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ASSESSMENT OF ENTERPRISE INVESTMENT ATTRACTIVENESS

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ОЦІНЮВАННЯ ІНВЕСТИЦІЙНОЇ ПРИВАБЛИВОСТІ ПІДПРИЄМСТВА

Based on the results of the research, it was established that for today's Ukraine, the problem of choosing for investment agricultural enterprises that have the best development prospects and will be able to ensure high efficiency of the invested capital, that is, are attractive for investment. It was determined that special attention should be paid to the development and implementation of strategies aimed at increasing the competitiveness of agricultural enterprises and creating an attractive investment climate. This will be a key factor for attracting new investors, which will contribute to the development and modernization of the agricultural sector, ensuring the sustainability of its functioning. To find the solution for this matter, the objective model of assessment of investment attractiveness of separate enterprises — potential objects for investments should be developed. The assessment of investment attractiveness is considered at the level of the country, industry, region, and enterprise. Moreover, the enterprise in this system is the end point of investing funds, where specific projects are implemented, and the attractiveness of each investment project is determined for all components of the national economy. In this connection, the evaluation of the investment attractiveness of agrarian formations becomes relevant. This is an important stage in strategic planning, which allows agricultural enterprises to determine their competitive advantages and weaknesses. The presence of mature, full-fledged and correct methods would allow agricultural enterprises to independently regularly assess their investment attractiveness and pay attention to problem areas in order to adjust their activities in these directions. This will help to optimize production processes and increase the overall productivity of the farm. The assessment technique of investment attractiveness of agrarian business that could be used to choose the priority area of investment projects realization is proposed in this Article. Analysis of investment attractiveness of agrarian enterprises is proposed to be executed as follows: specify external and internal enterprise activity area that could make an impact to investment regaining; specify financial standing of enterprise and analysis of financial results of its operations; risk assessment of non-refoulement of investment funds; researching innovation activity level.

За результатами дослідження встановлено, що для сьогодення України актуальною є проблема вибору для інвестування аграрних підприємств, що мають найкращі перспективи розвитку і зможуть забезпечити високу ефективність вкладеного капіталу, тобто є інвестиційно привабливими. Визначено, що особливу увагу слід звертати на розробку та впровадження стратегій, спрямованих на підвищення конкурентоспроможності сільськогосподарських підприємств та створення привабливого інвестиційного клімату. Це стане ключовим чинником для залучення нових інвесторів, що сприятиме роз-

вितку і модернізації аграрного сектору, забезпечуючи сталість його функціонування. Для розв'язання цієї проблеми запропоновано розробити об'єктивну модель оцінки інвестиційної привабливості окремих підприємств — потенційних об'єктів інвестування. Оцінка інвестиційної привабливості розглядається на рівні країни, галузі, регіону, підприємства. Причому, підприємство у цій системі є кінцевим суб'єктом вкладання коштів, де реалізуються конкретні проекти, а привабливість кожного інвестиційного проекту визначається для всіх складових національного господарства. У зв'язку із цим, набуває актуальності оцінювання інвестиційної привабливості аграрних формувань. Це важливий етап у стратегічному плануванні, що дозволяє підприємствам сільського господарства визначити свої конкурентні переваги та слабкі сторони. Встановлено, що наявність коректних методик оцінювання дозволило б підприємствам сільського господарства самостійно регулярно проводити оцінку своєї інвестиційної привабливості та звертати увагу на проблемні ділянки з метою корегування своєї діяльності у даних напрямках. Це буде сприяти оптимізації виробничих процесів та підвищенню загальної продуктивності господарства. В статті запропоновано методіку оцінювання інвестиційної привабливості агропромислового виробництва, яка може бути застосована при виборі пріоритетних напрямів реалізації інвестиційних проектів. Аналіз інвестиційної привабливості аграрних підприємств пропонуємо проводити в такій послідовності: визначаються зовнішні та внутрішні умови діяльності підприємства, що можуть вплинути на повернення інвестицій; вивчення фінансового стану підприємства та аналіз фінансових результатів його діяльності; оцінювання ризику неповернення інвестиційних коштів; дослідження ступеня активності інноваційної діяльності.

Key words: agrarian enterprises, investments, investment risk, investment attractiveness, information, comparative effectiveness, profit.

Ключові слова: аграрні підприємства, інвестиції, інвестиційний ризик, інвестиційна привабливість, інформація, порівняльна ефективність, прибуток.

INTRODUCTION

The investment process is one of the general characteristics of social and economic situation in Ukraine. The production stabilization and development and as a result increase of investment amount to economical attractive areas are essential for country economy. The identification of the most effective and priority areas for investments is one of the problem of investment policy. At the present level of national economy development, the investment should be aimed to such areas and fields where the market infrastructure is executed and works, and the main prerequisite to attract investment is economic and legal stability in regions, the local market size. In Ukraine the agrarian production should be a priority area for investments. Inasmuch as it provides about a third part of gross domestic product, employment of a third part of working population, about 75% of consumer goods, keeps the rural network of 17 million inhabitants. Credit bearing capacity of agrarian producer requires an active attraction of borrowed funds, in particular, credits of commercial banks, joint stock and industrial capital. Usage of credits is typical for those enterprises that have no enough own financial resources for realization of investment projects. One of the central tasks for investors is choice of enterprises that have the best future developments and ensure the high effectiveness of investments. The base of such choice is assessment of their investment attractiveness. The majority of authors recognize the existence of links between the financial standing of the enterprise and its investment attractiveness [1, 2, 7]. The investment attractiveness is economic category that characterized not only by stability of the financial condition of the enterprise, level of its financial results, shares rate and amount of paid dividends, but also its goodwill, the competitiveness of its products, the degree of riskiness of investments. It is considered that activeness of innovation activity is essential to increase of investment attractiveness.

MATERIALS AND METHODS

The methodological base of research is systemic approach to study of problem aspects of investment activity in agrarian business. As a part of the study the method of scientific abstraction together with analysis and design method allowed to generalize and systematize the factors, affecting on the investment attractiveness of enterprises of agrarian area of Ukraine, demonstrate the methodological approaches of forming the investment development strategy of the agrarian enterprise.

RESULTS OF THE STUDY

Regarding the essence concept under inquiry and indicators of its characteristics, there is no an unified scientific thought in the economic literature. For example, Kisel' M. describes the investment attractiveness as an answer of the expediency of investing in a particular enterprise [4]. Brodyuk I. understands the investment attractiveness as integral characteristic of separate companies (firms) — objects of future investments from the point of view of development perspectives, volume and prospects of product realization, efficiency of assets operation and liquidity, paying capacity and financial stability [1]. Shylov E. means the investment attractiveness of enterprises and firms as expediency of investing in expansion and technical re-equipping of existing enterprises considered as potential investment objects [7]. Kharchenko H. explains definition of investment attractiveness of objects in general as heuristic methods connected with ranging objects under inquiry based on the assessments of specialists and experts [6]. Abovementioned definitions are targeted at real projects. Investor's actions aimed to research of perspective projects for financial investments, and combination of needs and capabilities of potential investors are not considered.

Some economists are convinced that study of investment attractiveness of separate industries and regions has no prospect because these groups, predominantly, have no functions of economic agents. That is why they propose to focus on development of figures and analysis methodology of separate enterprises. This being so, it is not allowed to accept it. We share the conclusions of the scientists who consider that investment attractiveness of object is formed in set of figures of internal character and environment [2]. Taking into account the environment foresees study of macroeconomic region development trends, raw material base, and demographic factors, social, economic and environmental situation.

The hypothesis of new assessment paradigm of investment attractiveness from particulars to generals, proposed by Kytaichuk T. is interesting but impeachable. It is the scholars' opinion that the key failing of modern assessment paradigm of investment attractiveness of economic fields is its orientation from generals to particulars that is inconsistent with philosophy and methodology of scientific study [5]. Accordingly, called by them figures of investment attractiveness as "coefficients of past investment attractiveness" are interesting only in the context of retrospective economic analysis, and as a result, have no right to be used for substantiation of serious investment decisions. The authors propose the assessment paradigm of investment attractiveness of fields from particulars to generals, in other words start to assess the investment attractiveness of field, the study should be begun from the particular enterprise. Next step the future development of field in general within the corresponding region with obligatory calculation of the investment capacity should be analyzed.

Basically, both first (from generals to particulars) and second (from particulars to generals) approaches have right to exist. It corresponds to the dialectic of the investor's decision-making. Any investor, having get an investment offer from particular enterprise, first of all will analyze general social and economic situation in region, and next in field and perspectives of funds investment to the particular enterprise in parallel. At the stage of concrete investment decision, it is localized relative to a particular enterprise. To sum up the local investment decisions of field enterprises and reflect its real investment assessment.

The majority of existing definitions of investment assessment of enterprises considers it as final stage of investment market studying. In the modern literature, different definitions of this concept often interpret this category not clearly or too narrow, focusing only on some of its essential sides. For example, the important characteristic of enterprise's attractiveness is the quantity and quality of its own economic resources that attract, draw, and take interest in investors [8]. Some authors propose to use coefficient analysis for assessment of investment attractiveness of enterprise: figures of solvency, financial stability, business activity, profitability of the enterprise [2]. Other authors propose to analyze the investment attractiveness of enterprise on a phased basis: first, identify life-cycle stages on enterprise, then analysis of indicators of enterprise activity in dynamics, and the last step in identification of investment attracti-

veness of enterprise proposes to analyze the enterprise financial activity in details [3].

Yastremska O. notes that the enterprise is an open system, so its attractiveness covers both internal and external environments, composed of macro, mezzo— and microeconomic environments according to taxonomic levels [8]. In the premises, the investor is interested in enterprise being a subject of entrepreneurial relations, but during assessment of investment attractiveness of agrarian enterprises, the investor is not interested in the impact of agricultural production on the environment. It is considered that this component is very important when choosing an investment object, because today the economic and ecological effectiveness of investment projects in agrarian enterprises is prioritized.

The analysis of investment attractiveness of agrarian enterprises is proposed to be executed in the following sequence. At the first stage, it is forming the general understanding of the enterprise. It needs to identify and assess all conditions that could make an impact to investment regaining. For our purpose, they could be divided on external (independent of the borrower) and internal (directly related to the borrower). General economic conditions such as state of economic conjuncture, inflation, legislative changes, industry classification of establishments, raw material prices, the presence of competition from other sellers of the same product, etc. belong to external conditions. Conditions that directly related to the nature of the activity of the borrower enterprise belong to internal conditions. Investor is intent to study out the attitude of the enterprise to its liabilities in the past, the presence of delays in loans repayment, its status in the business world.

If the conclusion of investment attractiveness of enterprise is positive, the second stage is studying the financial standing of the enterprise. The investment attractiveness is guaranteed by the reliability of the financial condition and has much in common with it. The main difference of the analysis of investment attractiveness and financial condition is in the variety of goals and objectives solved by various subjects of analysis. Different interpretation tools and techniques of the analysis of investment attractiveness and financial condition, and relatively small range of figures provide the subjects of analysis with necessary information to make an informed decisions corresponding to goals to be achieved.

During the analysis and the assessment of financial condition of the enterprise, the investor, generally, should:

- study out if the liquidity ratio is stable, if any improvement in their normative values is to happen, and depending on the calculation results assess the ability to repay short-term liabilities;
- assess the change of coverage ratios of fixed assets, and the ratio of total debt; if no freezing of working capital in basic assets, if no credit used for it;
- calculate the change of floating figures and reasons of these changes. For example, the increase of floating debt liabilities could be connected with increase of sales, customer outreach. It needs to be defined if some preferential terms of credit accommodation for clients, and if it is reasonable;

— estimate the profitability and predict its main trends in the future.

The third stage of assessment of investment attractiveness is analysis of financial results. In order to identify the conditions and possibilities for profit taking that is the most important indicator, the analysis of financial results of enterprise activity, in which the answer to the following questions should be get: how the earned revenues and expenses are stable; which elements of the profit and loss statement could be used to forecast the financial results; how productive the expenses are; what is the efficiency of capital investing in this enterprise; how effective the enterprise management is, should be executed. The analysis of financial results is be composed of external and internal ones.

The external analysis is recommended to be executed in two stages. At the first stage, it needs to make a clear understanding of the principles of revenues and expenses of the enterprise. The basic information for this should be an explanatory note that describes the accounting policies of enterprise, all factors of its change and impact of such changes to financial results, as well as all revenues and expenses, occurred during the reporting period. The second stage is the analysis of profit and loss statement, related to study of structure of revenues and expenses and their correlation.

The internal analysis of financial results should be carried out in three stages. At the first stage, the impact of current principles of assessment of assets, revenues and expenses should be analyzed, changes to the accounting policies and their impact to analysis result should be recognized. At the second stage, the reasons of change of final financial results, stable and random factors, impacting to its changes, should be analyzed. At the third stage, the insightful analysis of financial results involving management accounting data that release information about revenues and expenses in responsibility centers is carried out.

The sequence of stages in the analysis of financial results could be as follows:

— analysis of structure of basic elements of profit and loss statement, and stable and random revenues and expenses;

— assessment of quality of gained financial result and forecast of future results, basing on the assumptions about the stability of articles of revenues and expenses of profit and loss statement;

— profitability analysis.

During structure analysis of profit and loss statement the characteristic of basic correlations of reporting figures (for example, prime cost and revenue from sales of products or goods; profit (loss) from sales and revenue etc.) is given and basic reasons of their changes are identified. During analysis of revenues from ordinary activity, it should be specified: what are the main channels of revenue receipt; how much dependence on major customers; which diversification of products in geographical commodity markets.

At the fourth stage, assessment of investment attractiveness is assessment of investment risk. This is due to the fact that the main purpose of investment activity of economic subjects consists of increase the revenue from investment activity with a minimum level of investment risk. Investment risk is the possibility of occurrence of financial losses in the form of reduction of capital or loss of revenue, profit due to

uncertainty of terms of investment activity. The risk is an objective phenomenon in the functioning of any investment organization. It accompanies the implementation of almost all kinds of real investment projects, in whatever form they are implemented. Although a number of parameters of this risk depends on subjective management decision, reflected in the process of preparation of specific real investment projects, its objective nature remains unchanged.

The level of investment risk varies significantly under the influence of numerous objective and subjective factors that are in constant dynamics. So therefore, every real investment project requests an individual assessment of risk level in particular conditions of its implementation. Investment activity has a number of particularities that should be taken into account when determining the investment risk, such as:

— investments could be directed to all investment actions that significantly differ in both profitability and risk, so it needs to optimize the portfolio investment by these criteria;

— a variety of factors that differ from each other on the level of influence, risk and uncertainty has an impact on the results of investment activity;

— life cycle of investment project could be enough long (some years), and under these conditions it is very important to take into account all possible factors and their impact on profitability and volume of investment risk;

— for most cases, for determination of the investment risk, there is no representative statistical information for the previous period, on the basis of which it would be possible to forecast it when implementing a similar investment project.

Assessment of risk levels foresees the identification of resources and array of information that include statistical and operational data, expert's assessments and forecasts, and rating etc. If there is full and accurate information, the decision-making is more balanced, and therefore less risky. Information, needed for purposes of risk management, could be divided on the following blocks: information about participants of investment activity; information about current market conditions, tendencies of its changes; information about predictable events that could affect to the market; information about changes in legislative base that could affect to investment activity; information about conditions of investment contributions. All participants of investment development analyze the risks. It could be divided in two kinds: qualitative and quantitative. Qualitative analysis is carried out in order to identify factors, areas and kinds of risks. Quantitative analysis aims to determine volume of individual risks. This kind of analysis is related to their assessment.

The purpose of analysis and assessment of risks is to determine the level of forecast accuracy and confirmation of effectiveness of participation of particular economic subject in examined case (program, project) subject to compliance with preset limits. Herewith, the analysis and quantitative risk assessment have to solve the following tasks: risk identification; determination of concrete results of participation in investment activity; ascertainment of probability in obtaining the necessary profitability at the planned level of financial investments; analysis and choice of measures to decrease the contribution risks. Processes of analysis and assessment risks are enough complicated.

There are many different methodological approaches and models for its qualitative and quantitative assessment, solution some of them takes a lot of efforts and money.

System of risks, related to enterprise activity, is very complicated, and each of its elements could cause a non-return of an investment loan, say nothing of quite possible combination of several elements influence (or risk factors) at the same moment. By the nature of its influence, the risks divided on simple and complicated. Complicated risks are a composition of simples, either of which is considered as a progressive risk. Simple risks are determined by a complete list of unusual events, in other words each of them is considered as independent of others. That is why, the first task is formation of an exhaustive list of simple risks. Other task is determination of integral risk.

At the last fifth stage, assessment of investment attractiveness is a study of the degree of innovation activity as it allows to create new methods of production and management, new kinds of products that provide higher productivity at lower cost. Only a human, equipped with knowledge, is capable to develop and implement new technique and progressive technological processes. In this case, a correction factor that takes into account the economic status of region is introduced for all calculations. Also, the profitability of agricultural products, produced at the enterprise is needed to be considered.

In many respects the profit of enterprise is determined by ambitious of its innovation activity. The innovation activity, according to the state statistical report, is determined by three basic characteristics: the presence of completed innovations, the degree of participation of enterprise in the development of these innovations, and the presence of specialized units that carry out researches and developments in the enterprise. The authors suggest that it is insufficient to assess the innovation ambitious by means of these figures, because they do not allow to determine the level of ambitious of innovation activity quantitatively. The level of ambitious of innovation activity of the enterprise is understood as the level of application of innovative potential — the present ability of successful creation and use of innovations, and timely getting rid of out-of-date.

In order to assess the investment attractiveness, it is required to have quality information about the enterprise. This information could be received from different sources. Information sources could be divided into three groups: 1. Materials, received directly from the enterprise, including data on statements, investment projects and business-plans. 2. Materials about the enterprise, received from the back archive. 3. Data, received from the business partners of the enterprise.

CONCLUSION

Proposed procedure of carrying-out of an analysis and assessment of investment attractiveness of agrarian enterprises affords an opportunity to establish the attractiveness degree of contributions to the object, using for this assessment of its business reputation, financial state, financial results of operations, levels of investment risk and innovation activity. Practical application of presented recommendations increases an objectiveness of assessment of investment attractiveness, and allows to increase flow of funds, needed to the enterprise.

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