

## THEORETICAL AND METHODOLOGICAL APPROACHES TO DETERMINING THE CATEGORY OF “INVESTMENT ACTIVITY”

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**Key words:**

investment activity, investment activities, methods of investment activity evaluation, investment activity level.

The theoretical and methodological aspects of investment activity have been examined in the article. It has been emphasized that enterprises cannot sustain stable production growth without the investment process activation. Scientists' approaches to the interpretation of the “investment activity” category have been analysed. It has been elucidated that today's scientific discussions regarding the definition of this concept are continuing. It was shown that some economists equate investment activity to the efficiency of investment activities, others – to the investment process and most of them agree that this category determines the intensity of enterprise investment activities. It has been established that the level of enterprise investment activity is influenced by a number of factors that determine the investments volume, their direction, create prerequisites and opportunities for investment and also affect the level of investment threats. The classification of factors influencing the investment activity level has been generalized taking into account the internal factors which depend on the organization and management of an enterprise and the external ones which require an entity to adapt the production processes. It has been noted that the analysis and evaluation of the investment activity level should be conducted in two directions. The first one is the research and determination based on the proposed indicators of the investment activities level. The second one is a general analysis of the financial and economic status of an entity that enables the identification of market potential, business risks, liquidity, solvency and the level of economic sustainability. It has been emphasized that the analysis on these two directions enables to receive objective information about the investment activity level of an enterprise. A two-factor mathematical model which characterizes the dependence of the investment activity level on the investments volume and the production activities scale has been proposed.

## ТЕОРЕТИКО-МЕТОДИЧНІ ПІДХОДИ ДО ВИЗНАЧЕННЯ КАТЕГОРІЇ «ІНВЕСТИЦІЙНА АКТИВНІСТЬ»

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**Ключові слова:**

інвестиційна активність, інвестиційна діяльність, методи оцінки інвестиційної активності, рівень інвестиційної активності.

Досліджено теоретичний та методичний аспекти інвестиційної активності. Підкреслено, що підприємства не можуть забезпечити стабільного зростання виробництва без активізації інвестиційного процесу. Проаналізовано підходи науковців до трактування категорії «інвестиційна активність». З'ясовано, що сьогодні тривають наукові дискусії щодо визначення цього поняття. Показано, що одні вчені-економісти ототожнюють інвестиційну активність з ефективністю інвестиційної діяльності, решта - із процесом інвестування, та більшість погоджується з тим, що ця категорія визначає інтенсивність інвестиційної діяльності підприємства. Установлено, що на рівень інвестиційної активності підприємства впливає низка факторів, які визначають обсяги інвестицій, їх напрям, створюють передумови та можливості для інвестування, а також впливають на рівень інвестиційних загроз. Узагальнено класифікацію факторів впливу на рівень інвестиційної активності з урахуванням внутрішніх чинників, які залежать від організації та управління підприємством, та зовнішніх, що вимагають від суб'єкта господарювання адаптації виробничих процесів. Зазначено, що аналіз та оцінку рівня інвестиційної активності доцільно проводити за двома напрямками. Перший – це дослідження та визначення рівня інтенсивності інвестиційної діяльності на основі запропонованих показників. Другий – загальний аналіз фінансово-економічного стану суб'єкта господарювання, який виявляє наявність ринкового потенціалу, ризику господарської діяльності, ліквідність та платоспроможність, рівень економічної стійкості. Підкреслено, що аналіз за цими двома напрямками дає змогу отримати об'єктивну інформацію про рівень інвестиційної активності підприємства. Запропоновано двофакторну математичну модель, яка характеризує залежність рівня інвестиційної активності від обсягів інвестицій та масштабів виробничої діяльності.

**Statement of the problem**

In the current circumstances, investments play a pivotal role in ensuring the socioeconomic development of both a country as a whole and every enterprise in particular. Domestic entities are characterized by a number of problems: low competitiveness of products, an outdated material and technical base, an insufficient number of implemented innovations. Enterprises cannot sustain economic growth of production without attracting significant investment resources and, accordingly, intensifying the investment process. In this context, more and more attention is required to determine the essential characteristics of investment activity, the assessment methods and factors that affect its level.

**Analysis of recent studies and publications**

The interest to the category of “investment activity” is constantly growing in the modern science. Issues that are related to the study of this concept essence are being considered by such scholars as A.M. Asaul [1], V.M. Butyrina [2], T.V. Maiorova [5], O.V. Savluk [8], H.O. Kharlamova [11], A.O. Shcherba [13, 14], O.D. Shcherban [15]. I.O. Shkolnyk, I.M. Boiarko, O.V. Deineka [12] D.A. Samodurova [9] and L.Y. Simkiv [10] devoted their works to the determination of investment activity assessment indicators. Likewise, a classification of the factors affecting the investment activity level of an enterprise can be found in the works of N.A. Pavliuk [7] and Y.A. Malakhova [6].

However, in spite of the increasing interest of theorists and practitioners in the concept of “investment activity”, insufficient attention is paid to this category in the economic sources, which manifests itself both in the absence of a generally accepted interpretation of this term and in the uncertainty regarding a clear system of assessment indicators for the investment activity level.

**Objectives of the article**

The purpose of the article is to study the theoretical and methodological aspects of investment activity, as well as to determine the factors that influence the investment activity of domestic enterprises.

**The main materials of the research**

The concept of investment activity includes a significant part of abstract characteristics; therefore, there is no single definition for it [7]. In order to identify the essence of this category, it is expedient to consider the existing approaches to the interpretation of this term.

T.V. Maiorova and G.O. Kharlamov adhere to the definition inherent by most authors: investment activity is the intensity of investment attraction into the enterprise economy [5, 11].

According to N.A. Pavliuk, investment activity is a multifactorial category that reflects the dynamics of the investment activities intensity, magnitude, direction and efficiency of investment [7].

O.V. Savluk believes that investment activity should be understood as a set of investment flows as a result of investment activities, while the investment flow is the movement of investment resources over a certain period of time in a definite direction in order to obtain the expected profit [8].

A.M. Asaul determines investment activity as concentration and distribution of investment capital, activation of the introduction of new production capacities, development of direct and portfolio investments [1].

A.O. Shcherba understands the investment activity as the dynamics of investment attraction and structure which characterize the investment activities in an enterprise, as well as the possibility of attracting financial resources in order to receive profit or another expected effect. The author notes that investment activity is not only the intensity of investment attraction in an enterprise, but also the creation of prerequisites for the appropriate placement of borrowed funds [13, 14].

V.M. Butyrina and T.Z. Chergaziia believe that investment activity is the provision, attraction and usage of investment resources for the reproduction of productive forces [2].

Taking into account the features of the above-mentioned interpretations, we propose in the future to consider investment activity as a process of ensuring the intensity of investment attraction which is subject to the investment potential in view of the level of investment risks. It can be said that investment activity is a vector indicator of the investment activities state.

The investment activity level of an enterprise is influenced by a number of factors that can be divided into internal (depending on the organization and management of an enterprise) and external ones. They determine the volume of investments, their direction, create prerequisites and opportunities for investment and also affect the level of investment threats (Fig. 1).

It may be summarized and shown as follows.

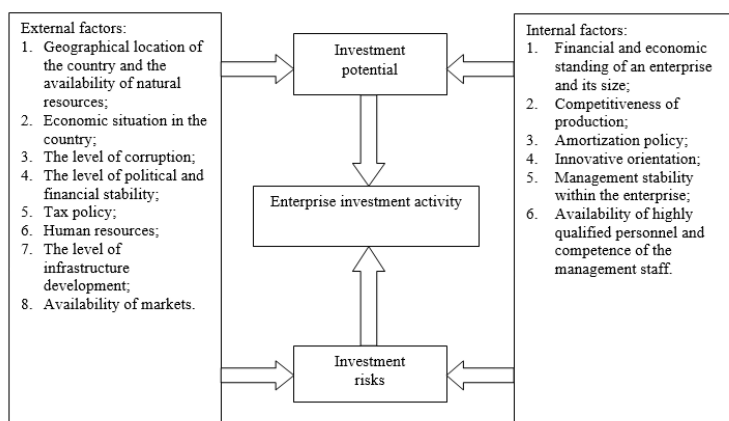


Fig. 1. Factors influencing the level of investment activity of the enterprise  
Source: developed by the author

Nowadays the problem of choosing methods for analysing and evaluating investment activity of an enterprise is extremely relevant for strategic

development. The most widespread is the classification of methods for assessing investment activity provided by D.A. Samodurova (Table 1) [9].

Table 1 - Enterprise investment activity assessment methods classification

Method	Comment
Balance	It is based on measuring proportions and matching balancing indicators
Structured and indexed	Includes multifactor mapping of volumes, dynamics and investment efficiency
Ranked	Analyses the relative indicators that characterize the dynamics of changes and uses the ranking of information on certain features
Expert	Applicable when other methods cannot be used, is quite inadequate because of the high degree of subjectivity of allegations

Source: [9]

In our opinion, assessment of investment activity of an enterprise should be carried out in two directions. The first one is the analysis of indicators that characterize the intensity of investment activities directly. The second one is the analysis of the financial status of an entity that

enables the identification of market potential, business risks, liquidity and solvency in the long run, the level of economic sustainability and the efficiency of the use of its working capital. The list of indicators that can be attributed to the first group is presented in Table 2.

Table 2 - Indicators for investment activity assessment

Indicator	Formula	Comment
Index of investment activity	$I_{ia} = I_{fc} / (WTV_{fa} + NP)$ $I_{fc}$ – the volume of investments into the fixed capital of an enterprise at the expense of internal and external sources of financing $WTV_{fa}$ – the wear and tear volume of enterprise’s fixed assets $NP$ – net profit for the reporting period	If the index value is close to 1, this indicates a high level of investment activity
Coefficient of real investment	$C_{ri} = I_{ri} / I$ $I_{ri}$ – the volume of real investment for production purposes $I$ – the total volume of investments	Shows the share of real investment in production in their total volume
Coefficient of financial investment	$C_{fi} = I_{fi} / I$ $I_{fi}$ – the volume of investments in financial instruments (mainly bonds) $I$ – the total volume of investments	Characterizes activity in the stock market
Coefficient of investment activity	$C_{ia} = (VFA + VITA + VFI) / TVFA$ $VFA$ – the value of fixed assets as construction in progress; $VITA$ – the value of investments in tangible assets; $VFI$ – the value of financial investments; $TVFA$ – the total value of fixed assets	Does not consider the investment in working capital

Source: compiled by the author according to [9, 12]

The second group of indicators characterizes the financial activities of an enterprise and serves as an indirect way of evaluating the investment activity, though together with the indicators of the first group it creates the most comprehensive basis for determining the intensity and efficiency of investment activities. Such indicators of profitability, liquidity, solvency and business activity can be attributed to them; moreover, the analysis of income and expenses of an enterprise, accounts receivable and payables is important.

One of the approaches to assessing investment activity is the use of a mathematical model with the objectives of simulation [7]:

- allocation of the most significant factors influencing the investment activity of the enterprise;
- their combination into a complete model;
- determination and estimation of the level of investment activity;
- change patterns identification of individual parameters of enterprise investment activity.

The most important condition for constructing an adequate model of investment activity is the matching of the selected parameters, since the multiple-scale causes false results. Since investment activity is the result of the influence of many parameters, in general we propose to combine them and present them as the following model:

$$I_a = f(IA, SP) \tag{1}$$

where  $IA$  – the amount of investment activities;  $SP$  – the scale of production activities.

In our opinion, this model takes into account technological, financial, resource, organizational and innovation parameters, since they collectively affect the scale of production activity and, accordingly, the investment activities of an enterprise.

**Conclusions**

As a result of the research, it was established that among economists there is no single approach to the definition of “investment activity” category. One group of scientists identifies this concept with the process of investment activities; the other considers investment activity as an investment efficiency indicator. We consider that

investment activity as the intensity of investment attraction which is subject to the investment potential taking into account the level of investment risks. The level of investment activity is the result of the influence of multiple factors that can be divided into internal (financial and economic standing of the enterprise, competitiveness of products, human resources, introduction of innovations) and external (political and economic situation in the country, level of corruption, tax burden, etc.) ones. All these factors influence the investment potential and the level of risks, and, accordingly, determine the investment activity of an enterprise.

The analysis and evaluation of investment activity are extremely important in the process of making strategic decisions since investments ensure the stable development of an enterprise. Our work proposes to conduct investment activity assessment in two directions. Firstly, it is necessary to analyse the indicators that characterize the intensity of investment activities directly and secondly, to analyse the financial standing of an entity. The result is the creation of a solid basis of indicators which allows determining the level of investment activity of an enterprise.

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