

## THE EVALUATION OF INVESTMENT ACTIVITIES' EFFICIENCY OF ENTERPRISE

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The article deals with the features of the process of estimating the efficiency of investment by domestic enterprises have been investigated. The results of the analysis of investment estimation methods show a lack of a single multi-faceted approach. It combines a number of peculiarities of the activities of various enterprises in a changing environment. In order to solve methodological contradictions, the effectiveness of investing in terms of the effectiveness of investment projects, the effectiveness of the organizational and economic mechanism of investment, and the assessment of the investment attractiveness of the enterprise have been considered.

The content of the investment activity evaluation is to assess the financial and economic indicators and use them depending on the purpose and the situation. To ensure the effective functioning of enterprises, the task of optimally choosing the direction of their activities is in the area of rational use of the opportunities that they possess.

In order to ensure the adequacy and reliability of the assessment of investment opportunities, the company develops a method for assessing the feasibility and effectiveness of investing in enterprises of their priority activities. In developing this approach, criteria have been used that could provide the carrier with the necessary information and indicate the direction of achieving the desired solution. Accordingly, they are grouped together as criteria of optimality, suitability and adaptability. As an integrated result indicator, it has been suggested to use an integral indicator of investment expediency assessment.

The methodological approach with the integral indicator of investment efficiency assessment allows you to choose the right directions for managing the activities of inefficient enterprises and to expand the possibilities of gradual restoration, restructuring or re-engineering of their activities with minimal losses. This will allow us to use credible, timely, impartial and objective results. As a result, it will enable enterprises to take objective positions in relation to the real and desirable prospects for their further development.

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## ОЦІНЮВАННЯ ЕФЕКТИВНОСТІ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ ПІДПРИЄМСТВА

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**Ключові слова:**

інвестиційна діяльність, оцінювання ефективності, підприємство, вітчизняний ринок, конкуренція.

Досліджено особливості процесу оцінювання ефективності інвестування вітчизняних підприємств. Результати аналізу методів оцінювання ефективності інвестування показали відсутність єдиного багатоаспектного підходу, який би міг поєднати ряд особливостей діяльності різноманітних підприємств за умов мінливого зовнішнього середовища. Для вирішення методичних суперечностей розглянуто ефективність інвестування в розрізі ефективності інвестиційних проектів, ефективності організаційно-економічного механізму інвестування та оцінювання інвестиційної привабливості підприємства.

Установлено, що зміст оцінювання інвестиційної діяльності полягає в оцінці фінансово-економічних показників та їх використання залежно від мети та ситуації. Доведено, що для забезпечення ефективного функціонування підприємств завдання оптимального вибору напрямку їхньої діяльності перебуває в площині раціонального використання можливостей, якими вони володіють.

Для забезпечення адекватності та достовірності оцінювання інвестиційних можливостей підприємства розроблено метод оцінювання доцільності та ефективності інвестування підприємств їхньої пріоритетної діяльності. При розробці такого підходу використано критерії, що здатні забезпечити носія інтересів необхідною інформацією та вказати напрями досягнення бажаного рішення. Відповідно вони по напрямках згруповані як критерії оптимальності.

придатності та адаптивності. Як комплексний результуючий показник запропоновано використовувати інтегральний показник оцінювання доцільності інвестування.

Використання запропонованого методичного підходу з використанням інтегрального показника оцінювання ефективності інвестування дає змогу обирати правильні напрями управління діяльністю малоефективних підприємств та розширяти можливості поступового відновлення, реструктуризації або перепрофілювання їхньої діяльності з мінімальними втратами, що дозволить користуватися достовірними, своєчасними, неупередженими та об'єктивними результатами роботи. Як результат, це дасть змогу підприємствам з об'єктивних позицій визначитися стосовно реальних та бажаних перспектив їх подальшого розвитку.

### **Statement of the problem**

The development of investing processes is an important aspect of the balanced economic policy of domestic enterprises. The importance of active investment position is explained by the ability to provide the basis for economic activity, thus ensuring high rates of production. In this regard, investment, in particular, its volume and the efficiency of the security processes are among the most important factors of influence in any economic situation.

In a competitive market, it is advisable to consider the effectiveness of investing in terms of investment efficiency, the effectiveness of the organizational and economic mechanism of investment, and the assessment of the investment attractiveness of domestic enterprises. The significant scientific and practical interest is the methods of assessing the organizational and economic process of investing. Accordingly, it needs to be explored for further improvement.

### **Analysis of resent studies and publications**

The traditional practice of evaluating the investment activity of enterprises involves an analysis of the effectiveness of this process. This approach is followed by such domestic and foreign scholars as Jeffrey B. Bailey, T. Grynko, Gordon J. Alexander, Ivan B. Yu. B., Tyschenko O. M., Korchagin Yu.K., Plotnikova A. M., Slavutina M.V., Turmanidze T.U., William F. Sharp, Khudyakov E. L., Yarin G. A. and others. The significant scientific and practical interest is the methods for evaluating the organizational and economic process. However, the methodological approach that would ensure the desired development of enterprises has not yet been formulated, which determined the direction of further scientific research.

### **Objectives of the article**

The author studies the process of evaluating the effectiveness of investment activities of domestic enterprises with a view to improving it. This will allow for objective positions to create conditions for their successful activity in a competitive market.

### **The main materials of the research**

The state of production, the situation and the level of technical equipment of fixed assets of enterprises, the possibilities for structural adjustment of the economy,

and the solution of social and environmental problems depend essentially on the effectiveness of investment policy. Investments are the basis for the development of enterprises, individual industries and the economy as a whole. And this is why investment problems have always been central to economic science. Naturally, this is due to the fact that investing is the basic process of expanded reproduction and solving of modern problems of the economy of any country, which, in turn, affects its socio-political situation.

A high level of investment attractiveness guarantees a stable return on investment, which, of course, contributes to additional revenue to the state budget and, consequently, better social security for its citizens. However, the negative impact of the current world crisis on investment flows (external and internal) requires a more complete and comprehensive analysis of the rational behaviour of the investor, as the decision maker, and revealing his personal attitude to the relevant processes.

The results of the conducted research indicate that until now, problems remain with regard to the methods of assessing the investment attractiveness of enterprises, including depending on the specifics of the industry. It is argued that the general methodological provisions of estimation are not always possible and potentially relevant for evaluation. At the same time, they do not take into account the specifics of the region and the specifics of the field of activity. In such a situation, scientific and practical measures are based on methods of expert evaluation, which, although characterized by a certain subjectivity, operate with a significant mathematical potential, which increases the reliability of the evaluation results.

The necessity of the process of evaluating the effectiveness of the investment activity of the enterprise becomes a priority issue of the present, as successful resource development will help to increase the pace of economic activity, which is the priority of each investor.

In modern conditions, the study of the efficiency of investment activity of the enterprise is one of the effective and informative methods of obtaining information for the investor. In order to ensure an integrated, systematic approach to the assessment of the effectiveness of investment activity, the study of existing methods of analysis becomes important [1]. It should be

noted that the formalization and generalization of the economic situation in enterprises require an analysis of various economic indicators, which in essence should reflect the investigated process of investment activity of the enterprise.

The content of the evaluation of investment activity is to assess the financial and economic indicators and use them depending on the purpose and the situation. The basis for assessing the effectiveness of investments is the appropriate methods based on the analysis of investment activity of enterprises. Moreover, it should be borne in mind that the overwhelming majority of them are focused on assessing the effectiveness of investment projects. This approach is supported at the national level in the Methodological Recommendations for the Development of Business Plans for Investment Projects (Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure and Criteria for Assessing the Economic Efficiency of Project (Investment) Offers and Investment Projects").

The peculiarity of using the methodologies for evaluating the investment activity of enterprises is due to their flexibility, which is conditioned by the possibility of modification with the addition or simplification of certain coefficients in accordance with the needs of the user of information. The practice of economic activity in Ukraine has confirmed the optimality of using only certain assessment methods, as defined in the Methodological Guidelines for the Development of Investment Project Business Plans. The methodological approaches to the evaluation of investment projects are based on the use of:

- calculation of pure reduced effect (NPV);
- calculation of return on investment;
- sequential iterations using the tabulated values of the discounted multiples;
- definition of the payback period of investments;
- calculation of the coefficient of investment efficiency;
- consideration of the equivalent of confidence;
- definition of a break-even point.

The algorithm of the investment process includes the following stages: full evaluation of the enterprise, business project development, assessment of financing opportunities and objectives of the enterprise, the selection of priority business projects.

The most characteristic stages of the investment process are:

- motivation of investment activity, forecasting and programming of investments;
- justification of expediency of investments;
- insurance of investments;
- financing of the investment process, design and pricing; investment development;
- monitoring of investment projects.

- constant evaluation of the results of its functioning in order to make appropriate management decisions.

All areas of the investor's activities occur both under the influence of motivation and on the basis of previously obtained knowledge, skills and experience. As part of any kind of activity, there are intellectual and physical components that are in different proportions. This relationship is subjective; it depends on the aggregate and properties, the capabilities of the investor and the type of activity [3].

The combination of approaches to the definition of investment attractiveness in most cases defines investment attractiveness as an integral indicator, which sets the task of choosing the correct factors of influence, which are reflected in the form of various coefficients, the list of which is chosen at the discretion of the analyst or the author of the method [5]. The development of this topic has proven that the investment attractiveness of enterprises should be evaluated using multivariate factor analysis.

The conducted research of the methods of estimating the efficiency of investment showed the absence of an integrated approach that would take into account all the peculiarities of investing in the activity of the enterprise. In order to solve methodological contradictions, it is proposed to consider the effectiveness of investment in terms of investment efficiency, the effectiveness of the organizational and economic mechanism of investment, and the assessment of investment attractiveness of domestic enterprises.

The development of domestic enterprises is controversial. On the one hand, there are developing companies that carry out modernization and adapt to new conditions; on the other hand, there are enterprises that either execute individual orders or rent their premises, which undoubtedly indicates their complete degradation. Thus, the grouping of enterprises made it possible to further verify the significant differentiation of enterprises by the level and capabilities of their activities.

It follows that the solution of the problem of attracting investment is appropriate for enterprises that can develop their production activity, since agricultural machine-building enterprises as the component of machine building of the country are the least prepared among the mechanical engineering sectors to market conditions of management [2].

To ensure the effective functioning of enterprises, the task of optimally choosing the direction of its activities is in the area of rational use of the opportunities that the enterprise owns. In order to ensure the adequacy and reliability of the assessment of such investment opportunities, the company developed a method for assessing the feasibility and effectiveness of investing in enterprises of their priority activities. In developing this approach, criteria were used that could provide the carrier with the necessary information and indicate the direction of achieving the desired solution (Fig. 1).

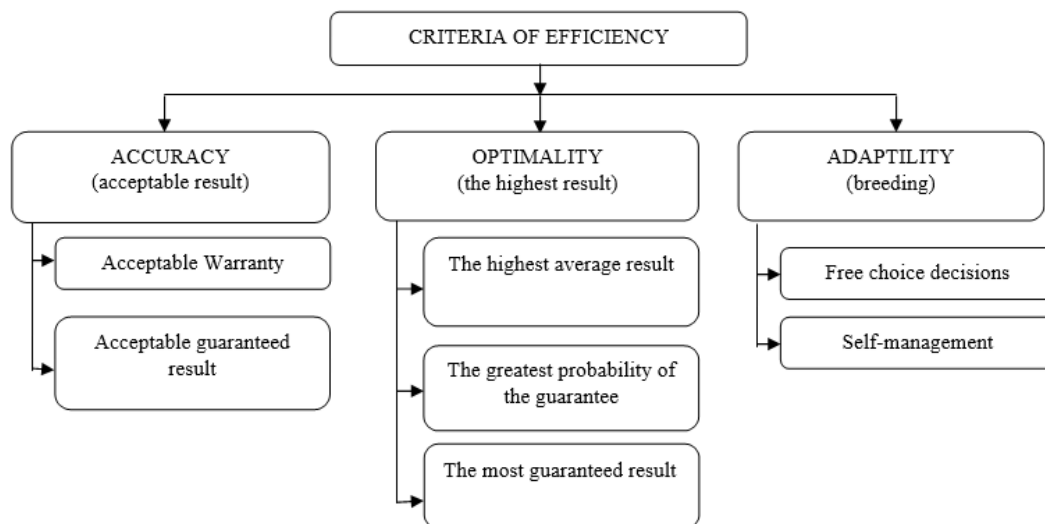


Fig. 1. The classification of criteria for the effectiveness of investment decisions

The proposed method is the sum of the measured representative coefficients that reflect the economic activity and financial condition of the enterprise and has a number of positive sides: ensures the determination of absolute and relative investment attractiveness; allows comparison of coefficients of investment attractiveness of different enterprises; provides an opportunity to evaluate enterprises by different forms of ownership, branch affiliation, organizational and legal form and size; simplicity of calculation, which saves time on the estimation of attractiveness. At the same time, the above-

mentioned method can be applied in any field of the economy with minor modifications [7]. The interpretation by specialists from different industries and availability in providing a statistical base in relation to the dynamics of indicators allow the use of the method for enterprises of different types of activity. In the context of the developed methodological approach, an integral indicator of the feasibility and investment efficiency of the investigated enterprises in 2009-2018 was determined (Table 1).

Table 1 - Dynamics of the integral indicator of the assessment of the feasibility of investing the investigated enterprises in terms of investment attractiveness

Enterprise	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
JSC “Agropromtekhpostach”	4,4	-	-6,8	-	12,4	-6,4	-14,0	-11,2	-13,8	-106
JSC “Elverti”	9,6	3,6	9,2	-	2,0	14,4	18,0	13,2	13,6	9,6
PJSC “LEDA”	7,2	-8,0	-13,2	-13,8	-10,0	-14,4	-13,6	-16,2	-	-
Hydroreservice Ltd.	-10,0	0,0	-14,8	-	-13,2	-15,6	-12,2	-16,6	-6,6	-8,6
Novagro-service Ltd.	-4,4	-6,0	-4,4	1,6	1,6	0,0	-14,8	-4,4	23,6	20,0
JSC “Hydrosila”	9,6	13,2	2,4	-	2,8	7,2	8,0	8,0	8,8	12,0
JSC “Kirovograd industrial company”	-15,2	-8,0	-9,8	-	-7,2	-19,2	-14,4	-16,8	-3,4	-2,4
PJSC “Hydrosila APM”	8,8	6,8	3,2	-	-6,2	-4,2	-	-	-	-
JSC “Hruntoposivmash”	-9,6	-9,6	4,8	-	-8,0	0,8	-	-	-	-
Pyramis PJSC	-7,2	-8,8	-4,4	-4,8	-4,4	-1,6	-2,8	-7,6	-1,2	0,0
Lezo Ltd.	-11,2	-18,2	-10,4	-12,8	-16,8	11,6	-14,4	-8,8	-11,6	-13,2
Astra C Ltd	12,0	4,2	6,4	7,6	-4,4	11,8	-	-	-	-
JSC “Plant dosing machines”	-6,0	-2,4	-	-	-4,2	-2,0	-3,2	-12,0	6,0	-3,2
PJSC “Metallit”	-10,2	-9,6	2,0	-4,4	-4,4	5,4	7,6	-1,6	8,4	2,0

The analysis of the integral indicator of the feasibility of investing in the enterprises under investigation during 2009-2018 has shown an unstable spin dynamic in the

work of most of the enterprises under study. In particular, it was found that most enterprises have a negative value of the integral indicator of the assessment of the

feasibility and effectiveness of investing directions, which is explained primarily by the negative dynamics of the previous activity.

The methodological approach is to improve the methodology for evaluating the investment activity of enterprises based on a rating indicator, which is based on the calculation of a complex indicator, representing the sum of measured representative coefficients that reflect the economic activity and financial position of the enterprise.

As for the main positive aspects of the methodology, we note that this technique only involves a partial analysis of the financial state and, unfortunately, does not allow monitoring the changes in the comprehensive indicators of the enterprise in time. However, a significant advantage is the ability to compare the investment attractiveness of enterprises within one year. We note that the complexity of the analysis does not partially provide the conditions for reliability due to the lack of research on the property status of the enterprise, which is one of the defining conditions of the activity of the agricultural engineering industry, that must be overcome in the developed methodological approaches. Having identified some contradictions in the analysis process, we consider it necessary to develop new advanced methodological approaches to assess the feasibility and effectiveness of investing in business activities.

Using the proposed methodical approach to assessing the efficiency of investment activity of domestic enterprises will allow to generalize the trends and patterns of their development and further confirm a number of negative trends in the development of agricultural machinery enterprises and their growing dynamics.

### Conclusions

Today, domestic enterprises are characterized by changes and increased competition with other producers. The opportunity to take an active role and strengthen in domestic regional markets, as well as to occupy a niche, dismissed as a result of the decline in the activity of foreign firms, requires the corresponding financial revenues. First of all, this requires an effective investment of investments in the further development of the enterprise. The solution to this problem is largely contributing to the improvement of the process of assessing the effectiveness of the investment activity of the enterprise.

The methodological approach using the integral indicator of investment efficiency assessment allows choosing the right directions for managing the activities of inefficient enterprises and expanding the possibilities for their gradual restoration, restructuring or reengineering of activities with minimal losses, while allowing for reliable, timely, impartial and objective results of work.

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