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named after S.Z. Gzhytskyj*

## CLASSIFICATION OF INVESTMENT RESOURCES IN A NATIONAL ECONOMY

*Classified investments of state's economy and suggested to relate infrastructure investments to one variety of real and financial investments.*

**Key words:** *classification, national economy, investment resources, financial investments, real investments, infrastructure investments.*

**Introduction.** In conditions of severe shortage of financial support of the important industries of the economy, including the agricultural sector attraction of investment resources remains one of the priority directions of the activities related to country's withdrawal from the crisis.

**Material and methods.** To issues of studying of investment resources and their classification have devoted many Ukrainian and foreign scientists, among them: H. Bashnyanyn, A. Peresada, A. Mertens, V. Shevchuk, P. Rogozhyn, A. Pekhnyk, A. Yepifanov, I. Salo, A. Idrisov, S. Kartyshev, A. Postnikov, R. Holt, S. Barnes, K. Fuglie, C. Narrod, E. Segelod, F. González and others. However, not taking into one's consideration the numerous fundamental researches on the subject of classification of investment resources requires further improvement in view of their effective usage.

**Results and discussion.** The aim of our scientific research is to develop a new classification model of investment resources of the state's economy in context of existing classifications. Materials of the analysis were scientific works of both national and foreign scientists, economists who studied the problems of investments and investment policy.

A. Peresada carries out division of all investments in innovative, intellectual real and financial. The author argues that under the effective functioning of the economy all investment resources should be simultaneously innovations, and intellectual investments identifies as one of the form of innovative investments [1, p.11]

Exploring the theory of investment management A. Mertens divides investments into financial and real [2].

By the objects of deposits are divided into real, consumer and financial investments accordingly to classification by V. Shevchuk and P. Rogozhyn [3]. Respectively to their classification investments are divided by such criteria as:

The nature of participation in process of investing:

- Direct investments - direct deposit of investor's funds into objects of investing, direct investments as a rule are carried out without participation of financial intermediaries in production funds; the main purpose is a profit and the management

of the production process. Sometimes the goal of the investor is a gradual increase of direct investments in equity in order to obtain possession of a controlling shareholding. Direct investment of funds of foreign business entities in the manufacturing process of joint ventures provides rapid development of market environment, increases the competitiveness of manufactured domestic products in both internal and foreign markets.

- Indirect investments - investing made by third parties who act as investment or financial intermediaries.
- By the period of investing is differentiated:
  - Short-term investments – investing of investment resources for a period not exceeding one year (short-term bank deposits, purchase of savings certificates, etc.);
  - Long-term investments - investing of investment resources for a period of one year and more;
- By regional programme:
  - Inward investments - investing of funds into objects of investment activity within a certain country;
  - Investments in abroad (foreign investments) capital investing in investment facility, which is located outside of a certain country [4, p.16-17];

To our mind the presented classification of foreign investments is a monotonous, accordingly it is better to be called an outward investments because foreign investments is an investment that is undertaken in the country by a foreign investor, this approach is the most accessible and widespread in most countries of the world.

In investing also is highlighted the portfolio investments, that are carried out by a passive investor who receives a small share of the company (share) with the main aim to obtain a stable income respectively to the size of one's share of the company (share). This type of investor does not participate in management of the company; its financial state is only interested in terms of dividends pay off. Such type of investor buys a small stock market shares (share consists of 1-5% of statutory fund of the enterprise) [1, p.12]. Sometimes these are speculative investments that are connected to purchase of shares at stock market through the stock brokers. Consequently, portfolio investments perform a type of indirect financial investments [5, p.186]. However, taking into consideration insufficient volume of contracts of portfolio investors, their role in forming of the stock market is enormous, because they take a direct part in its creation. Portfolio investors conclude the agreements that promote economic situation and infrastructure of this type of market, thus making a proposal for shares of economic entities, which they buy or intend to buy. It is known that potential investors enter the foreign market by risking of their property and do not receiving any utility. From the other hand, these investors hope to gain the profit, under condition of shares rate value growing. Portfolio investors have advantage of working with small stakes and risking with not big capital. In portfolios of the investors are mainly shares of different companies, which in its turn reinsure them from possible losses. If shares were poorly invested, the total stake will not be unprofitable. Most portfolio investors trust on it, while buying shares in a little quantity of the unknown companies, but in perspective profitable ones. The argument of this fact is the presence of considerable majority of the portfolio investors who make their own

portfolio investing in the stock market of Ukraine. Along with the portfolio its own activity is doing financial investors, who focus on buying shares in large quantity, which are ranged from 10 to 40% of the company's fund. They operate not only at the secondary market, but perform purchasing of the shares in various investment and trade fairs. The main purpose of activity of financial investors – is to resale of shares to a strategic partner. It should be noted that the financial investors are making significant efforts to increase the maximum share price for several years. With the aim to attract direct investments in productive processes. Common interests of both investors and firms must be under these conditions.

Accordingly to own classification A. Yepifanov and I. Salo distinguish more strategic investments. By their definition, strategic investors are companies that are not primarily operating in financial but in production sphere [5, p.188]. Strategic investors are doing one's business with the general aim – to profit from production, not from rising stock prices. Also, these investors tend to buy the controlling stake in those companies engaged in production activities. For them it is important for effective implementation of operational management. But it is very difficult to do it, because of it strategic investors often use the full range of instruments to purchase shares, such as stock trades, various contests, special auctions, and many more.

Interestingly enough and detailed at the same time is analyzed the classification of investments by A. Idrysov, S. Kartashev, and A. Postnikov. Respectively to their approach all investments are divided into:

- by the object of investing:
  - investments in property – who are directly involved in the production process. These usually include investments in equipment, facilities, materials (actually these are real investments);
  - nonmaterial investments – investments in staff training, research, advertising, etc.;
- financial investments.
- by position of activity direction:
  - investments to establish a new project (net investments) or initial investments;
  - investments aimed at expanding of the production process (extensive investments);
  - re-investments – a combination of re-released investment resources by directing the purchase or construction of new production facilities method to maintain the aggregate assets of the enterprise. They include investments for changes in which existing items are changed by new ones; to rationalize investments that focus on the modernization of equipment or production processes, new technologies, investments aimed at diversification of production, are related to changes in product range, creating new products and finding new markets, investments to ensure survival of the enterprise in the long term, aimed at R & D, training, environmental protection, advertising campaign.
- gross investments – the amount of net investments and re-investments [6, p.8].

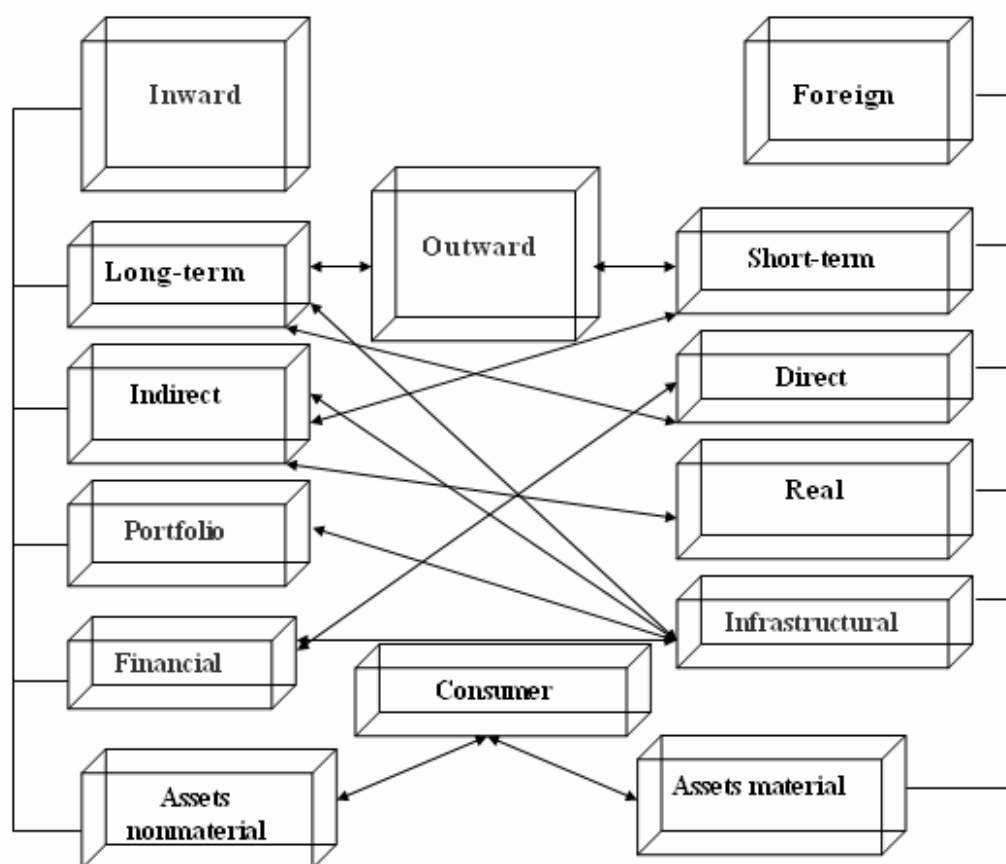


Fig. 1. CLASSIFICATION OF INVESTMENT RESOURCES IN A NATIONAL ECONOMY (developed on the basis of personal research)

R. Holt and S. Barnes divide all investments by scale – large investments (purchase of the enterprise), small (construction of factories), tiny (introducing new manufacturing process), simple (associated with lower of production costs), alternative (mutually exclusive or independent ) and divide in accordance to risk level, namely: below average (projects reduce production self costs of goods and services), medium (the projects of companies extension), above average (new selling markets – for new products), the highest (research and development). At the same time it is outlined as a regular investments for which the risk level does not apply [7, p.12-18].

K. Fuglie and C. Narrod during the process of their research differentiate also private research investments of the companies that are trying to make a profit. Upon development of these investments influence:

- development of a potential market of new technologies;
- ease of development of improved technology for such level of research investments;

- ability of enterprise return to research investments and intellectual property protection;
- regulation and trade restrictions that affect incentives to attract private research investments [8, p.458].

E. Segelod shares nonmaterial investments by size and structure:

- investments in it technology;
- investments in research and development (on this type of investments affect the decision to acquire or develop, for instance the firm spent more money previously than its competitors on the implementation of own software);
- investments in markets;
- investments in brand name and goodwill;
- investing in knowledge of the employees. [151]

As for nonmaterial investments is inclined to think that such investments are not considered to be investments at all. However, marketing and training (education) is overviewed as investment activity, and it is difficult to delimit and define in quantitative dimensions.

- investment in training of the staff. Economists and financiers understand the concept of investments somewhat differently. Investment decisions in economics and finance relate to how much to consume at present time and how much to invest to increase future consumption and capital investing. According to this definition, all the activities which aim to increase the return to a future period could be considered as an investment.

Definition that accountants use is more precise. For accountant investments are the sum of fixed assets plus working capital. The term fixed assets is also used in economic science and is related to changes in funds that will increase or decrease its volume, but in accounting often limited to material assets such as property, plant and equipment. These funds are capitalized and amortized in accordance with the plan, which is crucial in calculating depreciation. On accounting definition of investments greatly influenced the concept in the industry. Early studies of capital budgeting in the United States and Sweden show those large companies in the late 50's early 60's defined investments as funds capitalized and amortized. All other fees associated with investments considered values. Later studies in the early 70 – 90s showed that all the major Swedish companies gradually expanded the concept of investments and included all required payments that are required for the project, such as marketing, training, testing, that also meant that they had to link item for these costs expenditures in their investment budget [9, p.149-151.].

F. González considers investments in terms of speculative motive, because it allows entrepreneurs to exploit the huge potential of investments in case that incoming information hints – that doing this way is profitable. [10, p.141].

Conducting detailed analysis of a number of scientific researches, publications and investment processes of economy of Ukraine we have revealed real flaws in existing models of classification, to be exact a narrow interpretation of the investment resources of the national economy. Accordingly, we have suggested our own model [Fig. 1], which draws ones attention to another form of investments, which is very vital in the light of

post-reform agrarian economy – infrastructural investments, which are divided into financial and real investments. The main function of infrastructural investments – expansion and development of material-technological basis of enterprises and economics of the state in overall.

**Conclusions.** Therefore, detailed analysis of all points of view of classification of investment resources enables us to develop our own unique model of classification of investment resources and allocate infrastructural investments as one of the varieties of financial and real investments, that is very vital in terms of structural economic crises.

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#### Summary

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