

## ECONOMIC ESSENCE OF INVESTMENTS IN INNOVATIONS

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**Keywords:** investment, innovations, capital transformation, economic effectiveness, innovative and investment project risks.

The article deals with investment economic essence from the point of state investment policy, incomings and employment policy; basic stages of capital transformation into monetary, productive and market forms are singled out. Two classification schemes of enterprise innovative activities risks are suggested in the article.

Investments are considered to be the processes of capital migration in order to get a benefit, which are responsible for performing the following functions:

- ◆ primary and future exchange stages between productive forces system links;
- ◆ primary and resources exchange between capitals within the scope of interrelated capital circulation;
- ◆ secondary (and further) resources exchange that are not included into inherent capitals circulation.

Investments essence can be reflected by the category “capital flow” which, being a cost form in its wide extent, determines every material and non-material resource, created and used with the aim of producing more economic goods. Every goal directed activity demands some specific efforts and capital expenditures from a subject or subjects - physical or legal persons, state or international organization, implementing it. Thus, basically, the initiation of all types of economic activities in market economy is connected with capital expenditures, i.e. costs created before in the form of financial, material and intellectual resources. In the process of economic and financial analysis the capital is usually viewed solely in a monetary form, as money can buy all the necessary resource types.

The factor of time plays a special role in investment activities and has an ability to modify the motives of productive placement of cumulative cost.

Hereby, investment activity is initially connected with the situation of a risk, which, changing in time and in combination of influencing factors, is believed to be its constant component. From the point of this research work investments are treated as a long-term immobilization of capital flows into the expansion of

operating production or advance into newly created production accompanied by consecutive changes in cost forms and its growth.

Financial and economic content of investment activities are the relations formed between economic subjects in the process of generating, distribution, exchange and consumption of investment resources for the benefit of greater cost creation.

Investment process consists of such phases as designing, future capital migration and placement. Then after the placement of capital the process of investment, as a solely taken act of economic behavior, is considered to be complete. As the mobility of capital is determined by the expectation of gaining more goods, initially, an investor doesn't regard the non-equivalence of exchange as a realization of special investor's advantages. Non-equivalent resources exchange in market conditions is detected the same as non-equivalent cost exchange between enterprises, branches and economics of different countries.

Thereby, investors' expectations concerning the realization possibility of non-equivalent cost exchange and gain profit are supposed to be the investments motive power.

Investments in technological innovations contributes to advance increase in working efficiency, appearance of new hi-tech products and services competitive on the world market. In different countries economics the level of investment activities and structure of innovations considerably varies in the phases of innovative cycles. Usually the peak of innovative ways falls on the phase of economic revival, just then cheap investment resources and common positive relation to the development appears. During depression and crisis innovative activities fall as there is no demand and sense for improvement of old non-productive equipment, not enough

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investments for mastering new generations' equipment and technologies.

While dealing with the calculation effectiveness of investments into innovations with the aim of innovative projects selection their risks should be taken into account. The author of the article suggests 2 classification schemes of enterprise's innovative activities risks. According to the first classification the risks are grouped in the stages of forming of enterprise innovative program, and to the second - the risks, typical for concrete directions of innovative activities are distinguished.

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*Received for publication on 12.04.2010*