

**SUSTAINABILITY OF DOMESTIC ENTERPRISES BASED ON ACTIVATION OF INVESTMENT ACTIVITIES IN THE CONTEXT OF GLOBALIZATION****Korotayeva O.V.***Zaporizhzhia National University,  
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The article analyses the current state of the machine-building industry of Ukraine and reveals the impact of global transformations on investment activity. Also, the major problems of modern development of mechanical engineering in Ukraine are identified. The object of the study is investment provision for innovative development of enterprises. The subject of the study is a set of theoretical, scientific and methodological support and practical investment guidance for machine-building enterprises' innovative projects. It is found as a fact that mechanical engineering development is a particular indicator of the industrial and economic development level of our country. The undertaken analysis has established that one of the main sustainable development aspects of the industry is the state of economic progress. It is expressed by exports and imports, and at the same time the level of profitability of machine-building enterprises, and foreign direct investment amount. Today, domestic machinery is far behind other countries in the world. The methodology of this research is to substantiate the economic essence and classification of investments. It is based on using the method of system analysis, and generalizing of studies by domestic and foreign authors dedicated to the sustainability of domestic enterprises based on activation of investment activities in the context of globalization. Another focus is the feasibility assessment of investment in the machine-building industry. Indices of industrial production and production of machine-building complex were calculated. It has been established that they are indicative of the resulting character of the investment in the Ukrainian economy. The machine-building analysis was undertaken being one of the leading industries in Zaporizhzhia region. The practical value of the research results is in applicable abstract theorem of the paper. It can be used in the investment activities of market participants in the context of global transformations.

**ЗАБЕЗПЕЧЕННЯ ЖИТТЄЗДАТНОСТІ ВІТЧИЗНЯНИХ ПІДПРИЄМСТВ НА ЗАСАДАХ АКТИВІЗАЦІЇ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ В УМОВАХ ГЛОБАЛІЗАЦІЇ****Коротасва О.В.***Запорізький національний університет,  
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:** інвестиції, машинобудування, індекс промислової продукції, глобалізація.

Проаналізовано сучасний стан машинобудівної галузі України, виявлено вплив глобальних трансформацій на інвестиційну діяльність. Визначено основні проблеми сучасного розвитку машинобудування в Україні. Об'єктом дослідження є інвестиційне забезпечення інноваційного розвитку підприємств. Предметом дослідження є сукупність теоретичних, науково-методичних положень та практичних рекомендацій щодо формування механізму інвестиційного забезпечення інноваційних проектів підприємств машинобудування. Установлено, що розвиток машинобудування є своєрідним індикатором промислового та економічного рівня розвитку нашої держави. Проведено аналіз і встановлено, що одним з основних аспектів сталого розвитку галузі є стан розвитку економіки, що виражається в таких показниках, як експорт, імпорт продукції, рівень рентабельності машинобудівних підприємств, а також обсяг прямих іноземних інвестицій. Нині вітчизняне машинобудування значно відстає від розвитку інших країн світу. Методика цього дослідження полягає в обґрунтуванні економічної сутності й класифікації інвестицій, яка заснована на використанні методу системного аналізу та узагальненні наукових праць вітчизняних і зарубіжних учених у галузі дослідження забезпечення життєздатності вітчизняних підприємств на засадах активізації інвестиційної діяльності в умовах глобалізації. Проведена оцінка доцільності інвестування в машинобудівну галузь. Розраховані індекси промислової продукції та продукції машинобудівного комплексу, встановлено, що вони є

індикаторами результативності вкладень в економіку України. Проведено аналіз машинобудування Запорізької області як одного із провідних видів діяльності в промисловості. Практична значущість одержаних результатів полягає в тому, що теоретичні положення статті мають прикладне значення та можуть бути використані в інвестиційній діяльності суб'єктів господарювання в умовах глобальних трансформацій.

### Statement of the problem

The present state of reforming the Ukraine's economy and emerging trends in development globalization and regionalization have set in motion a comprehensive analysis of the transformation of Ukraine's innovation and investment space and the definition of strategic goals and priority directions for its further development.

The machine-building is one of the important sectors in the economy of Ukraine and it determines the political, economic and social security of the country and the level of its capabilities as well. Mechanical engineering development is a particular indicator of the industrial and economic development level of our country.

The relevance of this research is caused by increasing problems of the level of competitive performance in the international market and attracting additional financial and material resources that machine-building enterprises have in the Ukrainian economy.

The investment field is unable to be in effective progress using self-regulatory mechanisms. Appropriate government leverage is required to improve the investment climate and increase investment efficiency.

Today, domestic machinery is far behind other countries in the world. This reduces its global competitiveness and opportunities. Associations of enterprises are more competitive than individual companies at the current stage of development of the world economy. This is due to the fact that such structures are able to provide the production and implementation of necessary resolutions within the short term and adapt to changes in the economy. The analysis of the current state of machine-building enterprises is necessary to manage the solution.

### Analysis of recent studies and publications

A huge number of scientific publications on the topic confirm the relevance of this field of research. The theoretical background of innovation and investment processes was greatly contributed by A.F. Dasiv [4], R. Giucci [3], O. Mazurenko [2], D. Naumenko [3], D. Shaha, N.G. Pigul [1], E.A. Russiyan [4].

The object of the study is investment provision for innovative development of enterprises. The subject of the study is a set of theoretical, scientific and methodological support and practical investment guidance for machine-building enterprises' innovative projects. The information base of the research includes the scientific efforts of domestic and foreign scholars, papers of scientific conferences, legislations and regulations of ministries and departments of Ukraine, documents of the State Statistics Service of Ukraine, financial reports of machine-building industry.

### Objectives of the article

The purpose of the research is substance determination and domestic enterprises operating support by applying the investment activity in the context of globalization.

### The main material of the research

According to Classifier of economic activities 2010, four types of activity belong to the field of mechanical engineering:

- manufacture of computers, optical and electronic products;
- production of machinery and equipment irrelevant to other groups;
- manufacture of electrical equipment and motor vehicles, trailers and semi-trailers and other vehicles building [5].

One of the main sustainable development aspects of the industry is the state of economic progress. It is expressed by exports and imports, and at the same time the level of profitability of machine-building enterprises, and foreign direct investment amount.

The feasibility study of investing in a particular sector of the economy demands a growth dynamics analysis of the main social and economic indicators of this sector first of all. The fixed capital expenditure amount is one of the indexes of effectiveness of the investments in this industry (Fig. 1).

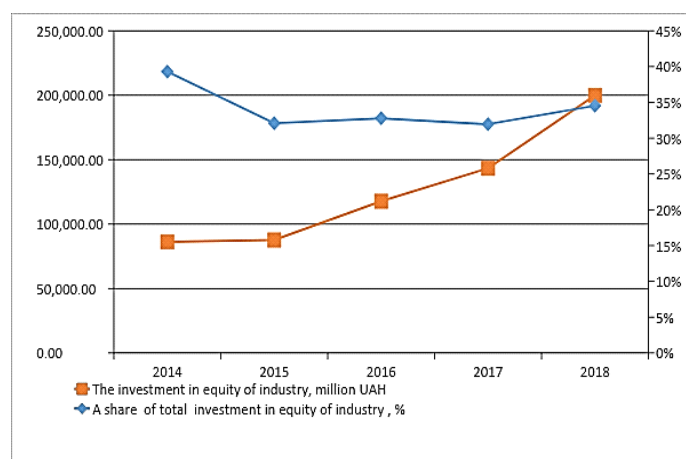


Fig. 1. Dynamics of investments in equity in 2014-2018.

According to the data in Fig. 1, there is a negative (downward) trend of investing in the industry fixed capital in 2015 compared to 2014 (-7%). Starting from 2013, the figures started to fall sharply because of the aggravation of the political situation in the country. The military action gave rise to new problems in the industry, which caused a certain decline of industrial enterprises and the outflow of skilled personnel. Over the next three

years, these figures remained at 32-33%, and in 2018 experienced an increase of up to 35% (or 199 896 million UAH from 578 726,4 million UAH invested in fixed capital). It indicates a slight rise in the level of investment in fixed capital.

Indices of industrial production and production of machine-building complex also point resulting character of the investment in the Ukrainian economy (Fig. 2).

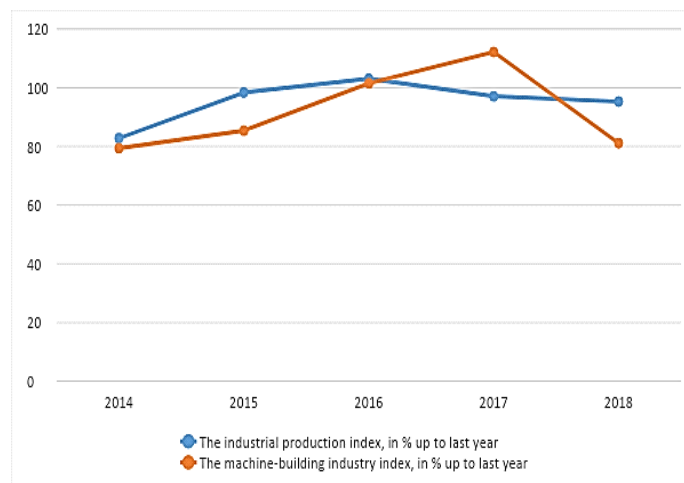


Fig. 2. Indices of industrial production and production indices of machine-building industry of Ukraine in 2014-2018

According to the data in Fig. 2, a high degree of correlation is observed between indices of industrial production and indices of engineering products during the analysed period. The results of the comparison of indices of industrial production and indices of production of the machine-building industry in 2014-2018 affirms that the engineering industry showed a steady development during the marked period, and in 2017 production figures were even better than in the industry as a whole. This situation indicates that investing (including state investment) in the machine-building complex can be profitable since its products are in stable demand.

Machine-building is one of the leading industries in Zaporizhzhia region.

In view of the results of 2017, the region's part in the share of sales of machine-building products of the country was 15.7%, its share in the capital investment volume to this branch of industry was 24.8%.

Almost 89% of all Ukrainian tractor mowers are manufactured in the Zaporizhzhia region, including direct connected cutting implement designed for tractor control or towing, 67% of hydraulic cylinders and 24% of high-voltage equipment and other switching devices for electric circuits with a voltage greater than 1 kV. Enterprises of the region produce a wide range of engineering products: from aviation turbines, cars and other sophisticated equipment to household appliances.

JSC "Motor Sich", JSC "Zaporizhzhia Transformer", JSC "Zaporizhzhia Automobile Building Plant", JSC "Zaporizhzhia Heavy Crane Plant", JSC "Ukrainian

Graphite", LLC "Azov Cable Company", LLC "Tehprovod", LLC "Krok GT", KP "SPC" Iskra" are the major concerns of the machine-building industry.

The situation in the engineering industry, as well as in the whole industry, is characterized by an increase in industrial production. In the light of the results analyses of January-September 2018, the index of industrial production in the Zaporizhzhia region climbed up to 104% in comparison to January-September 2017. In the machine-building industry, increase in production was 4.8%.

Machine-building enterprises implemented capital investments at the rate of UAH 2556.0 million in 2017. It is equal to 25.7% of their total volume in the industry of the region, and for the first half of 2018 it accounted for UAH 1161.9 million. (31.0%). Foreign direct investments in mechanical engineering of the region come from 12 countries, and by July 1, 2018 had amounted to USD 201.9 million., or 31.6% of the total amount of foreign capital in the industry of the region. Most of these investments are from the Republic of Korea, Estonia, Cyprus, Bermuda.

41.4 thousand people were employed at mechanical engineering enterprises with 10 or more persons on the payroll in January-July 2018. It is equal to 29.3% of Zaporizhzhia region's employees. The amount grew by 0.4% as compared to the corresponding period of the previous year. The average monthly salary of one full-time employee was 9436 UAH. It is inferior to the industrial level by 9.0%, but the contrast is superior to the corresponding period of the previous year by 32.0%.

The analysis of financial results of machine-building enterprises in the first half of 2018 showed that 74.3% of enterprises were profitable and received UAH 3060.1 million profit. The figures decreased by 3.7% in comparison with the first half of 2017. 25.7% of enterprises were unprofitable, with losses amounting to UAH 69.1 million. The results were higher by 36.9% in the same period of 2017. The balance sheet amounted to UAH 2991.0 million profit with the level of profitability of operating activities of machine-building enterprises at 15.8%, which is less by 8.5% than the corresponding period of the previous year.

In January-August 2018, goods of the machine-building industry worth USD 359 million were exported. In January-August 2018, exports of vehicles, equipment and machinery, electrical appliances increased by 9.2%, land transport and aircraft increased by 15.3% compared to January-August 2017. At the same time, the export of optical and photographic instruments and apparatus decreased by 64.2%.

### Conclusions

Among the main problems of modern machine-building development in Ukraine are the following:

- programs of modernization of machine-building industry are freezing in the country;
- obsolescence of work equipment negatively affects the competitiveness, quality and cost of engineering products;
- insufficient level of solvency of producers adversely affects the financial and economic condition of machine-building enterprises;

- apparent demand for domestic products is limited;
- level of innovation activity of domestic enterprises is low;
- domestic enterprises depend heavily on the supply of components, parts and components from other countries;
- the policy of the state on the activity of monopolists and intermediaries is ineffective, which leads to an increase in the cost of materials and energy resources [1].
- the conflict in the Donbass is continued.

Ukrainian companies need to adopt the best business models to enter the export markets. For example, the Japanese company Honda in order to launch a large motorcycle market in the US first promoted its small-size mopeds. Further on, using well-developed engine technology and an already established distribution network in the US, Honda was able to carve out a niche of the middle-priced motorcycle market, which was not particularly claimed by the manufacturer of prestigious motorcycle Harley-Davidson. The Japanese manufacturer did not stop there. The trend for the acquisition of small cars appeared after the rise in prices of fuel. Catching the trend, Honda was able to take a worthy place in this segment of the US market. And later, the company was able to wedge itself into the niche of luxury cars. Naturally, Honda used its existing capabilities, technology and experience, which had been successfully perfected in Japan's domestic market. This is an illustrative example of an effective strategy for wedge-shaped penetration into emerging markets that Ukrainian entrepreneurs need to use [6].

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