

# CHARACTERISTICS OF INVESTMENT PROCESS AND ATTRACTIVENESS OF INDUSTRY AND ENTERPRISE

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**Abstract.** Theoretical approaches to the investment process` nature definition and the order of investment process` stages have been analyzed. The main trends of enterprises` investment process` introduction have been specified. Dynamics of enterprises` investment process` have been identified. The main features of investment cycle and its liaison with scientific and technical progress have been marked. It has been suggested to study industries` investment attractiveness as integral characteristic of separate economic fields regarding development perspectives, investment yield, and level of investment risks. It has been found out that certain industries` investment attractiveness is evaluated amid enterprise`s investment strategy`s development and field diversification of the investment portfolio.

**KEYWORDS.** INDUSTRIES` INVESTMENT ATTRACTIVENESS, RISKS, PROCESS, CHARACTERISTICS, STAGES, ORDER, NEW MACHINED, LIFE CYCLE, EFFICIENCY.

**Definition of the problem.** For clearly setting the goal and selecting long-term reference-points the question about the stages of the investment process is crucial. There is no unity of views about this question. For example, the investment process of construction facilities is understood as the process of creating capital assets and production capacities - from the development of their technical and economic parameters to the complete achievement of the project indices. In such understanding the investment process consists of three successive stages: scientific and project preparation, construction, launching the project capacities. Each of them stipulates several stages.

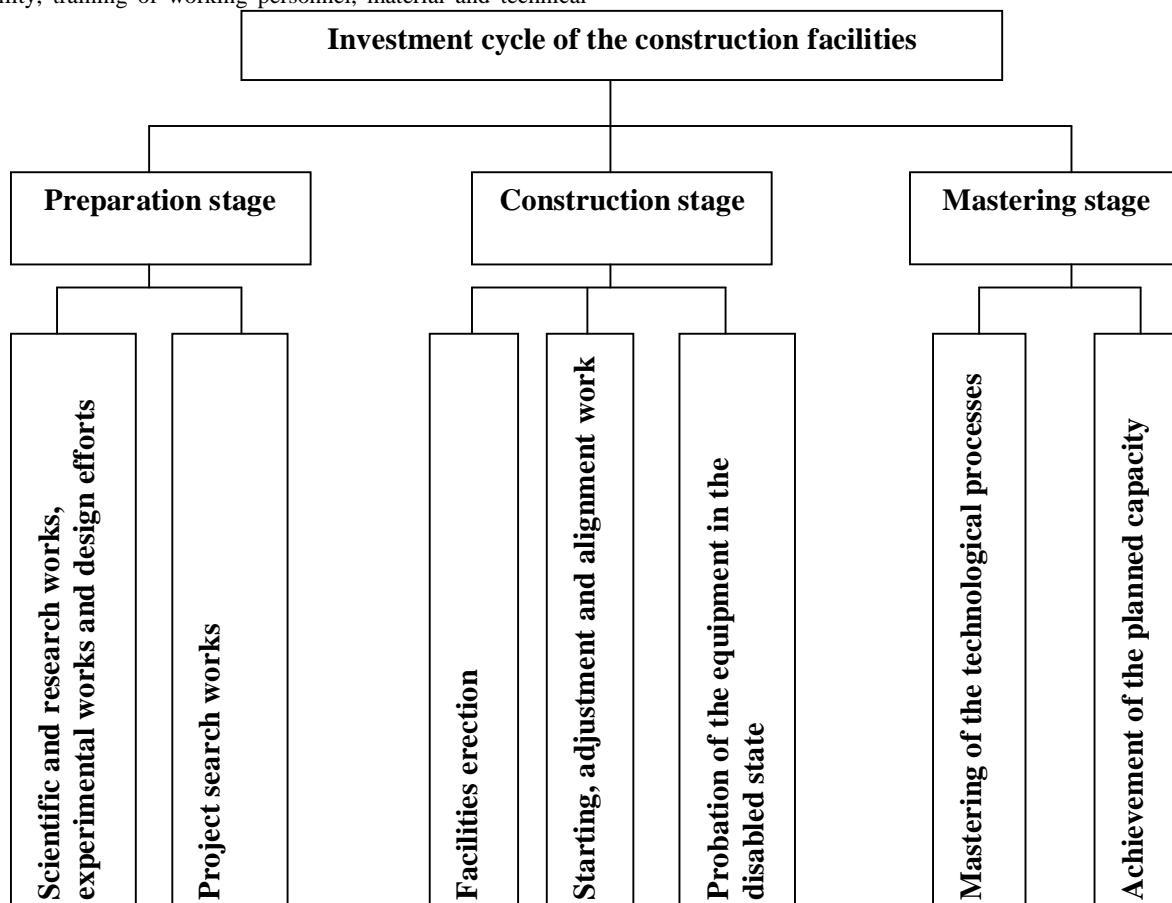
Thus, after making the decision about the necessity of constructing the enterprise or some other facility for production and non-production purposes, the stage of preparation of the investment process begins, the starting point of which is possible capital investment. Preparation of the construction is carried out in the following basic directions: research and development of the project technical and technological parameters and decisions, implementation of the project-searching works as a future model of the facility, training of working personnel, material and technical

preparation of the planned construction. On the stage of scientific researches and project-searching works there are most reserves for increasing the efficiency not only of investment activities but of the whole process of extended reproduction as well.

Engineering preparation of the construction production, facility construction, pre-starting and starting periods are included in the construction stage. The stage of mastering the project capacities completes the investment process of construction facilities.

The stage of preparation of the investment process is very important in significance and influences the quality and efficiency of the final results, which, however, is insufficiently researched in scientific sources, especially in Ukraine.

Investment processes and cycles pass through the same stages and periods. However, unlike the investment process as a continuous process of making capital investments, which represents the essence of the extended reproduction of capital assets, investment cycle is an individual plan of capital investments (Picture 1).



Picture 1 The stages of the investment cycle

It is an organic cell of the process of the capital assets extended reproduction, and this circumstance characterizes the economic, organizational and technological unity of the investment cycle in construction to a more complete degree. The dynamics of investment processes should be considered in different aspects - temporal, spatial, material and cost. Each of these aspects exposes certain features of the investment process, but the common one for all of them is successive movement of the capital circulation cost, establishment of a new consumer cost as a result of association and transformation of the product of every stage of the investment process. Thus, the results of the scientific and research works as well as of the experimental works and design efforts are joined with the architectural, technological, design and other project decisions and embodied in the project-estimate documentation.

In its turn on the construction stage the project with participation of the construction machines, designs, materials and wares turns into the prepared facility, which, having passed the mastering stage, manufactures the products necessary to the national economy and population or satisfies the public or personal needs. Thus the result of one stage is impossible without using the results of the other stages (the project without scientific developments, erection of the facility without the project, mastering without construction), or it does not possess the consumer cost. This argument confirms the unity of all the stages of the investment process as well.

Providing the unity of the material and cost aspects of the investment process is a complicated but urgent problem for the national economy practice. The general state of the economy depends largely on solving this problem as it is directly related to inflation.

Due to its complex character the investment process influences not only the development of the national economy and industry branches but the regional economy as well. Its due and balanced implementation in the territorial and branch terms has an incentive and stabilizing effect on the development and distribution of the country's production forces. And vice versa, too time-expanded, dispersed on the territory and thus non-system implementation of the investment process creates disproportions in the organically interrelated economic complex.

The process of the extended reproduction is closely related to continuous expansion, updating and quality improvement of the material production, distribution and consumption of the goods manufactured. This process is objectively necessary; its action embraces all the directions of public life. The basic direction of the extended reproduction and acceleration of investment processes is intensification. Attaining an increase in the production efficiency is possible only in the conditions of the extended reproduction of the intensive type. The reproduction of the intensive type together with the increase in the production efficiency also aims at the improvement of regulating the capital assets circulation and reduction in the duration of the production resources use. Thus it is important to achieve the maximal reduction of the time gap between the development of new technique and its introduction in the projects of enterprises, beginning of the capital investments use and putting into operation of the capital assets as well as production capacities, their complete mastering. Intensification of investment processes is related to the reduction of time between spending the resources and receiving the results desirable.

The periodic undulating change in the generations of machines and equipment, scientific and technical directions, organizational and economic systems represents the general regularity of the scientific and technical progress, steady development of the production forces and increase in the efficiency of public production.

Economic science connects this process to such a multi-aspect category as life cycle, i.e. the period consisting of the stages of creation, mastering, use, modification, repeated use and liquidation, which continuously replace each other. This concept embraces separate products or whole systems in the dynamics with consideration of the costs and incomes, resources structure spent on different stages of the process.

The scientific ground of the life cycle of any process is significant for the selection of the most effective ways of its implementation. Formation of the mechanism of effective use of capital investments is possible only in case the complex process of the capital assets formation and renewal is available. Such an approach presents the essence of the investment cycle. Its major feature is close connection with the scientific and technical progress. The capital assets raised as a result of the investment process implementation are the carriers of new machinery and technology, which, in turn, are the catalysts of a new-wave of the scientific and technical progress. Therefore the investment cycle reaches the greatest efficiency, when the capital investments use and capital assets formation coincide with the period of manufacture and introduction of new machinery and technology. In this connection an extraordinarily important task arises for the economic science - to develop and constantly support the mechanism of automatic realization of the scientific and technical progress achievements through the investment process in conformity with changeable terms. The basic workload is on the stage of research and experimental works, design efforts and project-searching works. On the stage of the scientific and project preparation the complex approach, which will provide the combination of the scientific and technical progress purpose with the investment goals and time-matching of the capital assets formation period with the development of new machinery and technology, is necessary. It is difficult to make it in the planned order; the automated regulators should work here. They are as follows: property, interest, income, tax, etc.

**Conclusions.** The results of the scientific developments concerning the life cycles of wares, machines and separate systems are introduced and used in the national economy planning and forecast. However, there are almost no researches as to synchronization of the public production planning with the cycles of the scientific and technical progress. The total work of all the participants of the investment process is redistributed in the sphere with the highest intellectual potential – the sphere of science and planning. Improving the stage of the investment cycle preparation should assist in increasing the scientific and technical level of all the process of extended reproduction.

Investment attractiveness of industries is an integral feature of the economy industries in terms of the development prospect, investment profitability and level of investment risks. Investment attractiveness of separate industries is estimated during the development of the company's (firm's) investment strategy and branch diversification of its investment portfolio.

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