

FORMATION AND ESTIMATION OF INVESTMENT APPEAL OF INDUSTRIAL ENTERPRISES

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Keywords: management of investment appeal, investment activity of industrial enterprises, investment potential, risks, estimation of investment appeal of the enterprise.

In the article the problems connected with management by investment appeal of the industrial enterprises are considered. Schemes of the estimation of investment appeal of industrial enterprises, branches, regions which allow comparing various objects of investment are offered.

In modern economy of Russia in the conditions of market relations there is a necessity to attract domestic and foreign investments. The investment in the modernization of manufacture, first of all, allows raising fund productivity, introducing the manufacture of the new produce, getting bigger profits, to reduce the prime cost of production by application of innovative technologies. Therefore the search of investors in the real sector of economy acquires special value. The attraction of investments into industrial enterprises is now especially actual since the deterioration of production funds exceeds all admissible norms.

The concept of investment appeal has appeared in the economic literature rather recently in connection with the effective work of Russian enterprises. Investment appeal means, first of all, optimum conditions for investment of money resources and in this sense there is an interrelation between the financial condition of the enterprise and its investment appeal. At the same time investment appeal is an inde-

pendent economic category characterized not only by the financial stability of the enterprise, the solvency, the profitability of the capital, and the business activity. It includes other factors, as well: the competitiveness of production, favorable investment climate at the enterprise, n power- and resource-saving technologies and others.

It is possible to tell that investment appeal is an economic category whose basic characteristics are the financial condition of the enterprise, the investment climate and the organizational structure of management. Thus investment appeal is a backbone category of the investment climate in enterprise economy.

The balance of investment appeal and investment risk defines the investment climate at the enterprise.

The level of investment appeal is defined by the level of investment potential and the level of nonspecific (noncommercial) investment risks and expressed in the form of investment activity (see figure).

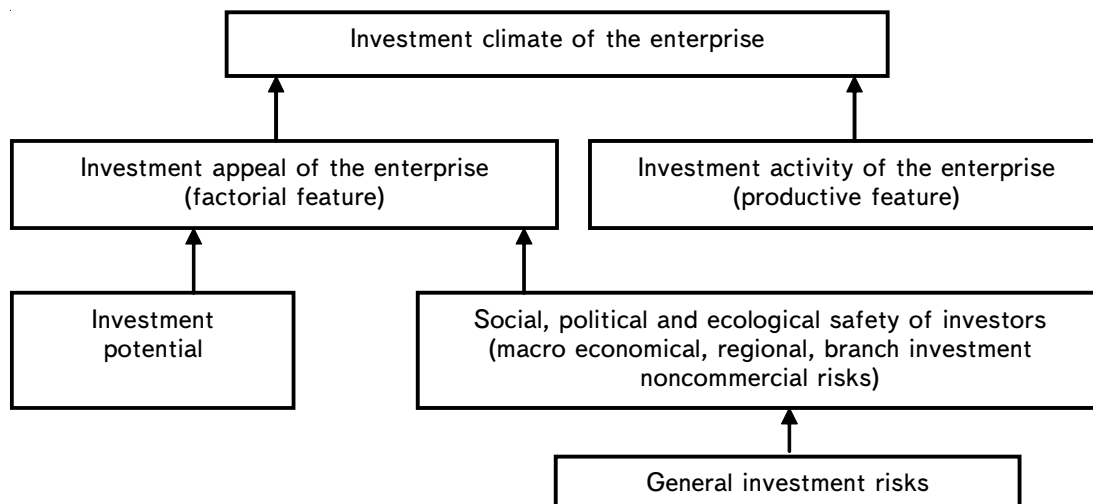


Fig. The interrelation of the basic structural elements of investment climate in an industrial enterprise

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The investment appeal at the enterprise level can be estimated using the following figures:

- ◆ liquidity and solvency of the enterprise and conformity to their standard values;
- ◆ financial stability of the enterprise and conformity to their standard values;
- ◆ business activity of the enterprise and profitability of manufacture and production.

Thus, the mechanism of investment attraction is guaranteed by the reliability of the financial condition and financial stability, and exactly this meaning is the criterion for estimation.

Management of investment appeal is necessary for receiving the information about the financial condition for purpose of:

- ◆ objective estimation of the level of investment appeal and stability of the financial condition of the enterprise, estimation of changes in these levels in comparison with the previous period, with the business plan and standard values under the influence of various factors;
- ◆ making well-grounded administrative decisions on financing investment projects based on the criterion of investment appeal of the enterprise.

For the enterprises self-management is necessary for taking actions to improve their financial condition, to increase of their financial stability and investment appeal.

The estimation of investment appeal at the branch level is to be carried out as follows:

1. At the first stage it is necessary to estimate profitable or unprofitable branches.
2. At the second stage the analysis of formation and use of money resources by branches should be carried out. At the same stage the profitability of the sold goods and assets is analyzed.
3. At the third stage it is necessary to estimate the structure of property
4. At the fourth stage it is necessary to estimate the motivational component or the factors which are the stimulators of investment activity in the given branch.

Such estimation of investment appeal will be complete and detailed.

As for the regions investment appeal, we should apply rating estimation using the following formula:

$$M_i = \frac{\sum_{s=1}^c k_s \frac{p_{si}}{p_s}}{\sum_{s=1}^c k_s},$$

where M_i is the integrated level of investment appeal i -th the region, comparable to the average Russian level accepted for 1, 0; $i = 1 \dots, r$ - regions; $s = 1 \dots, c$ are reduced private figures; k_s is the weight factor (a weight point) s -th figures; p_{si} is the numerical value s -th figures on i -th to region; p_s is the numerical value s -th a figures on the average across the Russian Federation; p_{si} / p_s is the standardized (normalized) numerical value s -th figures for i -th region.

The definition of the values of weight factors is the most crucial element of the calculation. Therefore to reduce the subjectivity element, the annual questionnaire of Russian and foreign experts from Russian and foreign companies and banks should be conducted.

In our opinion, such approach to the organization of investment appeal management will allow to level and improve the tendency of attraction of foreign investments to Russia, and also to improve investment climate in general.

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