

FACTORS OF INFLUENCE ON THE INVESTMENT ATTRACTIVENESS OF JOINT-STOCK COMPANIES

The article focuses on the factors and their influence on investment attractiveness of the joint-stock companies.

Keywords: factors, investments, investment attractiveness.

The problem. *In the conditions of passing of the economy of Ukraine onto the innovative model of development it is very important to research the problems of investment activity, providing the high-quality investment type of growth which is based on large-scale investments in the real sector of economy. In the nearest future the role of investments will grow sharply, as they are the basis of stable and sustainable economic development which will allow to shorten the gap in basic macroeconomic indicators between Ukraine and developed countries and create the conditions for the improvement of living standards.*

Identification of factors that affect the investment attractiveness of industrial and economic systems is of great economic importance, since one must first properly assess the conditions under which investment processes occur, and then search for the most attractive investment projects.

Investment decisions on investing capital in a particular object is motivated by many factors of investment attractiveness.

Therefore it is important to investigate the basic scientific approaches to summarize and organize the main factors that determine the investment attractiveness of joint-stock companies.

Analysis of recent research and publications.: *The research on investment attractiveness and factors that influenced it was done by such foreign and native scientists as Hutkevych C. [1], Gerasymchuk M.[2], Flerko V. [3],Asaul A., Denisova I. [4], Shkura I. [5], Syvolapenko N. [6], Gaydutsky A. [7] and other researchers.*

The main material. *An important characteristic of the development of investment processes is a constant diversification of the capital in different countries, due to the influence of many motivational factors that manifest themselves differently in time and space. Therefore, to make decisions by investors about investing the capital, they need an objective evaluation of investment attractiveness of the economy, based on the aggregation of the motivational factors that are guided by investors.*

The views of several authors on this issue are somewhat different. Some of them offer to divide all the factors of investment attractiveness into two major groups: the factors that influence decision-making by all investors and the factors that influence decision-making by foreign investors [1, 2].

Classifying factors which influence on the investment attractiveness of Ukraine, S. Gutkevich divides them into two groups: positive and negative [1] Without regard to some emphaticness formation of negative factors, it should be

noted that exactly on such their set most foreign ratings agencies specify very often.

V. Flerko names basic component factors which provide an investment attractiveness: level of inflation, legal defense of investors, level of tax pressure, functioning of economic clear zones, character of customs policy [3]. They certainly have an important influence on the investment attractiveness, however, in our view, they are needed to be systematized with the help of analysis, and also to justify the reasons for non-mentioned other factors that act on the investment attractiveness.

The Russian economists of Asaul A.N., Denisova I.V. [4], offer the approach, in which factors are divided into objective and subjective. The objective factors include climatic conditions, geographical location, environment. Subjective factors - scientific potential, economic situation, legislatively normative base, risk factor, labour resources, social infrastructure.

I. Shkura [5] also believes, that we must distinguish the factors of investment attractiveness as: such, that prevent and such, that promote investments.

N. Sivolapenko [6] considers it's appropriate to define two groups of factors of investment attractiveness, which hinder investments:

- on a macrolevel: the state of economy and legislation, political and economic instability, policy of government, lack of information from the investor;
- on a microlevel: character of mutual relations between national enterprises and their oversea partners, as well as state organizations, lack of experience with foreign partners. Lack of relevant regulations and standards, bureaucratic procedure to resolve almost all issues.

The German Advisory Group to the factors that hinder the activity of investors in Ukraine takes [7]:

- legal uncertainty;
- economic unforecast;
- administrative interference;
- limitation of freedom of economic activity in the field of foreign trade;
- lack of the developed infrastructure, including market infrastructure.

In addition to these factors which are introduced by the national and the foreign scientists, in our opinion, it is advisable to consider the group of factors for the specific influence on the investment attractiveness. In this context it is appropriate to select such sub-groups: natural, financial economic, infrastructural, marketing, fiscal and regulator factors which characterize those components of investment attractiveness. As a generalization, we will present the chart of signs of classification of factors of investment attractiveness (picture 1).

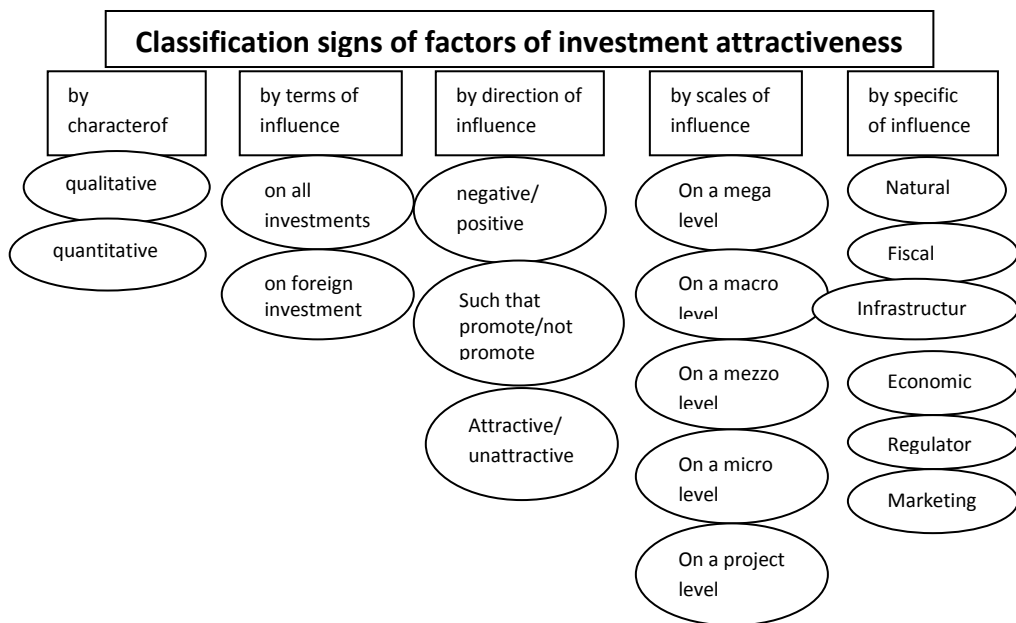


Fig. 1. Classification signs of investment attractiveness.

Source: own elaboration based on the author's study [1-7]

Forming of motivational mechanism must become the key task of public investment policy to encourage the acceptance of their effective investment decisions. Activation of investment activity is needed to make overdue structural adjustment of the national economy in order to adapt to the competitive challenges of the post-crisis world.

1. The high level of competition in the world market of investments in the conditions of distribution of financial globalization requires the constructions of the self-weighted and effective system of investment incentives, which requires:

- to foresee during the revision of the Tax Code of Ukraine tax investment incentives, differentiated depending on to the type and amount of investments, sizes of enterprises, region of investing, purpose of investments, innovative level of production, the number of new working places;
- to implement assessment tools of long-term effectiveness of using the benefits of targeting of utilization and responsibilities of recipients for breach of privileges, etc.

2. The presence of the considerable investment resources in the form of personal savings stipulates the necessity of strengthening of investment activity of individuals. It requires:

- encouraging the development and expansion of sphere of activity of institutes of the general investing by improving the legal base of their functioning, conducting the relevant informative policy, informing the potential investors, distribution of effective practices, evaluation of reliability of investment companies, etc.;

- arrangement of state and municipal securities for sale to the public with a guaranteed level of profitability, the proceeds are directed solely to finance development projects;

- establishing tax credits for individual income, made in the securities of collective investment institutions and government securities.

3. Priority of tasks of technological modernization requires additional investment policy using special measures of stimulation of innovative activity of entities. To do this we need:

- to release the incomes of enterprises from taxation, which head for introduction of innovative technologies in socially meaningful spheres (health care, education, emergency services, etc);

- to inculcate the mechanism of tax and custom stimulation of participants of foreign economic activity, the operations of which are concentrated in the segment of trade and maintenance of high and medium-high-tech industrial products, providing intensive and technologically-oriented services, import of equipment that has no national analogues according to the criteria of adaptability and efficiency;

- to inculcate the order of creation of innovative associations as to the mean of concentration of financial resources and distributing of risks of realization of innovative projects of enterprises;

- to inculcate the partial state guaranteeing of investment credits;

- to inculcate the mechanism of state guarantees for small enterprises which attract credits at commercial banks for realization of innovative projects;

- to realize the programs of reduction of prices of credits by subsidizing the rate of interests in agriculture and processing industry for small and middle enterprises which ran into the problem of liquidity due to the financial crisis and had a high level of solvency before the beginning of the crisis. Thus it is possible to differentiate the sizes of subsidies in accordance with the term of credit;

- to develop the state system of insurance against the risks of innovative activity, which is specially created by state or state-private insurance company.

4. The state is able to influence positively on an investment dynamics both by conditioning and rules of activity and through the increase of amount of the state investing which at the same time requires strengthening of its special purpose orientation. To do this we need:

- to create a specialized state financial-credit institution (State Bank for Reconstruction and Development – SBRD), focused on maintaining all innovative and technological projects by the soft loans, subsidizing interests, paid by such enterprises for loans obtained from the commercial banks;

- to form the mechanisms of investment direction for local government borrowings over necessities, conditioned the needs of maintenance of the state debt, through the transmission of SBRD involvement, within certain limits, loan resources for investment necessities under the guarantees of the state;

- to develop state private partnership in support of investment and innovative activity by introduction the mechanisms of a ration financing (with participation of private foreign and Ukrainian financial and credit institutions and SBRD) of scale investments and innovative projects, the state investment equity of investment funds, which carry out the financing priority of the development of innovative industries and projects, creation of incentives to attract private capital to invest in projects and develop local infrastructure.

5. The use of the potential of the financial system will require:

- development of mechanisms to encourage a real credit sector of economy, in particular by guaranteeing the access to national producers to credit resources for completion of modernization programs of production or payments to creditors (long-term state loans to the enterprises of priority industries can be selected for this purpose, carried out the priority of refinancing the banking system under the programs, lending to the real sector), state assistance rollover debts and restructuring debt for Ukrainian companies with high reliability;

- implementation of measures to stimulate credit for investment plans of the corporate sector of the Ukrainian economy by compensating interest on medium and long-term loans, drawn from commercial banks, reducing rates by reserving the issuance of such loans, extensions of credit support investment industries by the financial resources of the state banks, to create a specialized Bank investment lending to knowledge-intensive industries. Therefore, at present the national economy requires focused investment resources on strategically important areas that require transition to targeted investment policies that would strengthen the process of generating investment resources in Ukraine, organizing their use, increasing the share of investment income direction [8].

Conclusions. Thus, considering the above, we can say that special attention among the components of investment attractiveness is deserved by the group of motivational factors for the specific impact on the investment attractiveness, concerning search marketing components of investment attractiveness of potential investors. These factors determine the marketing investment attractiveness strategy, research and expansion of markets, export activity, etc. However, under the marketing attractiveness it is necessary to understand the capacity, scales, structure and dynamics of the market development, its ability to absorb a large number of inputs, competitive position, foreign trade, etc.

Under the conditions of market relations in Ukraine, a priority for any business entities is the problem of strengthening its position in the market environment and investment resources. It is particularly relevant for industrial enterprises under the transformation of ownership, the expansion of international economic relations in accordance with the trend of globalization, which causes changes in the market place and consumers need to develop methodological

support that adequately meets the contemporary economy and will stimulate investment industrial and economic systems.

REFERENCE LIST

1. Гуткевич С.А. Инвестиционная привлекательность аграрного сектора экономики: Монография / С.А. Буткевич – К.: Изд-во Европ. ун-та. – 251с
2. Герасимчук М. Тенденції розвитку промисловості України на сучасному етапі / М. Герасимчук // Економіка України. – 2002. – №3. – С.34-37.
3. Фльорко В. Оцінка інвестиційної привабливості підприємства: проблеми врахування ризику і зниження його рівня / В. Фльорко // Регіональна економіка. – 2003.– №4.– С.190-199.
4. Асаул А.Н., Денисова И.В. Индивидуальное жилищное строительство – перспективное направление развития сельских поселений. (на примере Ленинградской области) [Электронный ресурс]. – режим доступа: http://www.aup.ru/books/m75/1_1.htm
5. Шкура І.С. Тенденції в умовах іноземного інвестування в економіку України. // Академ. Огляд: економіка та підприємництво. – 2002. - № 1 – С.17-21.
6. Сиволапенко Н. Інвестиційна привабливість України / Н. Сиволапенко // Економіст. – 2002 – № 6. – С. 84-85.]
7. Гайдучький А. Класифікація чинників інвестиційної привабливості економіки / А. Гайдучький // Ринок цінних паперів України. – 2004.– №9-10.– С.9-14.
8. Україна в 2010 році: щорічні оцінки суспільно-політичного та соціально-економічного розвитку: монографія / за заг. ред. А. В. Єрмолаєва. – К. : НІСД, 2010. – 528 с.