of the enterprise; assessment of the existing level of financial and innovation potential, analysis of financial activity indicators; definition of normative values of financial and innovation potential; comparison of actual results with normative indicators; identification of additional funding sources; conducting an analysis of the effectiveness of the system of development of financial and investment potential; development and use of ways to increase the financial and investment potential of the enterprise. The mechanism of providing financial and investment potential, which is based on the stages of planning, organization, and control, was considered. However, the author did not take into account the stages of implementation and development of the investment project, did not reflect the impact of the threat of the investment market.

Pashkevych M. [2] adhered to the idea that the concept of investment potential and investment attractiveness are different. Therefore, the investment potential was considered as a process for the effective use of own, borrowed, debt resources, available opportunities in order to improve the economic development of the enterprise, betterment the environmental safety and social development. In addition, the efficiency of management of the investment potential of an enterprise is evaluated using: the coefficient of investment potential use; the level of used investment potential. Dorosh Yu.V. and Gulko L.G. observed the theoretical aspects, role, scheme of development of investment potential. [3, p. 289]. The scheme of development of investment potential takes into consideration the influence of factors of external and internal

environment on the development of the enterprise's potential. In the given scheme the level of interaction of technological, innovative, economic, informational, organizational, competitive, labor potential with the development of innovative potential is determined. It can be argued that in order to establish investment potential, to improve investment activity, it is necessary to take into account development opportunities, financial resources, and the influence of exogenous and endogenous factors.

The classification of the factors that influence the formation, development and efficiency of the investment potential of the enterprise was proposed by Bormotova M.V., Moskalenko B. A., Sukhorebryi Y.V. [4, p. 60-62]. These factors were divided into two groups: by sources of origin - external and internal factors; by direction of influence there are the mobilization and application of investment resources. Internal factors include: financial and human resources; supply of raw stuff and materials; demand of buyers; position of the enterprise in the domestic market; level of competition; support from the state. The factors of external influencing are: inflation; exchange rate fluctuations; trust of investors; tax regulation; development of the country's economy; the level of corruption. We believe that the level of influence of these factors must be taken into account in the formation and development of investment potential, so far as the assessment of factors of the market environment allows to identify threats, risks, and to establish financial sustainability of the enterprise.

## **Results.**

The process of organization of management begins with the definition of purpose, the formation of goals and objectives without which the investment project is impractical and there are no reasons for its implementation. The targets and objectives of the investment project must be in line with the interests of the enterprise. The following is an analysis of the results of the financial activity of the company in order to conclude new contracts and obtain loans. Methods play an important role in the process of project management, since they are used to assess the risks and threats of the environment, determine the project's duration, main goals, targets and objectives, form a project team, calculate the amount of borrowed funds, determine the sum of required financial resources, estimate costs, form the budget of the project, monitor and evaluate the effectiveness of the project, make management decisions, enter into contracts with suppliers. Consequently, the process of organizing a project management system depends on the rational use of management methods.

In general, there are different approaches to construction a management system for investment projects that have advantages and disadvantages, but the proposed system is efficient and profitable, so far as the relationship between the enterprise and the project team is taken into account, the threats and risks are considered, the factors of the internal and external environment are assessed, the financial condition of industrial enterprise is estimated, algorithm of action, operation of the project team is defined.

In difficult conditions of development in Ukraine there is a decline in economic activity of industrial enterprises due to the instability of the economic situation. An important prerequisite for establishing economic development, increasing the competitiveness

of industrial enterprises in the international market, improving social development and welfare of the population, filling the state and local budgets, and successful development of the region is attraction of investments. However, Ukraine is characterized by the ineffectiveness of passed legislative acts, political instability, lack of state financing of industrial enterprises, aggravation of the socio-economic crisis, exchange rate fluctuations, high inflation and interest on bank loans, all that limits the volume of foreign capital investment in the activities of industrial enterprises. Most industrial enterprises are characterized by low level of financial stability, security of economic development, paying capacity, business activity, they lose competitive positions in the market and are unprofitable.

The only way to establish the development of industrial enterprises is to implement structural transformations both in the country's economy and in the growth of industries. In particular, at a state level, it is necessary to organize a well-balanced and well-founded investment policy that will facilitate investment attraction, their efficient allocation and use to satisfy state, regional and local needs, and implement development programs. The attraction of foreign capital is carried out in conditions of stability, reliability, development, and therefore this process will allow making structural changes in the economy of the country, improving social development, raising the security of development and the level of financial stability of industrial enterprises, and increasing the level of public confidence. In order to increase the country's economic effect from the use of investment capital, it is necessary to develop and implement investment projects of industrial enterprises, guaranteeing the rationality of using investment resources, protecting the interests of investors and maximizing achievement of the set goals.

For most industrial enterprises there is not enough own financial resources in the process of activity, therefore there is a need to attract either borrowed resources or investment capital. The use of borrowed resources will result in an increase in the amount of debt capital, accounts payable, which will cause a reduction in net

profit, equity and, in some cases, will contribute to an increase in the volumes of production and sales. However, more rational for enterprises is investment attraction and participation in an investment project that will expand and change the structure of production, increase product range, modernize outdated equipment, carry out technical re-equipment, develop new types of activities.

Implementation of the investment project of an industrial enterprise will create preconditions for improving the welfare of the population, establishing socio-cultural development, increasing demand for products, filling the local budget, solving environmental problems, betterment of the medical care of employees, infrastructure growth.

In the process of developing an investment project, investors' interests and requirements need to be taken into account, as investors invest their financial resources, mainly in the short run, due to the desire to return the invested funds with interest. Investments in investment projects require a rather long period and is accompanied by a risk of non-repayment of funds. Therefore, investors, in order to assess the reliability of the investment project, analyze the following information: risks and threats of the project; provision with labor and financial resources; project cost; term of project implementation; goals and objectives; project business plan; comparison of several projects; enterprise activity analysis; choice of priority directions of investment of funds.

Kalinichenko Z. D. analyzed theoretical approaches to the interpretation of the essence of the concept of "investment potential of the enterprise", the characteristic features, functions and methodical approaches to the assessment of the investment potential. [5, p. 275; 6]. Methods for evaluation the investment potential, which are shown in Fig. 1 are used by industrial enterprises to calculate the cash flows, time for receiving revenue and paying off defrayal, project life and return on investment with interest payments, increase in revenues from participation in an investment project, assess investment risks, and make risks and threats predictable.

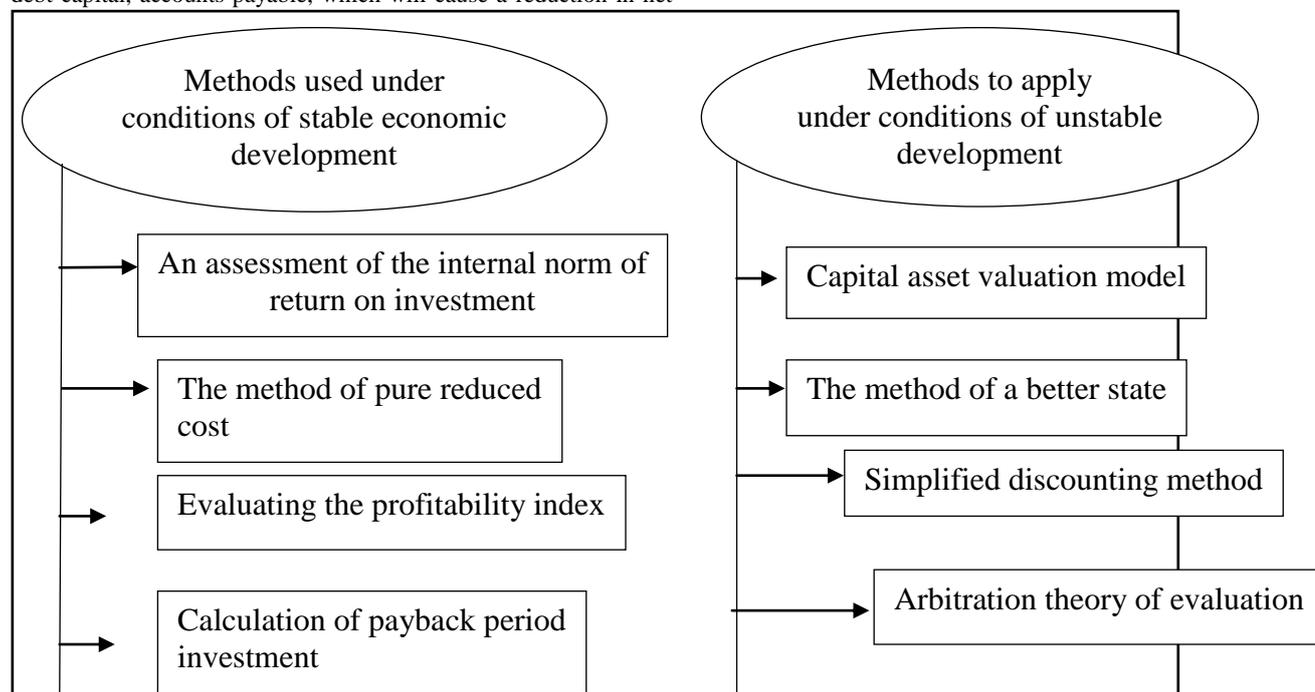


Fig. 1 Methods for assessing the effectiveness of the investment potential of the enterprise [5, p. 275; 6, p. 213-214]

In our opinion, the use of these methods will create opportunities for determining the appropriateness of investing capital investment, participation in an investment project, the formation of investment potential.

The order of estimation of efficiency of investment potential of the enterprise was proposed by Andrianov Yu.O. [7, p. 43-46], who argues that due to the investment potential, the company is able to increase its competitiveness, attract investment capital, expand its

sales markets and manage its risks. The stages of assessing the effectiveness of investment potential include: collecting information and defining methods for assessing investment potential, financial sustainability, as well as the definition of normative values of indicators; there is a grouping of indicators by features or purpose; choice of coefficients for investment potential assessment; calculation of indicators; estimation of investment potential level. The advantage of this approach is the ability to assess the low,

medium, high investment potential of the company and develop measures to increase it.

### **Conclusions.**

In our opinion, the mechanism for ensuring the development of the investment potential of an industrial enterprise is a complex organizational process that is carried out by implementing principles, methods, observance of functions, model, established norms taking into account the optimal ratio of own and attracted investments, time parameters, investment risk, which ensures the establishment of investment activity, level of activity, achievement of the established tasks with the purpose of improvement of development of investment potential as a mechanism component of the investment project and it secures the establishment of the enterprise activity and the development of the components of the potential in the long run.

The mechanism of ensuring the development of the investment potential of an industrial enterprise, in contrast to the existing ones, is a complex organizational process for improving the development of investment potential as an integral part of an investment project, for establishing enterprise activity and developing the constituent of potential in the long run through the implementation of principles, methods, observance of functions, taking into consideration available investment capital, investment risk, which creates an opportunity to resolve the investment problem of attracting investment resources, providing organization, forming investment potential.

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