



ASSESSMENT OF THE EFFECTIVENESS OF STRATEGIC MANAGEMENT OF INVESTMENT ACTIVITIES OF ENTERPRISES IN TIMES OF CRISIS

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Abstract

The article defines the problems faced by industrial enterprises due to the crisis situation associated with a full-scale invasion of Ukraine. Measures are proposed to improve the economic situation at enterprises, in particular by attracting investment, which can become the basis for additional opportunities for economic growth and sustainability in conditions of financial instability.

The article also substantiates the expediency of applying a strategic approach to the investment activity of an enterprise. The analysis of the dynamics of production volumes at industrial enterprises and their analysis of the dynamics of their financial results is carried out. A scientific and methodological approach to assessing the effectiveness of Strategic Investment Management at enterprises in times of crisis is proposed.

In addition, based on the results of the analysis of theoretical approaches to assessing the effectiveness of Strategic Investment Management in enterprises, the article offers a set of indicators for effective strategic investment management.

Keywords

industrial enterprise, investment activity, full-scale invasion, crisis, strategic management.

Problem statement

The domestic economy faced serious difficulties, which is associated with the conditions of martial law as a result of a full-scale invasion of the territory of Ukraine. Many industrial enterprises suffered significant losses: a number of them were completely destroyed, and some of them were relocated to other regions. In such circumstances, the future of the business and its economic performance remain uncertain. Since the beginning of the war, more than a third of Ukraine's industrial enterprises have ceased their activities, and according to the Kiev School of Economics, 412 objects were destroyed by September 2022. Direct losses at the end of 2022 amounted to about 1 13 billion. Although, the dynamics of performance indicators of industrial enterprises in Ukraine over the past two years is ambiguous. So, after the activity of industrial enterprises in Ukraine decreased

by 37% in 2022, last year these indicators increased by 5.9%. Last year, the State Statistics Service published only industrial production indices, while not disclosing production volumes in physical terms due to martial law.

Relevance of the chosen topic

In order to improve the economic situation, it is advisable to actively conduct investment activities based on a strategic approach. In conditions of economic instability, modern methods for evaluating the effectiveness of investment projects are becoming relevant. Presenting the value of an investment project is important for attracting investment, since only the most promising projects receive financing. Investment management requires highly qualified management personnel to ensure the development and competitiveness of enterprises in both the short and long term.

Analysis of recent research and publications

Various aspects of the chosen topic are thoroughly studied in the works of modern domestic and foreign specialists. Key works of such scientists as S. I. Bessonov, V. Berens, G. Burman, V. V. Kovalev, I. V. Lipsits, A. F. Goiko, A. Ya. Kuznetsov, A. A. Peresad, V. S. Ryzhikov, V. P. Savchuk, U. sharp and others should be noted. These authors mainly focus on the analysis of individual aspects and research of the investment potential of enterprises, which is becoming less relevant in modern conditions. Today, the most important thing is the development and justification of methodological approaches to assessing the effectiveness of Strategic Investment Management in industrial enterprises.

Purpose of the article

The aim of the work is to develop a scientific and methodological approach to assessing the effectiveness of strategic management of investment activities of an industrial enterprise.

In order to achieve this goal, the paper used appropriate general scientific and special research methods, including scientific abstraction, analysis of scientific facts, deduction, as well as analysis and synthesis. These methods contributed to the study of the current state of the industrial sector and Strategic Investment Management. This, in turn, is the basis for the development of scientific and methodological approaches aimed at evaluating their effectiveness.

Presentation of the main research material and results obtained

Industrial enterprises are key to our country's economy, but in the context of the current financial crisis, they are in dire need of additional investment to adapt and resume their economic activities. It is these companies that experience the most difficulties associated with financial instability and security issues.

Investment is the basis of investment activity, acting as the main tool for the formation of micro - and macroeconomic indicators that directly affect the rate of economic growth. According to the law of Ukraine «on investment activity», investments are recognized as all types of material and intellectual values aimed at making a profit and achieving social and environmental results (Verkhovna Rada of Ukraine, 1991).

Both foreign and domestic scientists offer similar definitions of the concept of «investment». For example, Hitman L., and Jonk M. consider them as a way of investing capital to preserve or increase assets (Tolkien & H., 2010), and Zagorodny A. G., and Voznyuk G. L. add that these are monetary and intangible resources invested for the purpose of making a profit or social influence (Zagorodny, 2021).

Thus, investment in industrial enterprises can be the key to their development, but achieving sustainable results requires effectively organized and systematic investment activities.

Investment activity plays a key role in the economic processes of industrial enterprises in a crisis situation. According to the law of Ukraine «on investment activity», investments are a set of actions of individual citizens, organizations and the state aimed at their implementation (Verkhovna Rada of Ukraine, 1991). These actions include investments from individuals, non-state enterprises, associations, as well as state and local financing, support for investment projects, and foreign and joint investments.

According to scientists, investment activity is associated with investing in various objects in order to make a profit. An in-depth study of this topic allows us to clarify the analyzed definition, namely: investments can be both tangible and intangible, aimed not only at financial benefits, but also at obtaining additional positive effects.

To assess the effectiveness of investment activities, it is important to take into account its impact on the enterprise at various levels and determine the usefulness of the resources attracted. The creation of joint industrial parks becomes an attractive way to attract investment, as it brings not only financial resources, but also access to

equipment and new markets, while the enterprise forms infrastructure and provides production space.

At the present stage, the advantages of creating industrial parks in Ukraine are to attract foreign investment, increase the efficiency of enterprises that have been relocated from the war zone, and create new jobs with high labor standards. The state provides various benefits to encourage the development of parks, such as: exemption from duties on new equipment and property tax.

The continuation of the military conflict affects the reduction of investment activity, as well as reduces the interest of investors in investing in industrial enterprises. The decline in available funds for investment is happening faster than the decline in production in 2022. However, in 2023, investment activity slightly stabilized, which led to increased competition among enterprises (Bessonova & Komarov, 2023).

Given the current circumstances and the growing competition for investment, it is necessary to form a sustainable investment policy. This means not just a one-time attraction of external financial resources, but the constant implementation of measures aimed at their effective attraction and use. It is necessary to create a department in the company or appoint a person responsible for managing investment activities on a permanent basis. This will significantly increase investment attractiveness and efficiency, selling the funds raised with maximum profit and liquidity. Such measures will help build investor confidence, improve business reputation and level of competitiveness in the market. The procedure for organizing and managing investments at the enterprise should be systematized in accordance with existing conditions. Important aspects of the organization of investment activities are:

1. Defining the goals, objectives and objects of investment;
2. Assessment of resources, time frames, and sources of funding.

An effective investment management system will allow us to take into account the economic potential of the enterprise and adapt to changing market conditions, which is important for further development in modern realities (Dzoba, 2018).

In order to develop an effective investment strategy, it is advisable to define the principles of investment management (Fig. 1)

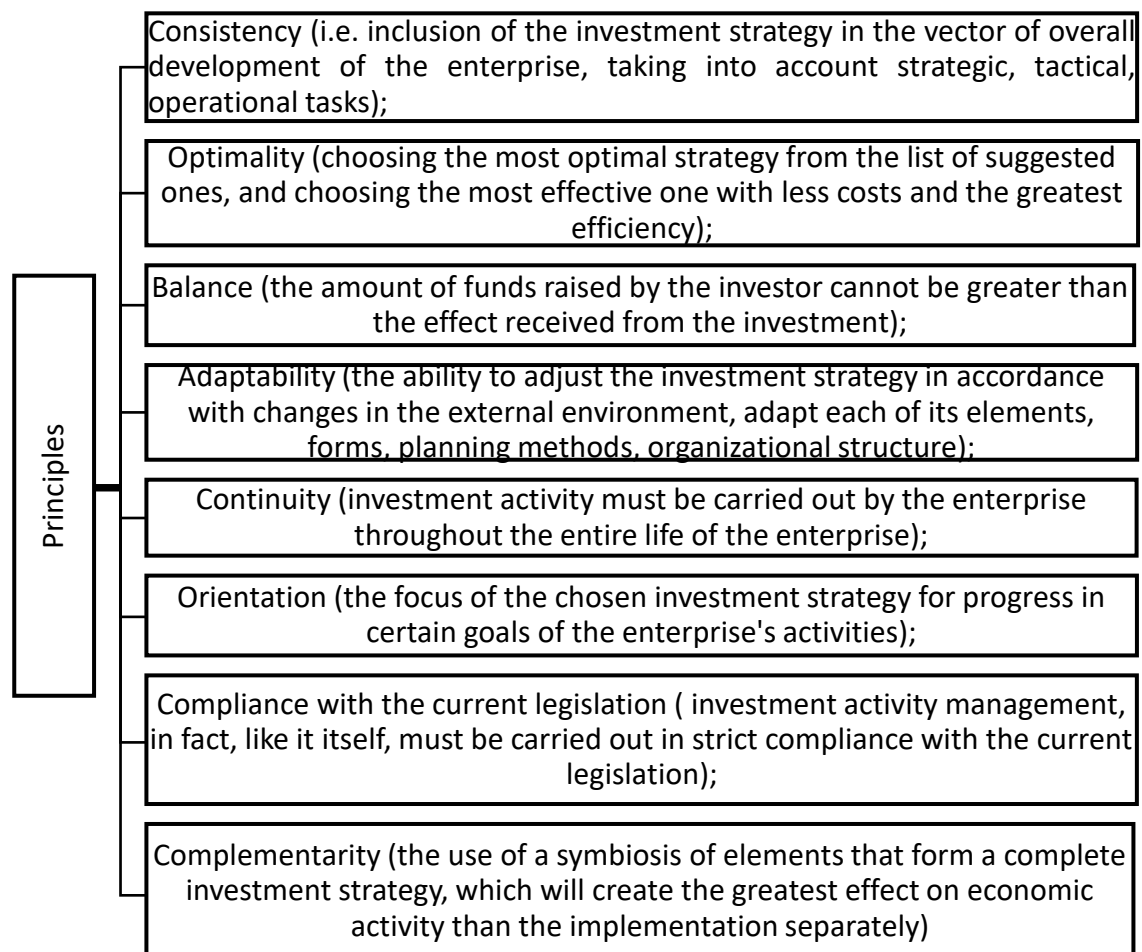


Fig. 1. Investment Management Principles

Source: compiled by the authors from source 7

An enterprise that manages its investment activities taking into account these principles and applies the proposed methodology can become a leader in the investment market among companies in the industry due to its balance and stability.

Taking into account the consistency and consistency in the implementation of investment activities, the company should carefully analyze all factors and factors of Strategic Investment Management.

Applying a strategic approach to investment management will allow you to develop a long-term plan, taking into account all the features of the industry, as well as identify and implement strategies to achieve your goals, taking into account external and internal factors of the economic situation. In addition, it will help to strengthen control over the implementation of plans and constantly adapt them in accordance with changing operating conditions (Bessonova & Komarov, 2023).

The advantages of strategic management of investment activities of an industrial enterprise include the following factors (Fig. 2).

Therefore, for the successful implementation of a strategic management system in an industrial enterprise, it is important to periodically evaluate its effectiveness using methodological approaches. This will allow you to make the necessary adjustments and achieve the best results.

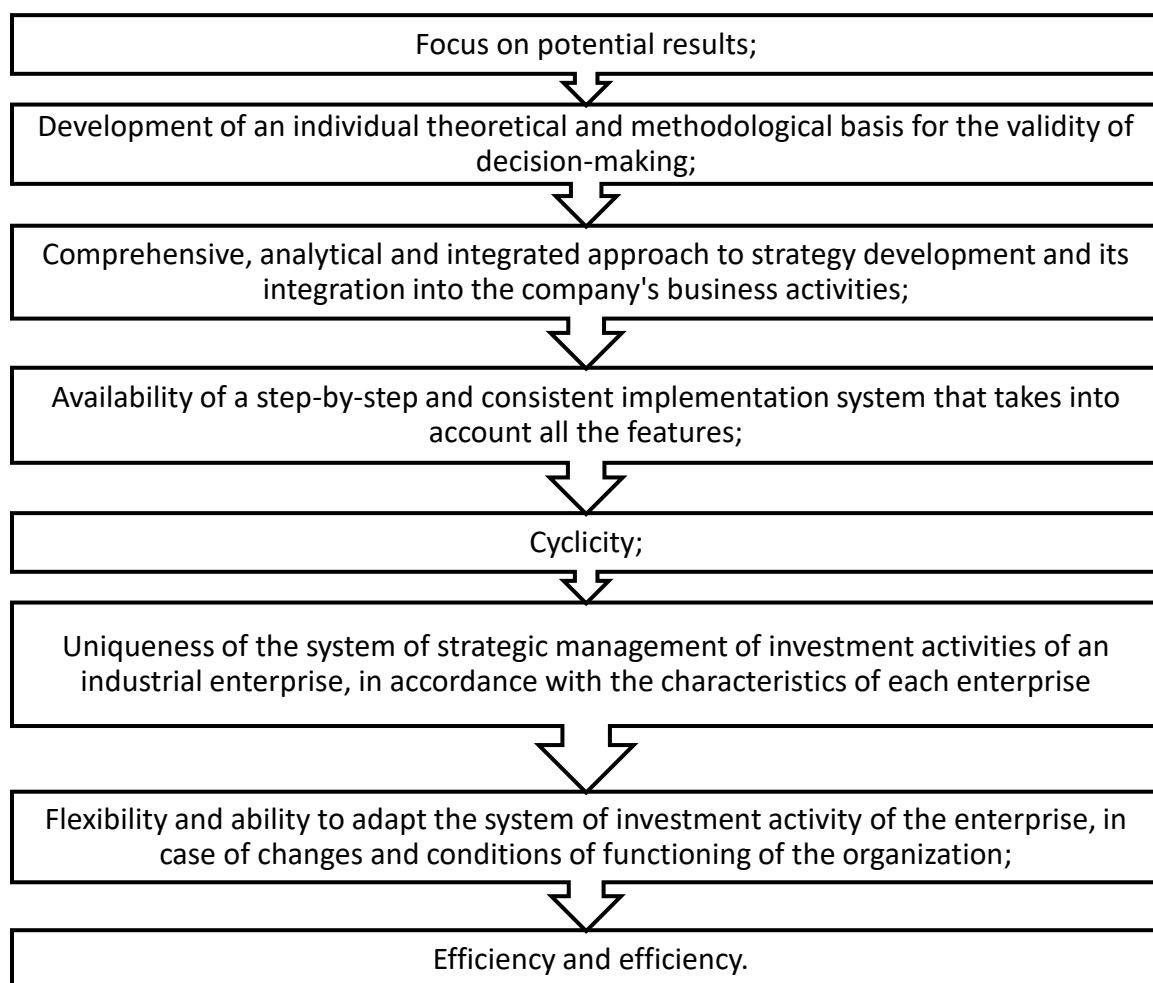


Fig. 2. advantages of strategic management of investment activities of an industrial enterprise

Source: compiled by the authors from Source 1

The effectiveness of Strategic Investment Management at the enterprise should correspond to the following key aspects (Pisarevsky, 2009). To achieve a high level of effectiveness of strategic management, it is necessary to strictly adhere to the relevant processes for its implementation in the enterprise (Fig. 3).

Thus, the assessment of the effectiveness of Strategic Investment Management at the enterprise is important in two key aspects: in scientific — as a basis for future theoretical and methodological research, as well as for the development of regulatory documents, and in practical — which allows the company to assess the overall effectiveness of its activities in the chosen area and the effectiveness of individual divisions in achieving

competitive advantages.

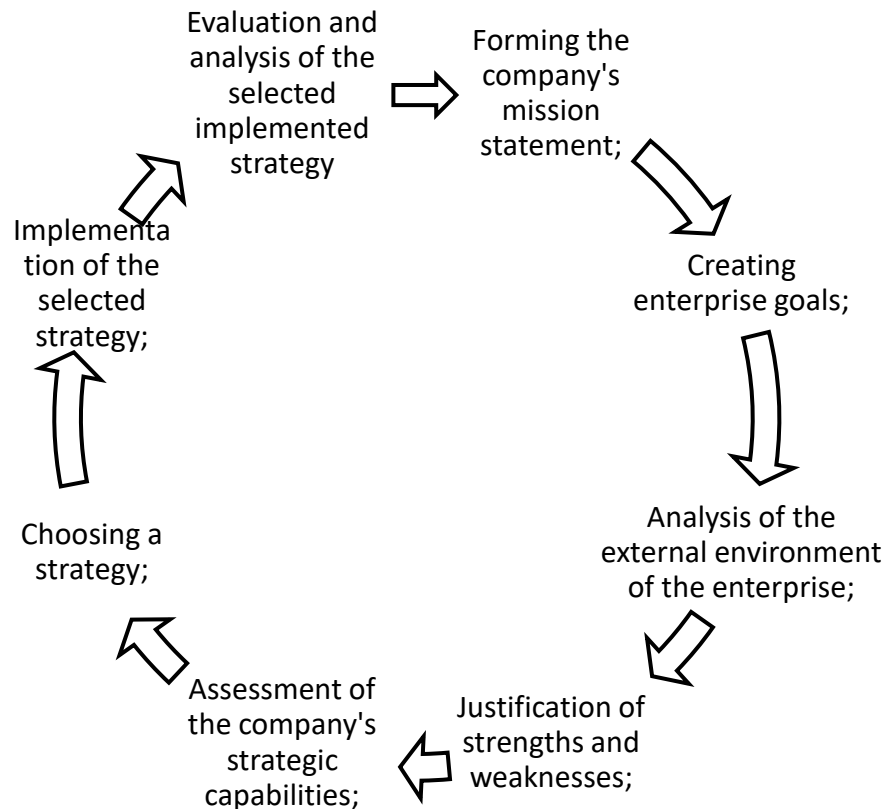


Fig. 3. stages of Strategic Management
Source: compiled by the authors from source 11

To evaluate the effectiveness of strategic management, it is necessary to first analyze it as a whole, and then consider each function in more detail in the context of the overall investment strategy. In addition, it is important to ensure consistency between operational and strategic planning, as well as preliminary evaluation of investment projects that form the basis for the implementation of the investment strategy, and monitoring their implementation (Bessonova & Komarov, 2023).

The methodological approach to evaluating the effectiveness of strategic management should be based on the following principles (Fig. 4).

Assessment of the effectiveness of strategic investment management should include analytical studies that allow identifying general conditions for investing capital, analyzing the company's investment needs, determining the availability of investment resources and checking their compliance with the investment strategy, taking into account all the necessary aspects.

A key role in this assessment is played by the analysis of production and financial activities of industrial enterprises. Based on the data obtained, it is possible to conduct a comprehensive assessment of Strategic Management and form a list of measures aimed at improving the financial condition of the enterprise. In addition, we can present another methodological approach to assessing the effectiveness of Strategic Investment Management, which is based on the corresponding components (Fig. 5).

A company's sustainability is its ability to achieve investment goals despite changes in the external and internal environment, while maintaining its core goals and potential for growth.

Congruence means that all members of the organization work together to achieve common goals.

Business progress, being a subjective concept, is evaluated depending on the interests of individuals. The effectiveness of the business process includes: regular management decision-making to evaluate alternatives, planning business processes to maximize results, and eliminating processes that do not create added value.

Conflicts of interest require taking into account the mutually exclusive interests of all parties, which affects the effectiveness of management, especially in the investment sphere, since different views can change the assessment of results.

Consistency means that the results correspond to the goals set and includes two functions: motivating,

which changes the perception of the results achieved, and corrective, which allows you to improve actions based on the identified inconsistencies.

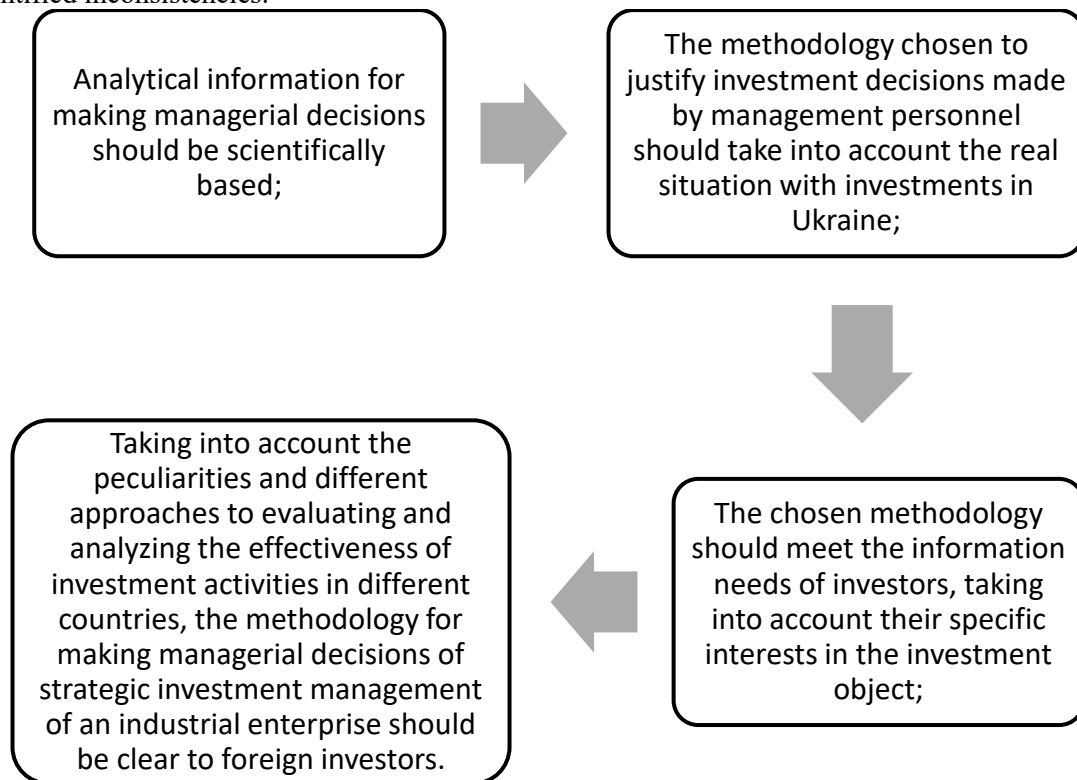


Fig. 4. methodological approach to evaluating the effectiveness of Strategic Management

Source: compiled by the authors from Source 1

The analysis of strategic management of an enterprise shows that success in achieving investment goals depends on the stability of the organization in a changing environment. The ability to adapt to internal and external challenges is key to survival and growth. Congruence, in turn, underscores the importance of joint efforts by all participants. Well-coordinated work of employees contributes to more effective achievement of common goals. It is important to ensure that individual interests do not contradict the collective goal, which requires clear communication and alignment of interests (Guzenko, 2022). Business progress should be evaluated taking into account the subjective opinions of each participant, while it is necessary to regularly review management decisions and optimize processes to improve their effectiveness. Eliminating inefficient processes increases added value. Finally, consistency between an organization's results and goals is critical.

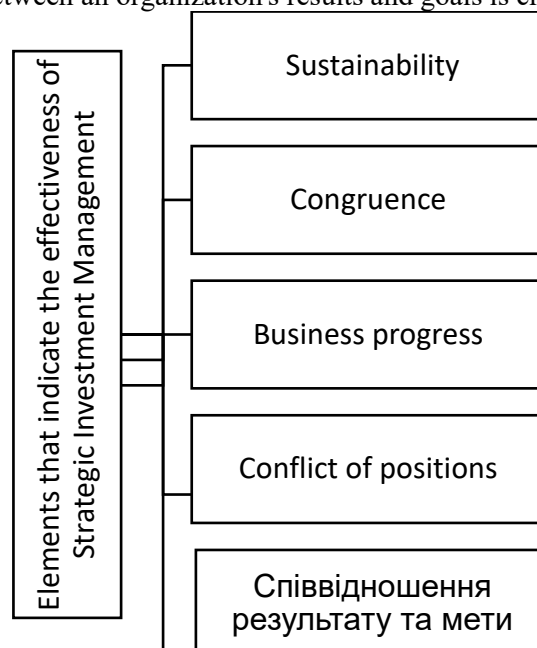


Fig. 5. components of effective strategic investment management

Source: compiled by the authors from Source 6

Effective management requires constant monitoring and adjustment of actions based on the information received to achieve the desired results and harmony in the team. Thus, strategic management involves balancing interests, sustainability, congruence, and consistency that determine business success.

Conclusions

Currently, our country's economy is facing serious challenges, and major industries are in dire need of financial injections to upgrade and modernize their production facilities. In the context of an economic crisis, the best way to raise funds for business development is to invest. For industrial enterprises, investment is a vital resource, but in order to achieve sustainable results and improve their financial condition, it is necessary to actively conduct investment activities. This activity should be based on a strategic approach to management, which allows you to achieve long-term goals and optimize the development of the company. It is also important to be able to evaluate the effectiveness of implementing an investment management strategy and develop methods for their unified analysis. Efficiency may vary depending on the economic situation, and it is necessary to compare the competitiveness of companies. The higher the position of an enterprise in the market, the greater its investment attractiveness, and the more funds will be allocated for the development of the country's economy. Timely assessment of the effectiveness of investment management can strengthen the company's position. Despite the existing interest of researchers and various methods of analysis, the issue requires further study.

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