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## INVESTMENT STRATEGY OF AN ENTERPRISE: CONCEPT AND BASIC DEVELOPMENT STAGES

*The main objective of the given research is the stages in developing an investment strategy of an enterprise. Investment strategy on the enterprise represents a series of measures to achieve long-term objectives at running enterprise activity. Working out an investment strategy is one of the major stages of planning activity for both small and large enterprises, due to which it is possible to make cost planning of enterprise activity and calculate approximate volumes of company's profits.*

*Keywords:* investment; investment strategy; investment activity; investment activity management; strategic management; investment politics.

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## ІНВЕСТИЦІЙНА СТРАТЕГІЯ ПІДПРИЄМСТВА: ПОНЯТТЯ Й ОСНОВНІ ЕТАПИ РОЗВИТКУ

*У статті досліджено різні стадії розробки інвестиційної стратегії підприємства. Інвестиційна стратегія підприємства є низкою заходів із досягнення довгострокових цілей при управлінні діяльністю підприємства. Показано, що розробка інвестиційної стратегії є одним з основних етапів планування діяльності як малих, так і великих підприємств, завдяки якій можливо спланувати витрати на діяльність підприємства і розрахувати приблизні обсяги прибутку компанії.*

*Ключові слова:* інвестиції; інвестиційна стратегія; інвестиційна діяльність; управління інвестиційною діяльністю; стратегічне управління; інвестиційна політика.

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## ИНВЕСТИЦИОННАЯ СТРАТЕГИЯ ПРЕДПРИЯТИЯ: ПОНЯТИЕ И ОСНОВНЫЕ ЭТАПЫ РАЗВИТИЯ

*В статье исследованы различные стадии разработки инвестиционной стратегии предприятия. Инвестиционная стратегия предприятия представляет собой ряд мер по достижению долгосрочных целей при управлении деятельностью предприятия. Показано, что разработка инвестиционной стратегии является одним из основных этапов планирования деятельности как малых, так и крупных предприятий, благодаря которой возможно спланировать затраты на деятельность предприятия и рассчитать приблизительные объемы прибыли компании.*

*Ключевые слова:* инвестиции; инвестиционная стратегия; инвестиционная деятельность; управление инвестиционной деятельностью; стратегическое управление; инвестиционная политика.

Strategy of investment resources formation is an important component of not only investment, but also financial strategy of an enterprise. Working out such a strategy is urged to provide uninterrupted investment activity in needed volumes; the most effective use of own financial assets, referred to these purposes, and also enterprise financial stability in long-term prospect. Methodical approaches to working out strategies of investment resources formation differ essentially at enterprises which are institutional investors, forming these resources exclusively at the expense of emission

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of own stocks and investment certificates, and in companies which are carrying out real investment activity in various branches of economy. One of the most important factors of economic development are investments, that is long-term capital investments for creation of new or perfection and modernization of operating industrial apparatus for the purpose of making profit. The concept "investment" which in a broad sense is treated as an investment in future, comes from Latin word "investre". Investments are any available means, invested, appealing to serve satisfaction of future requirements, for this purpose they are distracted from current use and are put in a certain business bringing some benefit. Investment of money resources and other capitals in realization of various economic projects for the purpose of their subsequent augmentation is called investing, and the put up resources — investments. Investments into market economy as the process of capital investments in the country and abroad are inseparably linked with income and positive effect acquisition. Expenses for the creation and realization of investments are stretched in time, and income investments usually appear after the realization of expenses. [1. p. 36]

*Purpose and research problems.* The aim of this research is working out methodological approaches to strategic management of investment processes in national economy and substantiation of the formation of optimum model of investment policy under the conditions of industrially-innovative development of Kazakhstan.

According to the objective the following problems were defined and solved:

- to study main characteristics of investment process, interrelation of categories of investment field and to specify the essence of the concept "investment process management";
- to study the methodical approaches to strategic management of an investment process;
- to investigate the conditions and trends of developing investment processes in the republic and analyze the factors influencing their dynamics;
- to estimate the features of developing investment processes in the regions of the republic and define their investment appeal;
- to develop a complex of organizational and economic actions on perfection of strategic management by investment processes at various levels of the government.

*Theoretical and methodical basis of the research* were substantive provisions and patterns stated in the works of domestic and foreign economists studying the problems of investment processes management in market economy. In the paper the works of the economists of the Republic of Kazakhstan and other CIS countries concerning managing problems of investment activity are widely used.

Research is based on the legislative and statutory acts of the President, Parliament and the Government of the Republic of Kazakhstan, and also methodical and instructive materials of the ministries and departments; legislative and statutory acts on the problems of investment and investment policy, the data of Agencies on RK, official documents and materials of the Ministry of Economics and budgetary planning.

The methods of comparative analysis, system modeling, economic-statistical methods, expert estimations, and also synthesis, generalization and scientific abstraction were used, according to which the surveyed problem is analyzed in interrelation with economic processes occurring at various levels of management.

*Scientific novelty* is confirmed by the following scientific results:

- the interrelation between categories of investment activity is established and the concept "management by investment process" is defined from the position of purpose, subject, method and subject managements that promote increasing of investment efficiency activity;

- system approach to management of investment process considering the factors influencing formation of investment policy is offered;

- methodical bases for strategic management, allowing to consider and purposefully use influence of certain factors in working out and realization of investment strategy are developed;

- on the basis of complex analysis and estimation of the current state of investment processes in the Republic of Kazakhstan the basic tendencies and factors of their development have been revealed;

- reference on formation of an optimum model of strategic management by investment activity in the economy of the republic which consists in creation of two-modeling system of investment process (external, internal) orientated on formation of socially focused market economy, with obligatory introduction of an element of state regulation of investment activity was offered [2, p. 54].

Investment strategy represents a system of long-term objectives of organization's investment activity, defined by general problems of its development and investment ideology, and also a choice of the most effective ways for their achievement. It is possible to present investment strategy as a general direction (program, plan) of investment activity of an organization, which, followed in the long term, should lead to achievement of investment purposes and expected investment effects. Investment strategy defines priorities of directions and forms of organization investment activity, character of investment resources formation and sequence of stages in realizing long-term investment purposes assuring general development of an organization. Process of working out an investment strategy is the major component of general system of strategic choice of an enterprise which basic elements are mission, general strategic targets of development, system of functional strategy in separate kinds of activity, ways of resources formation and distribution [3, p.43].

Investment strategy is a set of global rules for behavior at a market. It defines a choice of investment instruments, a choice of work tactics with investment instruments, behavior during crises, in other words represents valuable system of investment. The initial stage of working out an investment strategy is determination of general period of its formation. This period depends on a series of conditions. The main condition of defining the period of investment strategy formation is predictability of economic development and investment market. This period cannot be too long and on average doesn't exceed 3-5 years. An important condition of defining the period of investment strategy formation is duration of the period accepted for formation of general economic strategy. Investment strategy should establish the priority purposes and problems of economic development, reflect the role of investments in these purposes decision. It is necessary to allocate branches and spheres which are the priority for its development and which are attractive enough to produce expansion. It is possible to provide capital inflow by developing reasonable investment strategy, introducing it and controlling its realization. Strategy will allow, comparing desires and possibilities,

choose priorities and area of efforts concentration, to compare current development with the forecast and react correctly to changes in internal and external environment. As well as any other processes subordinated to achieve a definite purpose, investment process needs management. For this purpose investment process is formed on the basis of investment strategy, developed with the use of various financial and economic methods which altogether create a scientific and financial methodology of forming corporation investment strategy. Scientific and financial methodology represents a system of general rules (principles), as well as special ways and methods of economic research. They make the theoretical basis theory of finance. That is, research of investment strategy of corporation is necessary in the only in connection with overall objectives of corporation functioning. Thus, investment strategy of a corporation is developed according to the purposes of its functioning, thereupon all corporate investments should be surveyed as one of the basic ways to achieve main corporation objectives [4,p.64].

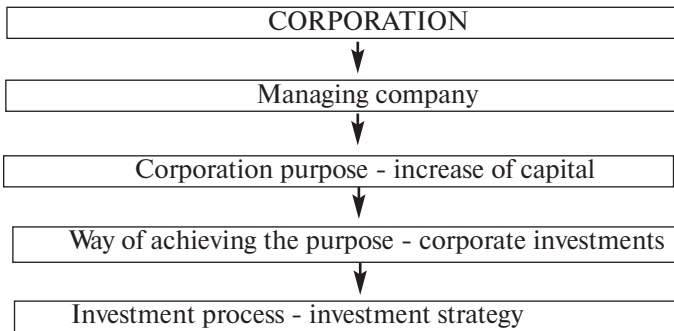
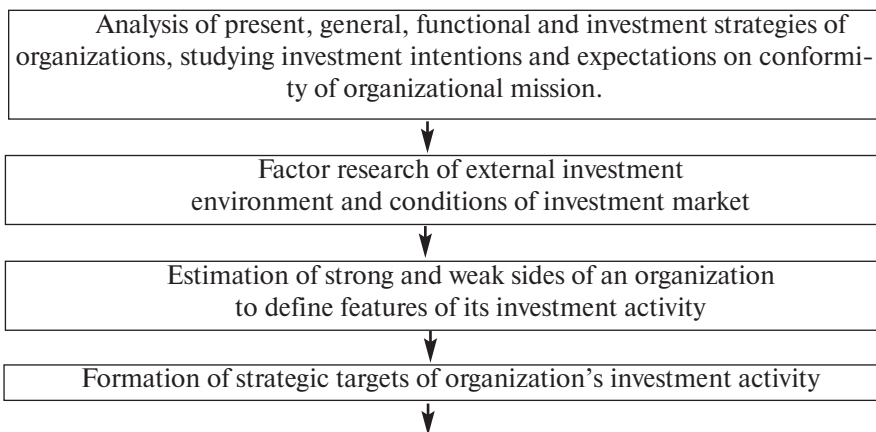


Figure 1. **Necessity of working out an investment strategy**

Strategic management of investment activity has a special-purpose character, i.e. provides statement and achievement of definite purposes. Being accurately expressed, strategic investment purposes become a powerful tool of increasing investment activity efficiency in the long term, its coordination and control, and also a base for managerial decision-making at all stages of investment process [5, p.62].





*Figure 2. Basic stages of working out an investment strategy.*

Strategic targets of organization's investment activity represent the desirable parameters of its strategic investment position described in a formalized way, allowing to refer this activity in the long term and estimate its results.

The process of working out enterprise investment strategy comprises the following stages:

- determination of general period of investment strategy formation;
- formation of strategic targets of investment activity;
- substantiation of strategic directions and forms of investment activity;
- determination of strategic directions of investment resources formation;
- formation of investment policy on the basis of these directions;
- productivity estimation of the developed investment strategy [6.p. 71].

Strategic investment planning has remote consequences, influences the functioning of all control system and is based on huge resources. Thus, formation of organization's investment strategy as a whole acquires an increasing value. It concerns the solved problems priority, determination of organization structure, validity of capital investments, coordination and integration of a strategy [7, p.44].

World experience shows that activity of companies on developing and advancing export and attracting direct foreign investments can be carried out by various organizations, while the main role, as a rule, belongs to the official body. In Kazakhstan such organization is joint-stock company "National agency on export and investments "KAZNEX INVEST" (further — joint-stock company "KAZNEX INVEST"). The present strategic development directions (further — SDD) of the joint-stock company "KAZNEX INVEST" for 2011-2015 are developed according to Strategy of development of the Republic of Kazakhstan till 2030, Strategic plan for developing the Republic of Kazakhstan till 2020, State program on speeding up industrial and innovative development of the Republic of Kazakhstan for 2010-2014, Program on attracting investments, developing special economic zones and stimulation of export in the Republic of Kazakhstan for 2010-2014, and also Strategic plans of the Ministry of industry and new technologies of the Republic of Kazakhstan and the Ministry of economic development and trade of the Republic of Kazakhstan for 2011-2015.

The present strategic lines of activity keep continuity of strategic directions of corporation development for 2009-2013, deepening, widening and improving the work of the previous period. Besides, stage-by-stage working out of new lines of agencies' activity corresponds to substantive provisions of concept corporation creation including new functions on attracting FDI [8, p.52].

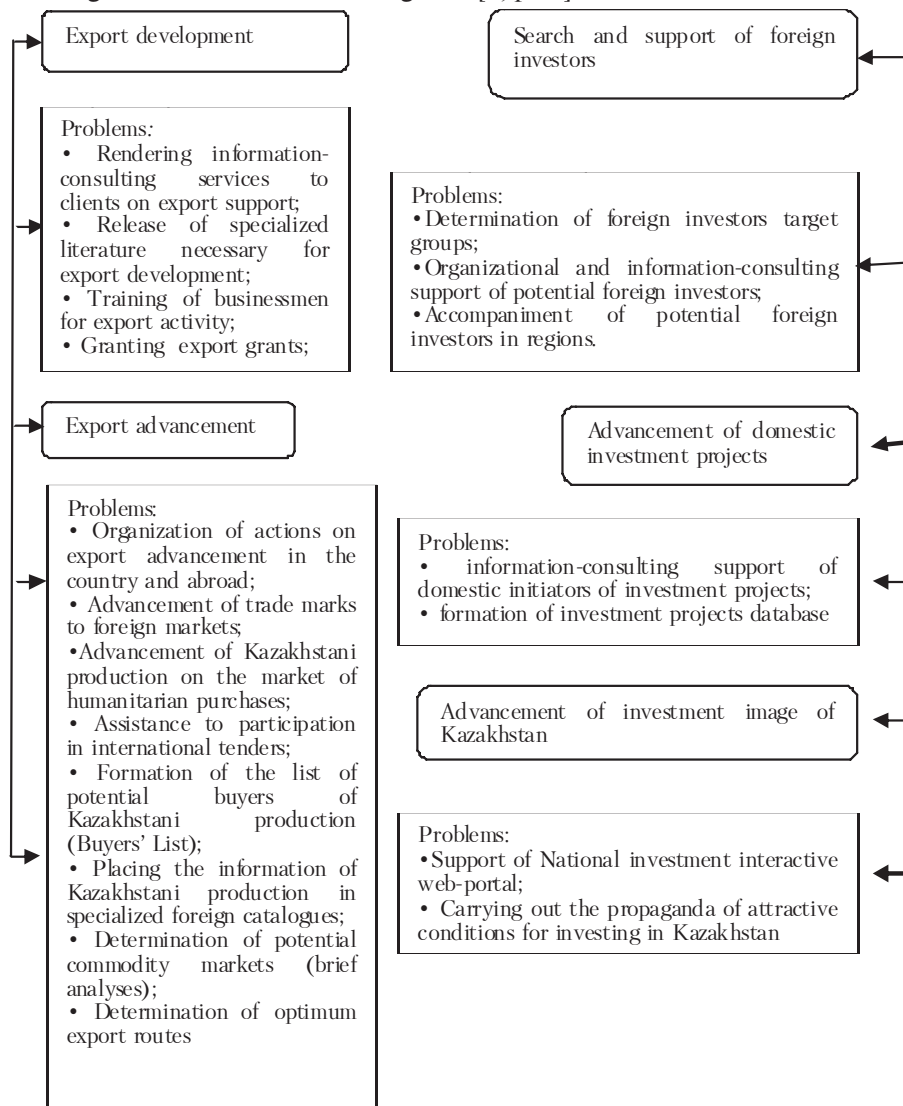


Figure 3. Strategic lines of activity for 2011-2015

Economy of Kazakhstan has entered a qualitatively new stage of development, characterized by transition from inflationary phase into investment one. Character and features of investment strategy of Kazakhstan at the present stage are defined by the fact that it is carried out under the conditions of financial crisis, low investment

activity and lack of means for internal accumulation and simultaneously promoting the solution of such problems as maintenance and development of viable systems of managing which restrain economic recession; maximum concentration of investments on starting the program of the nearest years and commissioning of important powers and objects determining the decision of social and economic problems; development of manufactures, perspective for internal and external markets, infrastructure development; stimulation of private foreign and domestic investors.

As a whole, investment strategy is very important for the state. Economic development of the state is impossible without investments. Investments into fixed capital determine the prospects of social and economic development of any country. On the whole investments provide dynamic development of a firm and allow to widen own enterprise activity.

While working out investment policy of economic growth of industrial enterprises the following directions should be solved: to determine main directions of strategic investment for security of economic growth of industrial enterprises; to reveal basic instruments and substantiate organizational bases of realizing conceptual positions of economic growth of industrial enterprises' investment policy. Much attention should be paid to: strategic directions of enterprise activity, efficient use of investment resources etc. [9, p.23].

In forthcoming 10 years, for Kazakhstan there is a problem of realizing the Strategic plan till 2020 where on the basis of priorities of Strategy "Kazakhstan-2030" and taking into account changing environmental conditions, measures on formation of steady factors of postcrisis development of the country are provided. First of all, it is the improvement of social policy in direction of intensifying social responsibility of the state, business and citizens of the country as a whole, improvement of business and investment climate, financial system strengthening, government development. Economic growth will be defined by the qualitative development of economic and social infrastructure, development of human capital, increasing the efficiency of management institutes with the aim of increasing welfare of citizens of Kazakhstan and formation of basis for sustainable development.

Thus, citizens of the country face a problem of further stable development of human and economic potential for achieving the priorities defined by the Head of the state in the Strategy of development of Kazakhstan till 2030 and Strategic plan of development till 2020 [10, p.21].

**Conclusion.** Investments the means used for the purpose of conservation and capital increase. According to economic essence and purposes, investments are subdivided into real and financial. "Real" is an investment of resources in land acquisition, fixed capital and circulating assets, intangible and other assets. Financial investment is a purchase of securities of various emitters. Working out of investment strategy is a set of actions and decisions undertaken by management which lead to working out investment actions. These investment strategies are intended to help organizations to reach their purposes.

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