

**SYSTEMS OF INVESTMENT ACTIVITY PLANNING
AND MODALITY FOR THE IMPLEMENTATION OF THEIR RESULTS
AT THE INDUSTRIAL ENTERPRISES**

Krylov D.V.

*Zaporizhzhia national university
Ukraine, 69600, Zaporizhzhia, Zhukovsky str., 66*

d.v.krilov76@gmail.com

Key words:

planning, management system, budgets, investment activity, functions, principles, forms, classification, investments.

The systems of investment planning and modality for the implementation of their results at the industrial enterprises have been studied. The consistency of investment activity planning and its results have been allocated. The basic types of current investment plans implemented at the enterprise have been determined. The classification of the main budget types formed at the enterprise in the process of operational investment planning has been suggested. Functions of industrial enterprises' investment activity management have been expanded. The basic principles of investment activity management system of the industrial enterprises have been offered.

**СИСТЕМИ ПЛАНУВАННЯ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ
І ФОРМИ РЕАЛІЗАЦІЇ ЇХ РЕЗУЛЬТАТІВ
НА ПРОМИСЛОВИХ ПІДПРИЄМСТВАХ**

Крилов Д.В.

*Запорізький національний університет
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66*

Ключові слова:

планування, система управління, бюджети, інвестиційна діяльність, функції, принципи, форми, класифікація, інвестиції.

Досліджено системи інвестиційного планування і форми реалізації їх результатів на промислових підприємствах. Виокремлено послідовність планування інвестиційної діяльності та її результатів. Визначено основні види поточних інвестиційних планів, які реалізуються на підприємстві. Запропоновано класифікації основних видів бюджетів, які складаються на підприємстві в процесі планування оперативних інвестицій. Розширено функції управління інвестиційною діяльністю промислових підприємств. Запропоновано основні принципи системи управління інвестиційною діяльністю промислових підприємств.

Analysis of recent studies and publications

Systems and forms of investment management have been well studied by national and foreign scholars namely Antipenko Y.Y. [1], But S.Yu. [2], Vovk M.V. [3], Vorontsova O.V. [1], Franchuk I.B. [3]

Antipenko Y.Y. and Vorontsova O.V. have studied issues of improving competitiveness of industrial enterprises based on project-biased organizational structure of investment activity management. Vovk M.V., Franchuk I.B. have formed organizational and economic tools to support business's investment attractiveness. However, problems concerning impact of business management system's planning on the results of investment activity implementation are still unfinished.

Objective of the article

To propose the main principles and forms of investment activity management system of the industrial enterprises.

We suggest the following principles of investment activity management system of the industrial enterprises.

The main material of the research

The basis of the management mechanism of an enterprise investment activity is the investment planning. The investment planning is development of system of plans and planned (normative) indexes for providing the development of an enterprise with necessary investment resources and increasing of efficiency of its investment activity in the future.

The investment planning at an enterprise (or internal investment planning) is based on the use of three basic systems: a 1) forecasting of investment activity; 2) current planning of investment activity; 3) operative planning of investment activity. Each of these systems of the investment planning has a certain period and forms of realization of its results (Table 1).

Table 1 – Systems of investment planning and modality for the implementation of their results at an enterprise

Systems of investment planning	Forms of the implementation of investment planning results	Planning period
1. Forecasting of investment activity	Development of general investment strategy and investment policy according to the basic direction of investment activity of an enterprise	Up to 3 years
2. Current planning of investment activity	Development of current plans according to separate aspects of investment activity	1 year
3. Operative planning of investment activity	Development and implementation of budgets, payment schedules and other forms of operative planned tasks on basic issues of investment activity	Month, quarter

All systems of investment planning are interconnected and realized in a certain consistency. The primary stage of planning is forecasting of basic directions and special purpose parameters of the investment activity by developing of general investment strategy of an enterprise in order to determine tasks and parameters of the current investment planning. In its turn, current investment planning provides the basis for developing and taking to direct performers operative budgets on all basic aspects of the investment activity of an enterprise.

1. The system of forecasting of the investment activity is the most difficult among these systems of investment planning and requires high qualification of performers. The system of investment forecasting is based on certain investment ideology on every enterprise.

The investment ideology of an enterprise characterizes the system of fundamental principles of realization of investment activity of this enterprise determined by its “mission” and mentality of investment behaviour of its founders and managers.

Forecasting of investment activity considers the investment ideology and is intended for developing of the investment strategy of an enterprise and the investment policy as far as basic aspects of its investment activity.

2. The system of current planning of the investment activity is based on the developed investment strategy and investment policy as far as separate aspects of the investment activity. This planning consists in development of definite types of current plans which allow to define all forms of the investment activity of enterprise and sources of its financing to form the structure of its earnings and expenses, provide financial firmness and permanent solvency of an enterprise in the process of its investment activity, to stipulate an increase

and structure of its assets at the end of the planned period.

Current plans of investment activity are developed for a next year which divided into quarters.

The initial pre-conditions for the development of current investment plans of enterprise are the following:

- investment strategy of an enterprise and special purpose of strategic norms according to the basic directions of investment activity in the future;
- investment policy as far as separate aspects of investment activity of an enterprise;
- planned production and sales volumes and other economic indicators of operative capital and circulating assets of enterprises which start working;
- system of the norms and quotas of expenses of separate investment resources developed at an enterprise;
- operative system of tax rates;
- operating system of norms of depreciation deductions;
- average credit and deposit rates at the financial market;
- results of investment analysis for the previous period. As some initial preconditions of development of current plans have some degree of probability and the dispersion of their parameters is high enough in the conditions of current economic instability of the country, the current investment plans of an enterprise on basic indexes are to be developed in a few variants — “optimistic”, “realistic”, “pessimistic.”

The basic types of current investment plans developed at an enterprise are the following (Fig. 1).

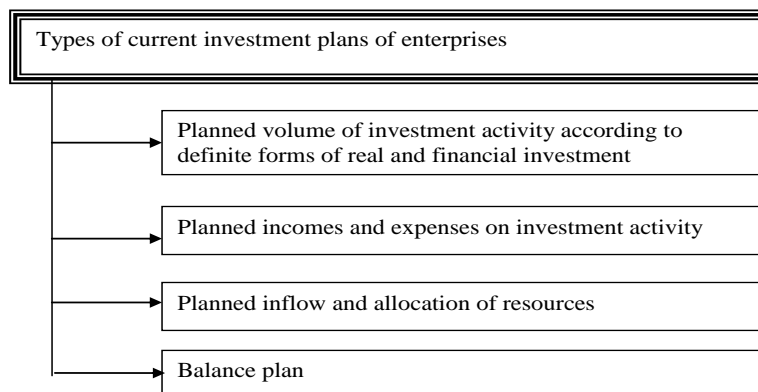


Fig. 1. System of basic types of current investment plans developed at an enterprise

The planned volume of the investment activity considering definite forms of the real and financial investing is the basis of the current investment planning.

The purpose of development of this plan is the determination of needs as far as general volume of real and financial investing of an enterprise considering its definite forms in the future.

This plan is to foresee lay-ups and extended reproduction of inconvertible operating assets as well as growth of financial assets of an enterprise.

The plan of income and expenses on investment activity represents the basic aspects of financing of this activity.

The purpose of development of this plan is the determination of volume of required financial resources for the set investment program, as well as possible inflow of these resources in the process of realization of investment activity (profits from realization of leaving property in the process of his replacement, investment income and others).

All charges related to the realization of real investments in a future period are represented in this plan as well as by the increase of volume of long-term financial investments (the increase of short-term financial investments is carried out due to temporally free money assets in the composition of circulating assets of an enterprise).

The plan of inflow and allocations of monetary resources in the process of investment activity reflects the results of forecasting of money flow of an enterprise in this economic activity.

The purpose of development of this plan is providing by permanent financial stability and solvency of an enterprise on all stages of the planned period.

This plan is to be provided clear correlation of indexes of inflow of monetary resources for investment activity in the planned period, their allocation and the amount of net money flow on this activity at the end of the period.

The balance plan represents the results of forecasting of assets and structure of used financial means of an enterprise at the end of base period.

The purpose of development of the balance plan is determination of the necessary growth of definite types of assets with providing their internal balance as well as forming the optimal capital which provides sufficient financial stability of an enterprise in a future period.

For the development of a balance plan the aggregated chart of a balance sheet of an enterprise which represents the requirements of its structure according to the specifics of definite legal form of activity (the limited liability companies, joint-stock companies and so on) that is used.

The process of current investment planning is carried out at an enterprise in correlation with the process of

planning of its operative (production and commercial) and financial activity.

3. The system of operative planning of the investment activity is the development of the complex of short-term planned tasks on the investment according to basic directions of the development of economic activity of an enterprise. The main form of such planned investment task is a budget.

A budget is an operative plan for a short-term period, which is developed usually for one year (as a rule, for a quarter or month) which represents allocations and inflow of investment funds in the process of realization of definite forms of investment activity.

It itemizes the indexes of current investment plans. It is the main plan document that is delivered to all types of "investment centre."

The development of plan budgets at an enterprise is characterized by the term "budgeting" and aimed at deciding two basic tasks: a) determination of volume and structure of expenses related to investment activity of separate units and subdivisions of an enterprise; b) coverage of these expenses by investment resources from different sources.

The process of budgeting can be continuous or sliding. Considering the planned indexes set for a year in the process of current investment planning, the system of quarter budgets (for a future quarter) is developed, and within the framework of quarter budgets the system of monthly budgets (on every future month) is developed. The process of such sliding budgeting guarantees the continuity of functioning of the system of the operative planning of the investment activity of an enterprise and puts durable foundation for realization of permanent control over the results of this activity.

The budgets used in the process of the operative investment planning are classified according to different factors.

According to the types of investment activity of enterprises, there are budgets of real investing, financial investing and investment activity in general. These budgets are prepared in order to develop the corresponding current investment plans of an enterprise in general for a future quarter or month.

The budget of real investing provides in details indexes related to renewal and development of all types of operating assets of an enterprise in the process of its investment activity within the certain period.

The budget of financial investing is aimed at developing of the corresponding indexes related to providing the increase of the amount of investment portfolio.

According to the types of expenses plan budgets are subdivided into the current budget and capital budget (Fig. 2).

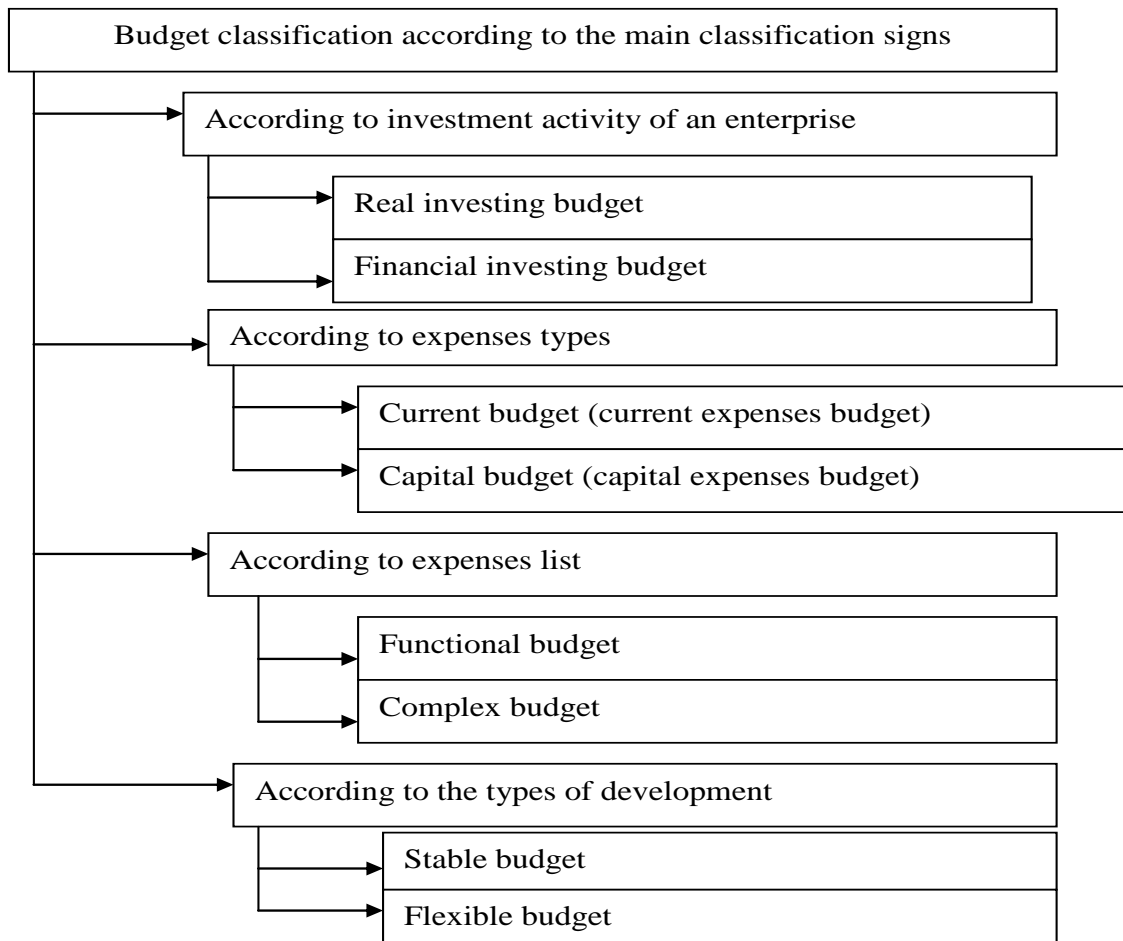


Fig. 2. Classification of basic types of budgets which are developed on an enterprise in the process of operative investment planning.

The current budget specifies the plan of profits and expenses of an enterprise which will be allocated to the “investment centres” and related to their functioning. It consists of two divisions: 1) current expenses; 2) profits from current economic activity. Current expenses are expenses on production (turnover) which is allocated to the “investment centre.” Profits from current activity are formed mainly due to property selling.

The capital budgeting is a form of informing definite performers (“investment centres”) about the results of current planning of capital investments, which is developed on the stage of realization of new construction, redirecting, reconstruction and modernization of the fixed assets, remodelling of equipment and intangible assets and so on. It consists of two divisions: 1) capital expenses (expenses on acquisition of fixed assets); 2) sources of means (investment resources).

According to the list of expenses, budgets are divided into functional and complex.

The functional budget is developed for one (or two) item of expenses, for example budget of personnel compensation, budget for promotional purposes and so on.

The complex budget is developed for the wide list of expenses, for example budget of “investment centres”, budget for realization of real investment project and so on.

According to the methods of development, stable and flexible budgets are allocated.

The stable budget does not depend on volumes of investment activity of an enterprise, for example budget of expenses on object projecting.

The flexible budget presupposes the definition of the planned current or capital expenses which are set not in the firmly fixed amounts, but as a norm of expenses connected to the corresponding volume performance indicators. For real investment projects such index can be the volume of construction and installation works.

A payment schedule that is developed for some types of cash flow (tax payment schedule on investment activity, payment schedule on settlements with suppliers and so on) and for an enterprise in general (in this case he specifies the current plan of inflow and expenses on investment activity) is a special form of budget.

The payment schedule is usually developed for a future month (specified by days, weeks and ten-day periods). It consists of the following: a) the chart of expenditure of monetary resources (or a chart of future payments); b) the chart of inflow of monetary resources. The chart of expenditure of monetary resources represents terms and amounts of payments of an enterprise for a future period on all (or some) kinds of its financial obligations. The chart of inflow of monetary resources is developed for those types of funds transfers which have turning flows; it fixes terms and amounts of future payments of an enterprise.

The use of the considered systems and methods of the investment planning allows promoting the efficiency of investment activity of an enterprise, its purposefulness.

In the mechanism of investment management, an important role is played by systems and methods of the internal investment control.

The internal investment control is organized by an enterprise at the process of verification of implementation and providing the realization of all administrative decisions about investment activity with the purpose of performing investment strategy.

The creation of internal checking systems is an important part of developing the whole control system by an enterprise with the purpose of providing its efficiency. The internal checking systems are created at an enterprise on a linear or functional principle or combination of both. The basis of these systems is a division of control responsibilities of definite departments and their managers. The organic component of these traditional internal checking systems is the investment checking system.

The new progressive complex internal checking system, organized at companies and firms, which is called “controlling” is widely spread in the countries with the developed market economy. The conception of controlling was developed in the 1980s as a mean of active prevention of crisis situations in the activity of enterprises. The principle of this conception which has got the name “divergence management” is the operative comparing the basic planned (normative) and actual indexes with the purpose of exposure of divergences between them and determination of interconnection and interdependence of these divergences at an enterprise with the purpose of influencing the key factors of normalization of activity. The system of controlling begins to be implemented in our practice.

Investment controlling is one of his central blocks of the general system of controlling organized at an enterprise.

The investment controlling is control system which provides the concentration of control actions over priority directions of investment activity of an enterprise,

timely exposure of divergences of its actual results from the forecast and making operative administrative decisions which provide it normalization.

The basic functions of investment controlling are:

- supervision of investment tasks, planned indexes and norms set by the system;
- measuring the divergence degree of actual results of investment activity from the forecast;
- divergence diagnostics of the serious worsening of investment situation of an enterprise, substantial decline of rates of its development;
- making operative administrative decisions for stabilization of investment activity of an enterprise in accordance with the forecast aims and indexes;
- adjustment of separate aims and investment performance indicators in connection with the change of external investment environment, situation at the investment market and internal terms.

According to these functions, investment controlling is not limited to only internal control over investment activity and investment operations, but the effective coordinating system of intercommunication between information base formation, investment analysis, investment planning and internal investment control at an enterprise. The system of investment controlling at an enterprise is based on certain principles. The main principles are the following (Fig. 3):

1. Orientation of the system of investment controlling on the developed investment strategy of an enterprise. In order to be effective investment controlling is to be strategic in representing basic priorities of development of investment activity of an enterprise. It means purposeful limitation of the controlled investment operations. Strict control over all current investment operations is not necessary, since it will distract investment managers from the major goals of management investment activity.

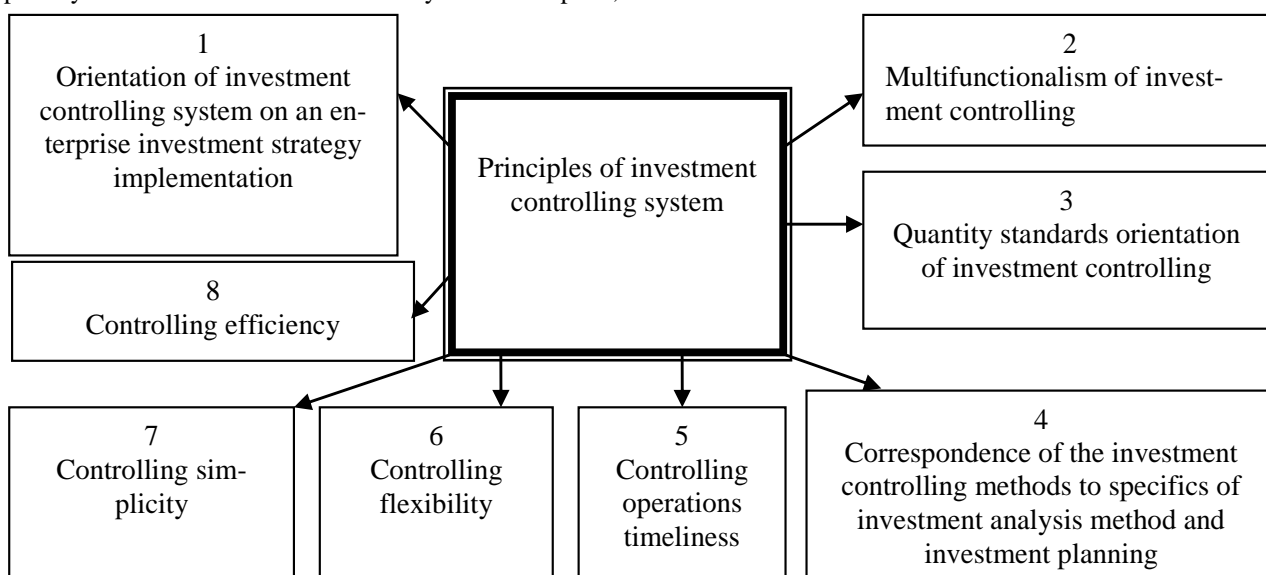


Fig. 3. The basic principles of the system of investment controlling at an enterprise

2. Multifunctionality of the investment controlling. It is to provide control of priority indexes of development of investment activity not only of an enterprise in general but also of its separate investment centres, to project the opportunity of comparison of the controlled indexes to industry averages, to provide the connection of the controlled investment indexes with other major indicators of enterprise economic performance.

3. Orientation on quantitative standards of investment controlling. The efficiency of control actions grows considerably, if the controlled standards of activity are expressed in quantitative indexes. It does not mean that controlling does not consider quality aspects, but these quality aspects must be expressed in the system of quantitative standards to eliminate vagueness of their interpretation.

4. Coordination of the methods of investment controlling to the specifics of methods of investment analysis and investment planning. In the process of the organization of internal investment control it is necessary to be oriented on all the above considered systems and methods of investment planning (when preparing control standards) and analysis (when preparing indexes which represent the actually attained results and exposure of reasons of their deviations from standards).

5. Timeliness of controlling operations. This timeliness does not mean the high-rate or frequency of performing the control functions, but the adequacy of the period of control actions to the period of performing separate

operations, providing the results of investment activity. The main condition of timeliness of investment controlling is the following: “early warning of crisis development”, that is removing current divergence before it can bring serious results.

6. Flexibility of controlling. The internal investment control is to be built taking into account the opportunity of adjustment to new instruments of investing, norms and types of investment activity, technologies and methods of realization of investment operations. Without sufficient degree of flexibility, the system of controlling will not be effective even in the target areas of control over investment activity.

7. Simplicity of controlling. The simplest forms and methods of internal investment control, built in accordance with its aims, require less effort of supervisory managers and, as a rule, are more economic. Excessive complication of construction of investment controlling cannot be understood or supported by its operators and will demand the substantial increase of information flow.

8. Efficiency of controlling. Expenses on investment controlling are to be minimized according to their effect on this control. It means that the expenses on organization of controlling are not to exceed the size of that effect obtained in the process of its realization (cost, increase of profits, increase of income and so on).

References

1. Antypenko Ye. Yu., Vorontsova, O. V. (2013). Proektno-orientovana orhanizatsiina struktura upravlinnia lantsiuhamy postavok yak metod pidvyshchennia konkurentospromozhnosti pidpriemstva [Project-oriented organisational structure of supply chain management as a way to increase competitiveness of an enterprise]. *Naukovyi visnyk Chernihivskoho derzhavnoho instytutu ekonomiky i upravlinnia - Scientific Bulletin of Chernihiv State Institute of Economy and Management*, 2 (18), 109–113.
2. But S. Yu. Upravlinnia proektamy innovatsiinoho rozvytku torhovelnykh pidpriemstv [Management of innovation development projects in trade companies]. *Biznes Inform – Businessinform*, 11, 175–178.
3. Vovk M. V., Franchuk I. B. Orhanizatsiino-ekonomichniy mekhanizm formuvannia ta zabezpechennia investytsiinoi pryvablyvosti silskohospodarskykh pidpriemstv [The organisational and economic mechanism of formation and support of an agriculture company's investment attractiveness]. *Naukovyi visnyk Mukachivskoho derzhavnoho universytetu - Scientific Bulletin of Mukachevo State University*, 2(4), 62–66.